

Organisational structures enabling multi-stakeholder partnerships for sustainability

How does the organisational structure enable Unilever to
successfully manage multi-stakeholder partnerships?



WAGENINGEN UNIVERSITY

WAGENINGEN **UR**

“Organisational Structures Enabling Multi-Stakeholder Partnerships for Sustainability”

Wageningen University & Research Centre

Bachelor Thesis Management- and Consumer Studies; Major: Management

Course code: YSS-81812

Student: **Marieke Kil** (Studentnumber: 940609435090)

First Supervisor: **Domenico Dentoni** (Management Studies)

Second Supervisor: **Renate Wesselink** (Education and Competence Studies)

Date: **10-05-2015**

Contents

Abstract	4
1 Introduction.....	5
1.1 Research background	5
1.2 Research purpose.....	6
1.3 Proposed research topic	6
2 Method.....	7
2.1 Methodology.....	7
2.2 Introduction case study - Unilever	7
3 Individual competences and organisational capabilities	8
3.1 Individual competences for managing multi-stakeholder partnerships	8
3.2 Organisational capabilities for managing multi-stakeholder partnerships.....	9
3.3 Relationship between individual competences and the dynamic capability of stakeholder orientation	9
4 Organisational structures and competence development.....	12
4.1 Organisational structures: formal versus informal	12
4.1.1 Elements of formal organisational structures	12
4.1.2 Informal organisational elements: ‘organisational culture’	14
4.2 Developing individual competences	14
4.3 Learning methods affected by elements of organisational structures	15
5 Organisational structures and competences for multi-stakeholder partnerships for sustainability	19
5.1 Learning methods developing the five individual competences	19
5.2 Organisational structures fostering the five individual competences for multi-stakeholder partnerships for sustainability	21
6 Case Study: Unilever.....	23
6.1 Formal organisational structure of Unilever	23
6.2 Organisational culture of Unilever	25
6.3 Unilever’s actions and view on competence development	26
6.4 Conclusion	27
7 Discussion	30
8 Conclusion	31
8.1 Conclusion literature study	31
8.2 Suggestions for further research.....	33
8.2.1 Literature study.....	33
8.2.2 Case study: Unilever	33
References	35

Abstract

Sustainable issues are usually wicked problems and need to be solved by involving many stakeholders. Growing pressure on organisations to invest in sustainability has thus stimulated a growth in the number of multi-stakeholder partnerships. Entering a multi-stakeholder partnership however, is not that straightforward. Previous research has identified which organisational capabilities and which individual competences are most favourable for an organisation in order to enter a multi-stakeholder partnership for sustainability successfully. This research tried to describe how the specific individual competences are developed, and which elements of both the formal and informal organisational structure foster this development. The individual competences, 'systems thinking', 'embracing diversity and interdisciplinary', 'interpersonal competence', 'action competence', and 'strategic management', are linked to informal learning methods that enable the development of the competences. The learning methods in turn are linked to five formal and four informal organisational structure characteristics. This means that the use of the informal learning methods as a connector enabled the identification of the relationship between the organisational structure elements and the individual competences. The five formal organisational structure elements that have been identified to foster the development of the individual competences are: 1. Divisional/Matrix structure; 2. Functional structure; 3. Low level of bureaucracy; 4. Flat organisation/Limited hierarchy; 5. Long-term multi-disciplinary teamwork. The organisational culture (informal) characteristics are: 6. Information and knowledge sharing; 7. Stimulating innovation and creativity; 8. Discipline of dialogue; 9. Culture of trust. Organisations can take these characteristics into account when they want to enter (more) multi-stakeholder partnerships. Changes to both formal organisational structure and the organisational culture are difficult to implement, but knowing about the organisational elements might encourage small steps towards a more sustainable organisation.

Unilever is an organisation that has been active in multi-stakeholder partnerships for several years. Therefore, analysing the formal and informal structure of Unilever might provide additional knowledge on organisational structures that are most favourable for entering multi-stakeholder partnerships. Unilever pays great attention to the development of their employees through formal training programs and projects, such as Unilever Future Leaders Program. However, in these formal project also informal learning methods, such as 'role models and mentoring' and 'reflection, feedback and criticism' are present. The formal structure of Unilever facilitates teamwork which is a stimulator of competence development. Moreover, Unilever focuses on the competence 'embracing diversity and interdisciplinary' already during the hiring process, as this is a competence that is rather difficult to develop.

To gain more knowledge from Unilever further research should be conducted. This should be in-house research focusing on gathering primary data. This will provide more reliable information than the secondary data that has been used so far. Questionnaires, interviews, and focus groups can be conducted and will be especially valuable to gather trustworthy information on the organisational culture within Unilever.

Keywords: multi-stakeholder initiatives, corporate sustainability, individual competences, informal learning, organisational structure, organisational culture.

1 Introduction

1.1 Research background

There has been a growing pressure on organisations to invest in corporate sustainability and in literature corporate sustainability has increasingly been featured (Harrison & Freeman, 1999). The literature has overall concluded that organisations should indeed integrate sustainability principles into their corporate strategy. Sustainability should be seen as a key strategic asset as it influences the triple-bottom line and long-term profitability of an organisation (Seow et al., 2006). More and more organisations anticipate to the pressure of investing in corporate sustainability by initiating multi-stakeholder partnerships (Peterson & Dentoni, 2011)

Issues of sustainability, such as limited access to natural resources and bad working conditions can be referred to as 'wicked problems'. Wicked problems are highly complex issues that are difficult to understand and frame (Peterson, 2009). There are no straightforward answers to wicked problems and rather than solved, wicked problems must be managed (Dentoni et al., 2012c). Managers now realise that in order to enhance the organisation's corporate sustainability these wicked problems need to be addressed and they might require organisational change (Dentoni et al., 2012b). Wicked problems are not true-or-false, since many parties are equally interested and thus have their own vision on possible solutions. Consequently wicked problems need to be addressed by involving all those parties, that is multi-stakeholder partnerships (Rittel, 1973). Multi-stakeholder partnerships bring into practice the 'Stakeholder Theory' which suggests that "if we adopt as a unit of analysis the relationship between a business and the groups and individuals who can affect or are affected by a problem then we have a better chance to deal effectively with that problem" (Freeman et al., 2010).

To be able to get involved in various multi-stakeholder partnerships an organisation must have certain capabilities (Dentoni et al., 2012a). In fact, not only the organisation as a whole should have certain capabilities, the individual employees also require certain competences to make entering a multi-stakeholder partnership successful. There has been conducted quite some research on the two separate concepts of organisational capabilities and individual competences, and not only in the context of multi-stakeholder collaboration. There is a theoretical framework addressing which competences and which capabilities are most favoured to enter a multi-stakeholder partnership, and what the relationship between these two concepts is. Furthermore there are suggestions on how these competences, if possible, can be developed (Dentoni et al., 2012b). The structural characteristics of (learning) organisations should be based on the need to learn. However, Marquardt (1996) states that "the structure of an organisation prevents them from beginning corporate wide learning." Meaning that, in practice organisations have often adopted organisational structures that prevent them for creating a learning environment. Characteristics that limit organisational learning are: rigid boundaries, bulky size, lack of connections between projects, and bureaucratic restrictions (Marquardt, 1996) The structure of an organisation thus influences the process of learning. This form of learning is called 'informal learning' as the organisational elements influencing the learning process are not established deliberately for learning. This all implies that the organisational structure has great influence on the development of the individual competences and thus the organisational capabilities needed to enter multi-stakeholder partnerships for sustainability.

1.2 Research purpose

This research will try to develop a theoretical framework which will explain how different formal, such as functional, divisional, and matrix and informal organisational structures can determine the development of individual competences, and especially those needed to enter MSPs for sustainability development. These findings will lead to conclusions on which organisational structures are most appropriate to successfully enter a multi-stakeholder partnership for sustainability.

The conclusions that this research will deliver will be of practical use for organisations that want to develop new structures and processes within their organisation that support sustainable development. Organisations can detect how their organisational structure influences the development of the individual competences of its employees and whether their organisational characteristics are those favoured to enter a multi-stakeholder partnership. If the individual competences are not those needed to successfully enter multi-stakeholder partnerships, the findings of this research can be used to make suggestions on the redesign of elements of the organisational structure.

1.3 Proposed research topic

The following question should be answered through the literature study in this research: *Which elements of the different formal and informal organisational structures enable the development of the individual competences that are identified in order to successfully enter a multi-stakeholder partnership that aims on gaining sustainable development?*

This research topic has resulted in the following sub research questions:

- what relationship exists between the individual competences and organisational capabilities that are needed to gain the dynamic capability of stakeholder orientation?
- what are the main organisational structures that are identified?
- what elements of an organisational structure influence the development of competences?
- what implications do different organisational structures have on the development of individual competences?
- what elements of an organisational structure are most favoured in order to develop the individual competences that are needed to successfully enter multi-stakeholder partnerships for sustainability

After the literature study a case study on Unilever will add to the literature study. The case-study is not meant to test the literature study, but to see whether in practice there might be other elements that should be taken into account; elements that have not been encountered in literature study so far. The findings on Unilever could also give suggestions for further research. In this way there can be tried to support the elements that are found in the case study by a subsequent literature study and/or case study.

In the case study the following question will be a guidance: *How does the organisational structure enable Unilever to successfully manage multi-stakeholder partnerships?*

2 Method

2.1 Methodology

Existing literature on individual competences and organisational capabilities and the relationship between these two concepts will be the basis of this literature study. Using this literature as a starting point there will be tried to find a link between organisational structures, and informal learning and competence development. The main research question demands that the three main organisational structures: functional, divisional, and matrix are analysed and the relationships between elements of the structures should be linked to the individual competences and their development. There is existing literature on the relationship between individual competences and organisational capabilities applied on multi-stakeholder partnerships. However, the influence of organisational structures on the development of the competences is not yet placed into the context of multi-stakeholder partnerships. The inclusion and exclusion of literature is thus dependent on whether there are already applications for multi-stakeholder partnerships or not. To find literature on the development of individual competences general keywords can be used. Examples of appropriate keywords are: competences, learning, informal learning development in combination with the context-related keywords: multi-stakeholder cooperation/alliance/initiative/partnership, and sustainability. In order to describe the influence of organisational structures more general literature on how organisational structures influence the learning processes, and thus the development of certain competences need to be find. Keywords that will be use are: organisational structures, competence development, organisational learning. It will not be possible to use the keywords on multi-stakeholder collaboration and sustainability, because this connection has not been described yet. This research will place the findings of the influence of organisational structures on the development of individual competences into the context of multi-stakeholder partnerships for sustainability. In the end, recommendations can be made about what organisational structure or what elements of an organisational structure are most likely to make entering a multi-stakeholder partnership for sustainability successful.

Next to the literature study a case study with an inductive approach will represent a practical application of the findings. The findings on the main research question will be compared with an existing organisation. This organisation has entered at least one multi-stakeholder partnership for development of sustainability. In the case study the structure of the organisation will be analysed. The case study has the intention to provide additional information next to the findings of the literature study. The next section introduces the case study organisation.

2.2 Introduction case study - Unilever

The corporate purpose of Unilever states that they strive for “the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact.” This purpose demonstrates the importance of sustainability within the organisation. Next to this general purpose Unilever has another purpose considering sustainable living, that is “make sustainable living commonplace”. In 2010 Unilever launched their Sustainable Living Plan, which is a strategic plan on sustainability for the coming 10 years. What makes Unilever distinctive in their quest for sustainability is that their Sustainable Living Plan applies to their entire portfolio, and all countries they operate in. Unilever wants to make transformational changes, that is fundamental change to whole systems. To achieve this Unilever finds itself cooperating with governments, NGOs and others in the industry. The wide span of their sustainable goals can be recognized in the great variety of initiatives on multi-stakeholder interaction they have undertaken so far (Unilever, 2015d)

3 Individual competences and organisational capabilities

3.1 Individual competences for managing multi-stakeholder partnerships

Three dominant approaches to the concept of competence have emerged in the previous decades. *Behavioural-functionalistic approach*: individual competences are described as simplified atomized behaviours and knowledge elements. However, this fragmented description of competences does not necessarily mean a person is indeed capable of performing the job efficiently (Osagie et al., 2014). *Generic approach*: individual competences are underlying characteristics that distinguish successful executors from less successful executors of the job. However, this approach does not take the context into account and the description of the competences is therefore rather abstract (Osagie et al., 2014). During time there developed a tendency towards a more multi-dimensional and global understanding of the term competence. This new understanding encouraged by Delamare Le Deist and Winterton (2005) resulted in the *Comprehensive approach*. This approach can be seen as an integration of the functionalistic and generic approach. The comprehensive approach combines the concept of competences, such as knowledge elements, skills and attitudes, and the integration of these factors in the context where the successful performance must occur.

Last decades many views on which competences are necessary for gaining sustainable development were described in literature. Recent articles (Dentoni et al., 2012b; Wesselink et al., 2014) discuss a list of seven competences that are seen as the key competences for managers to successfully enter multi-stakeholder partnerships for sustainability. These competences can be described as followed: **Systems-thinking**: “The ability to identify and analyse relevant (sub-) systems across different domains, including their boundaries.” If managers are equipped with this competence this will result in a better collaboration process and objectives. The more experience an organisation has in multi-stakeholder collaboration the more developed this competence will be (van Leur, 2013). **Embracing diversity and Interdisciplinary**: Diversity and heterogeneous groups are seen as the appropriate response to complex and wicked problems. Organisations need to respect and acknowledge diversity by structuring relationships. This will result in maximum exchange of ideas and learning across different groups. Managers should always maintain an open perspective, also when unexpected issues come to the table (Wilson et al., 2006). **Interpersonal competences**: managers that possess these competences are able to motivate, enable and facilitate collaborative and participatory sustainable research. Managers should have advanced skills in communicating, negotiating, and leadership (van Leur, 2013). **Action competences**: this competence is relatively straightforward. It means one should be actively involved in actual actions to improve sustainability (Dentoni et al., 2012b). **Strategic management**: to be equipped with this quality entails that someone is able to design and implement interventions, transitions, and transformative governance strategies towards sustainability. The individual should have an extensive knowledge on various strategic concepts, and should be able to recognize feasibility and suchlike, but also unintended consequences of interventions. Besides, this knowledge must be communicated and adequately related to real-world situations (Wiek et al., 2011). **Foresighted thinking**: one should be able to create scenarios of the long term, or global future of the environmental, social, and economic situation considering the impact of local or short term decisions (Dentoni et al., 2012b). **Normative competence**: according to Wiek et al. (2011) this competence entails “the ability to map, specify, apply, reconcile, and negotiate sustainability values, principles, goals, and targets.” These skills enable one to assess the current and/or future states of socio-ecological systems, and consequently to create a vision for the future of these systems.

3.2 Organisational capabilities for managing multi-stakeholder partnerships

The four organisational capabilities that are demanded for acquiring the dynamic capability of stakeholder orientation are described in the conceptual model SILC. Explanations of SILC are based on previous research of Dentoni et al. (2012a).

Sensing: “the ability of identifying both existing and potential stakeholders and understanding their needs and demands.” Conflicting views among multiple stakeholder should be recognized, so should their dynamics and changing requests. Assess the resources and capabilities of a stakeholder and try to find new opportunities for collaboration. **Interacting:** “the ability of initiating, developing, establishing and strengthening ties with stakeholders.” Developing effective mechanisms to achieve set long- and short-term goals; together with both current and new stakeholders. **Learning:** “the ability of acquiring. Assimilating and transforming knowledge from stakeholders.” Establish adaptive procedures and routines that incorporate knowledge from stakeholders into organisational practices and processes. **Changing:** “the ability of using knowledge from stakeholders in organisational operations and strategies.” Reformulating and adjusting the organisational structure and organisational culture by means of stakeholder orientation. Creating different forms of innovation in cooperation with stakeholders, and reallocate resources and capabilities based on stakeholders’ advice and pressure.

3.3 Relationship between individual competences and the dynamic capability of stakeholder orientation

Previous research intended to map the relation between individual competences and organisational capabilities. However, it was found that such a (causal) relation does not exist (van Leur, 2013). Consequently an extra variable has been introduced which was then linked to the competences respectively the organisational capabilities. By analysing the semi-structured interviews with four large agribusiness companies van Leur (2013) could identify which core activities take place in the process of multi-stakeholder collaboration; this resulted in a list of a total of nineteen activities.

It was found that in the relation between the individual competences and the core activities only five competences could be validated; that have a significant correlation with one or more of the core activities. The results of this analysis are integrated in an *overview of validated competences*, which is presented in Figure 1.

To map the relation between the core activities and the four SILC elements van Leur (2013) carried out another correlation analysis. This resulted in an overview of the four elements: Sensing, Interacting, Learning, and Changing and their associated core activities within the process of stakeholder collaboration. The overview is presented in Figure 2 (van Leur, 2013).

The two Figures previously mentioned (Figure 1 & Figure 2) show that both the individual competences for sustainable development as well as the dynamic organisational capability for stakeholder orientation are related to the process of performing multi-stakeholder collaboration. Consequently both concepts can be related to each other through this extra variable of core activities. The relationship between these three concepts is represented in Figure 3.

In the upcoming sections of the report the development of the individual competences under influence of elements of different organisational structures will be discussed.

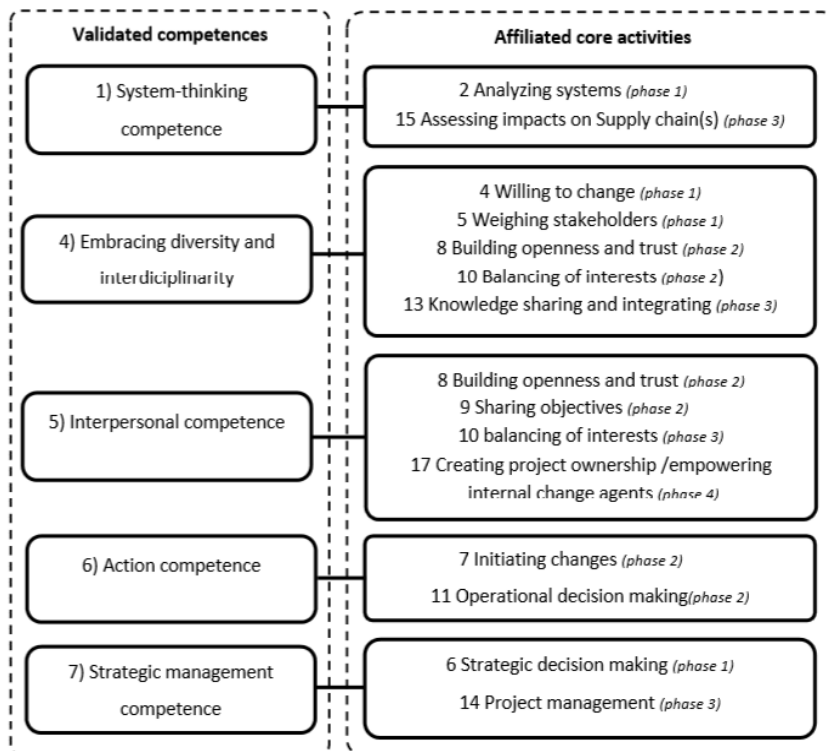


Figure 1: overview of validated competences (van Leur, 2013)

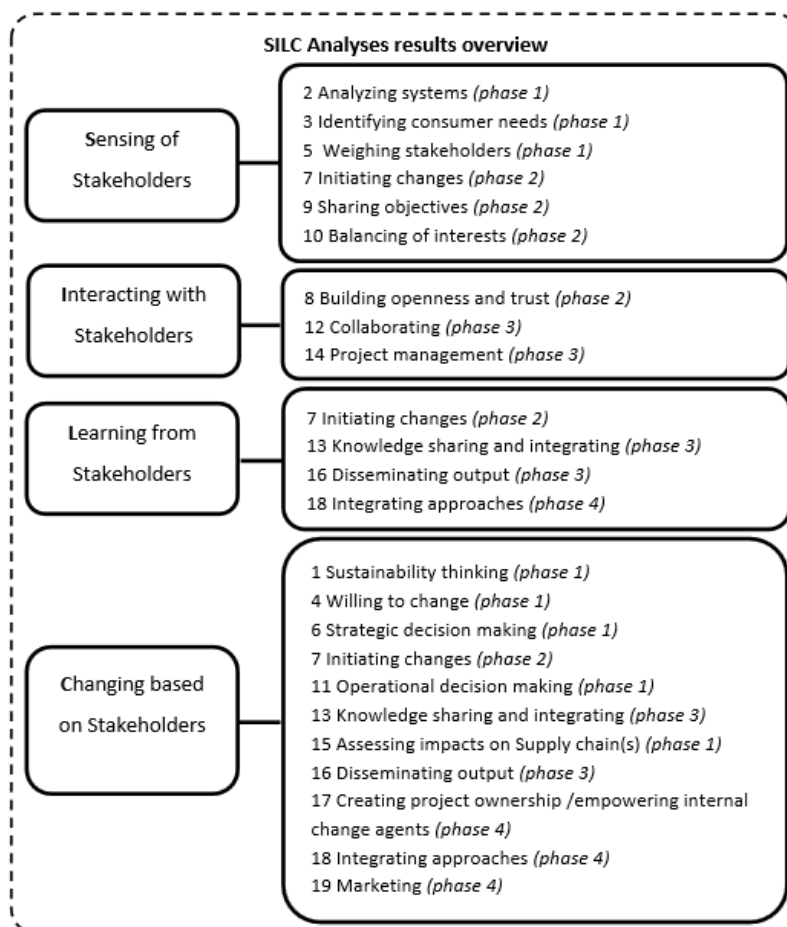


Figure 2: overview results SILC correlation analyses with core-activities (van Leur, 2013)

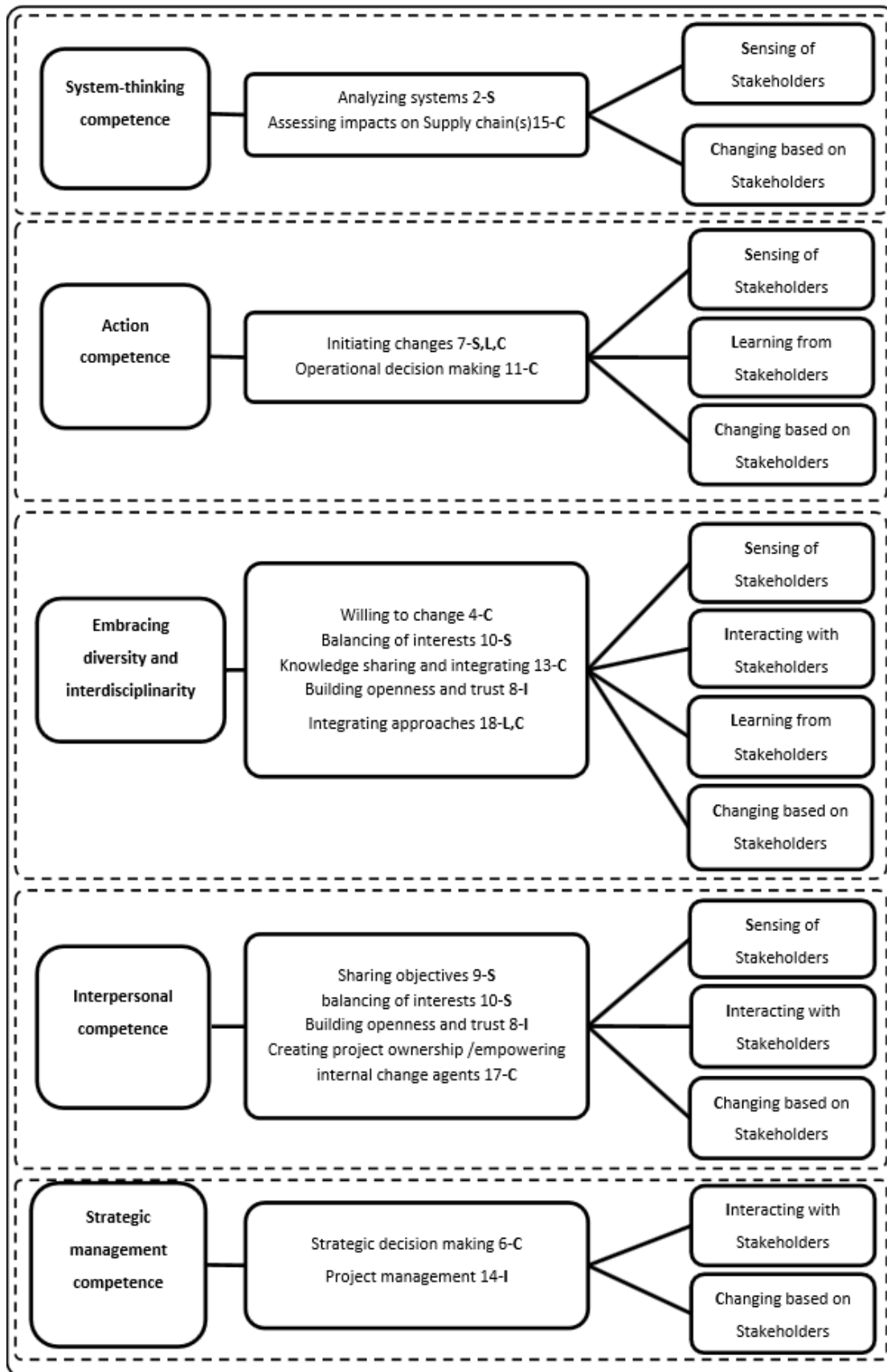


Figure 3: overview of conclusive relations (van Leur, 2013)

4 Organisational structures and competence development

4.1 Organisational structures: formal versus informal

The early literature on organisational structures focused on formal structures, the set of official, standardized work relationships built around a tight system of formal authority. Fayol (1916) is one of the first to describe the principles of management including the element 'organizing', which refers to building up the structure, both material and human. Halfway through last century new observations made researchers aware of the existence of an informal structure next to the formal structure (Likert, 1961). Different school of thoughts existed; they were either supporting the formal or the informal structure as the one that should be relied on. However, later it was found that the two structures are intertwined and often indistinguishable (Mintzberg, 1979). This means that within an organisation there are two types of structure that exist next to each other: the formal structure which is mainly concerned with the relationship between authority and subordinates, and the informal structure which deals with the human processes in an organisation (Woodward et al., 1965).

4.1.1 Elements of formal organisational structures

There are different formal structures that address the different division of tasks and the associated scalar principle. The following paragraph will describe the three main organisational structures: functional, divisional and matrix, and the advantages and defaults of these structures (Price, 2011).

Functional Organisation: this structure is based on grouping employees into organisational units according to the function they perform. An example of such a functional division is that those employees responsible for dealing with customers and markets are in the marketing division and those dealing with finance are in the financial department. In large organisations each of these divisions can be subdivided in smaller groups to ensure good coordination. The main advantage of this structure is that the resources are used better and more efficiently, because the people who share a common expertise are grouped together with the facilities and resources needed. Moreover, the communication within the divisions is relatively easy due to the common background in professional terminology and similar interests. However, the inter-divisional communication might be especially difficult due to different goals, different interest and different backgrounds of the members of these organisational units. For a customer this can be problematic when he/she needs a service, product or information that is engaged in multiple divisions. Also, employees can feel that their divisional goals are superior to the overall goals of the organisations. This lack of alignment of the divisions can lead to a poor overall performance of the organisation. The functional organisation is quite hierarchic and authority and responsibility are strictly defined; this makes for a clear 'line of command'. Over the years each organisational units develops a stable, almost traditional way of working. This makes this organisational structure mainly appropriate for relatively stable markets. The lack of communication between, and alignment of the divisions makes that the organisation will not be able to respond fast enough to (rapidly) changing markets.

Divisional Organisation: in a divisional structure the organisation is divided in a set of divisions. Each division is a combination of different functions that produce a product or service. There a different characteristics on which a division can be based; examples are: divisions per region, per product type, and per consumer type. Divisions can be seen as rather independent business units that can also have their own departments, such as marketing, research, and manufacturing. The divisions ensure good coordination between functions, and allows units to adapt to differences in products, regions, and

consumers. The self-containing divisions are less hierarchical than the functional structure. Authority is delegated more, so the performance can be directly measured within each division or department. This results in better performing managers and a higher morale of the employees. Moreover, the divisional structure and its self-containing business units makes the organisation much more adaptive to unstable environments and rapidly changing markets. In the functional organisation there was a limitation of communication between the different disciplines. That issue is solved by adapting the divisional structure. However, now the resources are not pooled together. The advantage of a functional structure is actually the default of the divisional structure: by separating all the specialists resources are not used efficiently and as a result a lot of extra and unnecessary work is done. Furthermore, it is possible that the employees will feel more affiliated towards the goals of their own division or department rather than goals of the organisation as a whole. Hence, the objectives of the organisation are not prioritized. The collaborations between different specializations provide the employees with opportunities for learning new skills. However, in contrary to the functional structure, the distribution of the specialists across the different divisions eliminates in-debt competence and technical specialization. Moreover, there is less possibility to create economies of scale and standardise across the different product lines. The divisional structure is most appropriate in large organisations with a broad portfolio of products, and in organisations that have an unstable, competitive environment.

Matrix Organisation: to overcome some of the problems of the functional and divisional structure a combination of the two structures was developed: the matrix structure. The basis of this structure is the functional organization, but employees now have multiple reporting lines. Besides the functional organisation units, there are also separate teams for the different projects or products. This implies that employees can be a member of multiple teams, and thus have multiple managers to report to. There is a horizontal as well as a vertical line of authority. An example of a matrix organisation is represented in Figure 3.

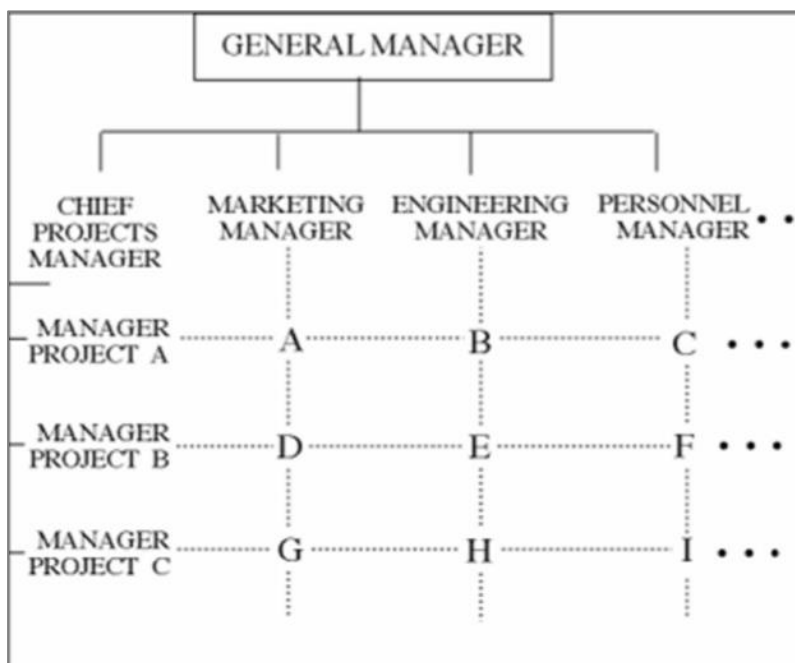


Figure 4: matrix organisational structure (Shtub & Karni, 2010)

The matrix structure improves the interdivisional communication by creating a more horizontal structure which allows the spread of information and knowledge across the boundaries of the functional teams. Due to this elaborate exchange of information and knowledge there are opportunities for both functional and product skill development (Shtub & Karni, 2010). Moreover, the deployment of human resources is much more flexible across the different projects or products. The coordination that this structure demands also makes it easier to meet complex demands of the consumer. This organisational structure is best applicable in medium-sized organisation that have a broad product portfolio. The matrix structure might sound like the best of two worlds, but it has its complications. The structure is rather complex: all employees have to report to multiple managers (Duncan, 1980). This dual authority can be confusing and frustrating for employees. It means that all employees must have good interpersonal skills in order to let the complex communication lines run smoothly. This extensive communication also takes a lot of precious time, energy, and great effort of its employees in order to be successful.

4.1.2 Informal organisational elements: 'organisational culture'

Even though an organisation is formal, a bureaucracy even, a social structure is developed within that organisation. It was proven by the Hawthorne Experiments (Roethlisberger & Dickson, 2003) that informal organisations are an integral part of the total work situation, and also the formal structure. The informal organisational structure is quite unstable; it evolves organically and spontaneously in response to changes in the work environment and the complex social dynamics of its members, the employees. The informal structure can support the formal structure in situations that change quickly or are not yet fully understood. The social structure determines how people work together in practice and is formed by the following aspects: beliefs and assumptions, perceptions and attitudes, values, feelings, and group norms. To recognize the informal structure within an organisation one should acquire insider knowledge, since the social structures underlying the formal structure are not easily identified. Leadership within the informal organisational structure is not based on formal authority, but is given by the members of the group. Why a certain employee is elected as an informal leader can be determined by many characteristics, such as age, technical competence, work location, and personality. Informal structures are limited by personal relationships and are therefore relatively small; a formal organisation consists of many informal organisational structures (Pujari, 2015).

4.2 Developing individual competences

Now that the competences necessary to manage multi-stakeholder collaboration are identified, one should wonder how these competences can be developed. In compliance with the two approaches, functionalistic and generic, the managerial question is whether the competences are internal to an employee or could be developed through training? Some competences are perceived as more "learnable" than others (Dentoni et al., 2012b). A model that elaborates on the learnability of competence is the Iceberg contingency model (Spencer & Spencer, 1993). The Iceberg model of competencies poses that there are five types of competences: motives, traits, self-concept characteristics, knowledge and skills, of which some are more difficult to develop than others. According to this model 'knowledge and skills' are the competences that are most easily changed, while 'motives and traits' are most difficult to do so.

It is found that the belief of employees whether competences are learnable or improvable to some extent or not, determines the involvement of those employees in trainings and other development activities (Maurer et al., 2003). Two theories by Dweck et al. (1995) represent this. "When people

believe that attributes are fixed and trait-like entities, they tend to understand outcomes and actions in terms of these fixed traits.” This is the so-called entity-theory. Contrary, the incremental theory explains that when people believe that attributes are more dynamic and developable, they tend to understand outcomes and actions more in terms of specific behavioural and psychological mediators. Consequently, people or employees that belief in the malleability of their competences have more motivation to improve, or even develop them.

Maurer et al. (2003) places these improvability beliefs within a learning and development model. Self-efficacy and improvability are related, but separate concepts. The improvability beliefs reflect ones perceptions on the malleability of personal characteristics and individual competences. However, self-efficacy for learning and development reflects self-confidence for actually increasing those personal characteristics. It means that the improvability belief is bound to an individual within a specific context and situation. Although someone has an incremental theory of competences, the person might feel he or she does not have the actual possibilities or skills to develop its competences. “Thus, both context and situational variables contribute to self-efficacy for development, independent of the person’s implicit theory.” This reasoning stresses the importance of the structure of an organisation. It is the organisational structure that has an influence on those context and situational variables, and thus influences the development of competences. This will be discussed more elaborate in paragraph 5.1 and 5.2.

The learning and development of competences can be done in several manners, but should, according to Dentoni et al. (2012b) take place in authentic situations. For employees this means that they should receive feedback and reflect on actual experiences they had. Employees can then collectively learn from solving and dealing with these problems. To organise this feedback and reflection moments several interventions can be introduced. One of these interventions is the sharing of knowledge with competitors and stakeholders. ‘Learning’ is therefore also an important argument for organisations to take part in multi-stakeholder collaborations. Other interventions that are available are: scanning external information, benchmarking, learning from failure, implementation of formal feedback and reflections systems, development of metrics and internal knowledge sharing across functional areas and business units.

4.3 Learning methods affected by elements of organisational structures

Learning within an organisation is very important for the development of competences. To enable the employees and managers to participate in this learning process some elements of an organisational structure are more suitable than others. Mills and Friesen (1992) explain four characteristics a learning organisation must possess: 1. It should possess mechanisms which transfer learning from an individual to the group; 2. It must make a commitment to knowledge; 3. It must have a mechanism to renewal within itself; 4. It should possess an openness to the outside world. Cheetham and Chivers (2001) among others have described in detail how employees learn in practice. Combined with the areas where organisational structure and culture impacts the learning process (Ashton, 2004) the learning methods that are expected to be influenced by the formal or informal structure of an organisation are described.

Practice and Repetition: the saying ‘practise makes perfect’ seems to be valid for the process of learning. Iteration of actions improves the proficiency of these actions. It is thus important that one is able to repeat job-related task several times. This will improve the associated competences. An

organisation that has a structure in which teams are only temporary will hinder this learning method. This project-based organisational structure forms teams that will be disbanded after finalizing the project. Because most projects are unique and only occur once the processes of organisational learning are not well developed. Considering formal organisational structures there is not one structure that is clearly preferred over the other structures. To enable this learning method one should be able to repeat certain task various times. Although diversity in a job has its advantages for 'practice and repetition' a certain consistency in the job-related tasks is required. Specialisation leads to a narrower job description which results in more repetition of tasks. Specialisation is most likely to exist in an organisation that follows the functional structure. In a matrix structure repetition will take place, but most likely not in one specific task. This means that the learning process is broader, considering a higher diversity of tasks. It is different per organisation which learning process is preferred: specialisation in one task, or development of a broader variety tasks. The following organisational elements influence the learning method 'Practice and Repetition': **Divisional/Matrix Structure, Functional Structure and Long-Term Multi-Disciplinary Teamwork.**

Role Models and Mentoring: not every individual values learning through role models. Most people that have claimed role models useful said they were influenced by several different people rather than one single person (Cheetham & Chivers, 2001). Furthermore they mostly copied behaviour or a certain way of doing things rather than a particular individual's behaviour. The learning method of role models can be influenced by both the formal and informal organisational structure. One possibility is to have formally-appointed mentors that can guide employees in their actions and decisions. Next to formal mentoring individuals also seem to develop unofficial mentoring relationships. These relationships are mostly dependent on the informal organisational structure. These individual mentor relationships are usually more efficient when entered into with a more experienced or higher ranked colleague. The more the organisation has informal elements, the more the number of role models an employee would have, and thus the more the learning. This means that the informal organisational culture should stand for sympathetic feelings towards employees that stand either higher or lower in the organisational hierarchy. Preferably the organisation is not that hierarchic at all. In a hierarchic organisation the formal distances between employees hinder the existence of informal relationships with superiors. The following organisational elements influence the learning method 'Role Models and Mentoring': **Flat Organisation/Limited Hierarchy, Discipline of Dialogue and Culture of Trust.**

Being Challenged and New Experiences: experiencing new situations or problems and acting upon them stimulates learning and the development or improvement of various competences. To be challenged in your job helps broaden your knowledge and experience. For this learning method to occur organisations need to create opportunities for their employees. In particular opportunities to operate at a higher level of task complexity than the level they are used to (Cheetham & Chivers, 2001). The organisational structure must enable employees to stand in for a senior colleague. However, when an organisation is charged with time constraints it might be difficult to include (lower-ranked) employees in the decision-making process due to the time it takes to have extensive deliberations (Tannenbaum & Schmidt, 1958). Next to this, superiors must be open to new ideas; also when they come from lower-ranked employees. This will lead to pioneering and innovative experiences that have been identified as valuable sources of development. The implications for the formal as well as the informal organisational structure are that the organisations must be open to new ideas and innovations (Martins & Terblanche, 2003); or at least should not be persistent to hold on to the status quo. For the informal structure it also implies that there should exist a culture of trust, especially

coming from the higher placed management, regarding the employees. There should be no pressure of conformity and group thinking, which constrains individual and creative thinking. An employee should be able to make mistakes; mistakes must be seen as opportunities for learning. This enables all employees to challenge themselves and improve their competences. The following organisational elements influence the learning method 'Being Challenged and New Experiences': **Low Level of Bureaucracy, Stimulating Innovation and Creativity, Discipline of Dialogue and Culture of Trust.**

Reflection, Feedback and Criticism: important for learning from experience is to reflect on performed practices. One should thoroughly analyse its own performances and find improvements that could be made. Also feedback from others, such as superiors, mentors, and colleagues can create an awareness of one's functioning. Criticism can be useful as well, but should be given in a constructive manner. Otherwise the criticism can undermine the employees' confidence and consequently damage their competence development. Within an organisation feedback can be given through formal evaluation moments, however these usually happen not too often. More relevant are the informal feedback moments that are dependent on the organisational culture. The organisational culture should enable the employees to receive feedback from their superiors in informal discussions. Besides, employees should not only be in the position to give constructive criticism to colleagues, but also feel undoubtedly free to do so. The informal structure should possess the discipline of dialogue in the organisation, which implies an organisation with a relatively low level of hierarchy (Marquardt, 1996). The following organisational elements influence the learning method 'Reflection, Feedback and Criticism': **Flat Organisation/Limited Hierarchy, Discipline of Dialogue and Culture of Trust.**

Team Working and Multi-Disciplinary Working: working in teams means multiple people with all different skills and competences combined to solve a problem or achieve a common goal. This collaboration will positively affect the improvement and development of the competences of all the members of the team. The diversity within the team enables people to actually experience different styles and approaches, and 'different ways of doing things'. The principle of collaborative learning claims that individuals often learn more from co-operating with others than they would if performing on their own. When a team is multi-disciplinary some extra advantages can be observed. Employees find that multi-disciplinary working also encourages individuals to look more critically at their own profession, to challenge established practices, and to import useful approaches from the other collaborating disciplines. In the end this means that the individuals will improve the proficiency of their own profession by using competences that might be learned from other disciplines. It should be clear that this learning method is mostly affected by the formal organisational structure. All the three organisational structures that are discussed in chapter 4.1, functional, divisional, and matrix work with teams. However, large differences in the composition of the teams can be noticed. The functional organisational structure is based on separate teams per profession. This means that the diversity within the team is limited, which results in a limited learning process. Moreover, in the functional organisation an employee will not be too critical regarding its own profession and will certainly not experience the different views that practitioners of different disciplines can have. It is therefore the divisional and matrix organisational structure that would be most beneficial to this particular learning method. The following organisational elements influence the learning method 'Team Working and Multi-Disciplinary Working': **Divisional/Matrix structure, Long-Term Multi-Disciplinary Teamwork, Information and Knowledge Sharing and Discipline of Dialogue.**

It can be concluded that the informal culture of an organisation is really important to enable informal learning. The organisational culture should be streamlined and have a relatively flat hierarchy. Because boundaries limit the flow of knowledge and keep individuals and groups isolated a learning organisation should minimize its boundaries and cut bureaucracy. The organisation must create opportunities for its employees. Moreover, the relationship between employees must be of a nature that is sympathetic and open to dialogue, mutual constructing criticism, and advise.

5 Organisational structures and competences for multi-stakeholder partnerships for sustainability

In order to improve the competences of the employees they must have the intrinsic motivation to do so. This is partly dependent on the learnability belief: the belief whether a competence is in principle learnable, or not and thus an intrinsic characteristic (Maurer et al., 2003). Whether an employee has the intrinsic motivation to think creative and invest in its own competence development also depends on the satisfaction with their job. Interest in, satisfaction with, and the challenge of the work itself will determine the motivation of an employee; not the external pressure by superiors (Bonn, 2001).

The following paragraph will describe how the individual competences that were described in chapter 3.3, systems-thinking, strategic management, embracing diversity and interdisciplinary, interpersonal competences, and action competences, are affected by the different learning methods described in chapter 4.3. Moreover, there will be discussed how, through these five learning methods, elements of the formal and informal organisational structures are related to the individual competences.

5.1 Learning methods developing the five individual competences

Systems Thinking: Bonn (2005) argues that systems thinking is a key element for the more overarching competence of strategic thinking. To understand the concept it is important to know what exactly is regarded as a system. Senge (2010, p. 90) describes a system as “a perceived whole whose elements ‘hang together’ because they continually affect each other over time and operate toward a common purpose”. Systems thinking demands that one can recognize and acknowledge the positive as well as the negative consequences of decisions made and actions taken. To get this integral perspective of an organisation it requires a thorough understanding of both the internal and external dynamics. One of the most efficient ways of learning this particular competence is therefore through practice and repetition and, even more important, reflecting on own actions afterwards. Continuously reflecting decisions and their consequences enlarges the knowledge of the different subsystems within the organisation and the reactions of the sub-systems to each other (Bonn, 2005; Stacey, 1996). The systems thinking competence embodies the idea that you cannot make changes while not regarding the system as a whole. This implies that you cannot practice systems thinking as an individual, but should incorporate multiple perspectives. The learning method **‘team working and multi-disciplinary working’** is most likely to let the employee get acquainted with the different perspectives and disciplines that are used in developing the systems thinking competence.

Strategic Management: this competence has been identified as most learnable. Strategic management requires one to “collectively design projects and implementing interventions, transitions, and strategies towards sustainable development” (Dentoni et al., 2012b, p. 65). Because strategic management requires knowledge on various strategic concepts especially formal training will benefit the development of this competence. However, there are also some informal learning methods that will advance the development of strategic management. Next to extensive knowledge, experience is requisite to enhancing strategic management skills. Experience can be gained through own performances, these are achieved by the learning method **‘practice and repetition’**. To optimize this learning process the learning method **‘reflection, feedback and criticism’** should always be conducted after and during performances. At last, the learning method **‘role models and mentoring’** can be useful as well. This method will not make an employee learn from own experiences, but from other

employees' experiences. A more experienced mentor or role model, whether formal or informal, can visualise activities and decisions of which the employee can learn from.

Embracing Diversity and Interdisciplinary: to have an open perspective and to be open to other people's ideas and opinions is partly determined by one's background and beliefs. To challenge those presuppositions, on which our beliefs are based, one should be involved in critical reflection. It is therefore important to see the importance of the learning method 'reflection, feedback and criticism'. The transformation of one's perspective may occur through encountering individuals, or more precise: colleagues, that have presuppositions that are different than your own (Culatta, 2013; Mezirow, 1990). The encountering of colleagues with different presuppositions can be stimulated through the learning method '**role models and mentoring**'. If employees are paired with a colleague that has the preferred beliefs, namely 'embracing diversity and interdisciplinary', then it is possible the employee in question will start reassessing its own presuppositions. Besides that, the confrontation with other beliefs is also likely to happen when cooperation and team-work is involved. '**Team working and multi-disciplinary working**' is therefore another learning method that will affect the development of this particular competence.

Interpersonal Competences: this competence demands skills in communicating, negotiating, and leadership. It cannot be assumed that all members of a team possess the communication and negotiation skills that are necessary to work in a team effectively. Team members are usually selected according to technical skill, relevant expertise and abilities, but in order to function in a team the interpersonal competences are a requisite. Most existing literature on the development of interpersonal competences discusses this from the perspective of formal training. Moreover, there has been done little research on the effectiveness of these programs. However, Hunt and Baruch (2003) have evaluated a five-day interpersonal skill-training program. This research showed that there was some gain in certain skills, but not all. Worth mentioning is that the most effective trainings were those "specifically targeted with direct exercises and/or step-by-step instructions for implementation, such as providing feedback/coaching, or confronting poor-performing workers" (Riggio & Lee, 2007, p. 420). Though these methods were part of a formal training they can also occur in the informal learning process. Both the learning methods '**role models and mentoring**' as '**reflection, feedback and criticism**' have similarities with the methods that were found most effective in the formal training evaluated in the research of Hunt and Baruch (2003). The awareness that is created by providing feedback can enhance the willingness of an employee to develop the interpersonal skills; and specify to what skills most attention should be paid to. Role models and mentoring can set an example to employees for the desired outcome and level of their interpersonal skills.

Action Competences: this competence relates to the actual goal-purposed actions an employee performs. The competence is perceived as learnable to some extent (Dentoni et al., 2012b), which suggest that the circumstances are only partly responsible for the development or existence of this competence in the employees. The action competences can only be developed by individuals to some degree. A learning method that does foster the action competences is '**being challenged and new experiences**'. This method aims on providing new opportunities and experiences for their employees. Being given opportunities to perform (on a higher level) leads to actual actions. Also this learning method stimulates the idea that mistakes should be seen as opportunities to learn and improve oneself. When it is accepted to make mistake an employee will more easily come to action; not being scared for being rectified. This learning method also makes room for employee empowerment, which results

in higher involvement of the employees. Creating higher rates of empowerment means that employees have greater responsibility and are more actively involved in decision making. Likewise, this will lead to the development of the action competences. However, this delegation of decisions should be followed with the competence '**reflection, feedback and criticism**'. Feedback should be of two natures, both reward and recognition, as coaching and constructive criticism. Because of the adoption of the learning method 'reflection, feedback and criticism' by the supervisor, the most effective development of the action competences can take place (Tannenbaum & Schmidt, 1958).

5.2 Organisational structures fostering the five individual competences for multi-stakeholder partnerships for sustainability

Systems Thinking: to obtain good results in the complex systems of organisations many different perspectives should be considered. This reasoning argues for a team structure that consists of multiple disciplines and functions. To foster systems thinking the organisation should therefore not have a functional structure; a divisional or matrix structure is preferred. It should be clear to the top of the organisational hierarchy, the top management, that the teams will put forward cross-functional solutions and propositions, regardless of sensitivities that might exist. No area of the organisation can be off-limits or protected (Senge, 2010). There should not be too many boundaries limiting information sharing. This implies that the organisation should have a relatively flat structure and should try to cut bureaucracy as much as possible. This lack of barriers on information sharing is closely related to the concept of knowledge sharing (Nonaka, 1994, p. 29). Knowledge sharing can be hindered by the organisational culture. Some employees tend to resist sharing their knowledge: knowledge can be seen as property which calls for issues addressing ownership. The organisational culture should therefore promote knowledge sharing and remove knowledge sharing obstacles. To promote knowledge sharing the organisational culture should be one that stimulates, and possibly rewards innovation and creativity (Martins & Terblanche, 2003). Reward systems will not be discussed in this research. However, because some literature considers reward systems as part of the organisational structure in chapter 7.3 suggestions will be made for further research addressing the reward systems within organisations (Bonn, 2005).

Strategic Management: 'practice and repetition', 'reflection, feedback and criticism', 'role models and mentoring' are the three learning methods related to the development of the strategic management competence. These learning methods have several implications for the formal and informal organisational structure. The main concern of 'practice and repetition' is that the teams that are formed should not be temporary of nature. Employees should be able to repeat their job-related tasks several times, but other than that no specific formal structure is preferred. The ability to give 'reflection, feedback and criticism' is mainly dependent on the informal organisational structure, or organisational culture. The organisational culture should allow employees to both receive feedback and criticism from and give feedback and criticism to lower and higher-ranked employees. The most important criteria is that the organisation possesses the discipline of dialogue. Finally, 'role models and mentoring' demands the existence of formal and/or informal relationships. Next to the official mentors the informal organisational structure should enable the constitution of informal mentors, role models, and coaches. This is most likely to occur in a relatively flat organisation, hence not hierarchic.

Embracing Diversity and Interdisciplinary: To develop this competence to its maximum interdisciplinary teamwork, 'team working and multi-disciplinary working', is one of the most influencing learning methods. This learning method is fostered by the two organisational structures: divisional

structure and matrix structure. Both these structures promote interdisciplinary teamwork, which is highly recommended for the development of the 'embracing diversity and interdisciplinary' competence. In addition, the formal structure should not be too hierarchic as a flat organisation is most beneficial for both the 'role models and mentoring' learning method as the 'reflection, feedback and criticism' learning method. This flat organisation will also influence the organisational culture which should, considering 'reflection, feedback and criticism', have a high level of dialogue between all employees. The learning method 'role models and mentoring' also demands the possibility to elaborately communicate with all employees, independent of the status, level or rank of an colleague. The organisational culture can strongly influence the development, but also the maintenance of this competence. Once a change to one's presuppositions is made the organisational culture, among others the prevailing social norms, can strengthen this change: "changing social norms can make it much easier to encounter, entertain, and sustain changes in alternative perspectives" (Mezirow, 1990, p. 14).

Groups that are composed of individuals having a variety of skills, knowledge, abilities, and perspectives are considered to be more effective and lead to higher quality problem solving and decision making. However, when groups are heterogeneous in terms of demographic attributes they are also likely to be heterogeneous in terms of attitudes and values (Bantel & Jackson, 1989). According to Eisenhardt et al. (1997), such a team is not only likely to have different views and perspectives, but its members experience more personal conflict. Bonn (2005) argues that personal conflict decreases goodwill and mutual understanding and hinders the completion of organisational tasks. Therefore it makes sense to consider demographic attributes and values when composing interdisciplinary teams.

Interpersonal Competences: although the influence of the informal learning methods on this competence is not very clear a few remarks can be made. If the learning methods 'role models and mentoring' and 'reflection, feedback and criticism' are indeed valuable for the development of interpersonal competences the formal organisational structure should not be one that is very hierarchic. The flat organisational structure combined with an organisational culture that stimulates communication between all members of the organisation would be most ideal. Next to formal feedback moments there should be informal feedback moments too. These moments are most likely to exist in an organisation that promotes a culture of trust and dialogue.

Action Competences: the learning methods 'being challenged and new experiences' and 'reflection, feedback and criticism' are said to be influential in the development of action competences. There are circumstances in which the competence is more likely to develop and circumstances in which the development is hampered. First, the extent to which bureaucracy is present within the organisation. A high level of bureaucracy negatively affects the ability to execute tasks, because of all the people that it has to be discussed with, before approving. If an organisation is very hierarchic decision-making takes much more time, because of the many layers of management these decisions have to go through (Ingram, 2015). The learning method 'being challenged and new experiences' also benefits from a flat organisational structure. Moreover, the organisation should be open to innovative and new ideas; also from employees lower down the hierarchy. Regarding the informal organisational structure there should be a culture of trust and mistakes must be seen as opportunities for learning. This relatively flat organisational structure promoting a culture of trust is also fundamental to enable the learning method 'reflection, feedback and criticism'. As stated in paragraph 4.3 the organisational culture should allow employees not only to receive feedback and criticism from their superiors, but also vice versa; and also feel free to do so.

6 Case Study: Unilever

With more than 400 brands focused on health and wellbeing Unilever is one of the leading multinationals in the world. The scope of Unilever makes them a powerful player on the world market, and especially in their industry. Because of this power Unilever's actions can have great influence on its suppliers and other stakeholders. Also they can set an example to other actors in the industry. The corporate purpose of Unilever states that to succeed they require "the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact" (Unilever, 2015c). This purpose demonstrates the importance of sustainability for Unilever and is the mainspring of all the initiatives that Unilever undertakes to do business in a sustainable manner.

6.1 Formal organisational structure of Unilever

Unilever was founded in 1930 and has kept growing ever since. The company has always responded to the developments in the marketplace by retaining what was useful and rejecting what no longer worked; they learned through practice (Maljers, 1992). Unilever Group consists of both Unilever N.V., which is incorporated under the laws of the Netherlands, and Unilever PLC, which is incorporated under the laws of England and Wales. Although Unilever N.V. and Unilever PLC are separate legal entities they operate, together with their group companies, as a single economic entity. The subsidiaries around the world all carry out the business activities of Unilever Group. Consequently the affairs of the Unilever Group as a whole are more relevant to the shareholders than the separate activities of N.V. and PLC. Therefore the formal and informal structure that are described in this chapter will address the Unilever Group as a whole.

Unilever NV and PLC have separate legal identities but operate as a single entity



Figure 5: Unilever's legal structure (Unilever Middle East, 2015, p. 63)

The ability to operate as a single economic entity, despite of the dual structure, is achieved by securing unity of management of NV and PLC. To ensure that all matters are considered by the whole organisation and to resolve issues of conflicting interests it is a requirement of Unilever that the same people are on the Boards of both the parent companies. "This ensures that Unilever achieves the substance of a single parent group but without the form". This is important to realise, because the official form is thus not one entity, but it in practice, meaning decision making and suchlike, is centrally organised. The Boards of both NV and PLC have the ultimate responsibility for the organisations. The boards are both one-tier Boards which means that both the executive as the non-executive directors

are part of the Boards of Directors. The role of the Non-executive Director is essentially supervisory and the Executive Directors have additional responsibilities that are determined by the Chief Executive Officer (CEO). The Boards have delegated some of their powers to the CEO and the Board's Committees. The Boards do supervise the execution of their responsibilities by the CEO and the Committees; in the end the Boards remain responsible for the actual fulfilment of their duties. There are six different committees that all have a different aim. The 6 core committees are: Nominating and Corporate Governance Committee, Compensation Committee, Audit Committee, Corporate Responsibility Committee, Disclosure Committee, and Routine Business Committee. The Committees all hold a minimum amount, varying from two to three, of Non-Executive Directors. The Committees have meetings and report on their findings directly to the Boards (Unilever, 2015a).

Although Unilever restructured the organisation and changed the brand portfolio several times they still faced disappointing results in the early 2000s. Significant changes were made to the group structure in order to streamline the management and leadership. In April 2004 they replaced the dual chairmen structure with the more standard model of one nonexecutive chairmen and a group executive directors. Next to this they simplified the management structure by replacing the complex matrix of geographic and brand executives with a new system consisting three regional chiefs (Europe, the Americas, and Asia/Africa), and two heads of operating units (Foods, and Home & Personal Care). All directors report directly to the CEO (Unilever, 2008). In 2009 another change in the management team was carried out. The two separate operating units Foods, and Home & Personal Care are now united under the supervision of one director: the President Categories (Unilever, 2015b). Nowadays the management team consists of ten executive directors. Next to the CEO, the three regional presidents, and the President Categories there are also five positions dedicated to the following disciplines: Research & Development, Supply Chain, Finance, Human Resources, and Marketing. Figure 6 shows the structure as described and the current occupation of the functions.



Figure 6: current occupation Management Team Unilever (Unilever Middle East, 2015, p. 44)

Unilever has adopted a global product design, which means that responsibility for specific products or product groups is assigned in order to separate the operating divisions within a firm. The design is most appropriate for firms that have diverse product lines or product lines that are sold in different markets (Griffin & Pustay, 2007). Both arguments are applicable to Unilever, as they have diverse product lines (Food, Home & Personal Care) and aim their products on different target groups; moreover selling in markets all over the world. Unilever is an organisation operating all over the world, such diversification asks for an organisation design that provides a higher level of autonomy for its companies. Unilever does this by taking on a multi-divisional design; or M-form structure. “the multidivisional structure consists of operating divisions, each representing a separate business or profit centre in which the top corporate officer delegates responsibilities for day-to-day operations and business-unit strategy to division managers” (Hitt et al., 2003, p. 347). The firm is thus essentially divided into sub-firms, with each sub-firm being responsible for its own production and maximizing its own profit. The central office of Unilever will overlook all the divisions or sub-firms, but the main responsibility of the headquarters is to develop overall strategies for the organisation. These overall mission, vision, and strategies, such as Sustainable Living Plan can be find on the corporate website. Unilever uses the multi-divisional organisational structure because it combines the distinct brand and economies of scale advantages, while maintaining the operating flexibility of a small firm. Within the multidivisional structure three variations can be identified: cooperative form, strategic business unit (SBU) form, and competitive form. Of these three variations Unilever has implement the cooperative form. This form emphasizes structural integration devices to create tight links among all divisions (or sub-firms). Although the divisions are semi-autonomous the corporate office has centralised strategic planning, human resources, marketing, and usually R&D as well. This centralisation is implemented to stimulate and foster cooperation between the different divisions (Hitt et al., 2003).

The characteristics of the cooperative form can be identified in the organisational structure of Unilever as they have a global Human Resources strategy. Unilever has initiated numerous HRM campaigns, such as the global ‘Winning with Integrity’ week that comprised of interviews and surveys regarding human rights. Besides HRM, R&D is also centrally organised. The R&D function employs over 6,000 professionals located in 20 countries. Once products, packaging or other innovations are developed in one of the Global Development Centres or Regional Development Centres the regional teams are responsible for launching the product in their region. At every stage in the development process the R&D teams collaborate closely with the marketing, and supply chain professionals to ensure a successful launch of the product. To summarize, Unilever has their functional departments, such as HRM, R&D, Supply Chain, Finance, and Marketing centrally organised. The sub-firms however, have a certain level of autonomy, which makes it possible for Unilever to be flexible and to respond to local demands. Together with many multinationals Unilever has adopted the mantra of ‘think globally, act locally’.

6.2 Organisational culture of Unilever

The organisational culture of Unilever is difficult to describe, since there is no first-hand information available. The corporate website of Unilever makes some statements on their culture and values. The four values that Unilever mentions as most relevant are: integrity, respect, responsibility, and pioneering. Integrity should guide the behaviour of the employees, wherever they are. Respect implies that all people should be treated with dignity, honesty, and fairness. As they state on the corporate website “we celebrate the diversity of people, and we respect people for who they are and what they

bring” (Unilever, 2015e). This implies that the workforce is open-minded, and that employees feel safe to be their selves, and speak up when they want to. Unilever also says to be serious about responsibility; employees should act upon their words. At last there is ‘pioneering’ which Unilever strives for in order to improve their business and creating a better future. As they state themselves “we are always willing to take intelligent risks” (Unilever, 2015e). Valuing pioneering could reflect in an openness to new ideas, individual thinking, and creative thinking. Moreover pioneering will lead to new experiences which is beneficial for developing one’s competences. Unilever also shows their flexibility by enabling Agile Working. By giving people freedom on how and where they work a culture focused on performance and results rather than on time and attendance is created. The formal structure of Unilever, which was described in paragraph 6.1, the cooperative form of the multidivisional structure also influences the organisational culture. Hitt et al. (2003) claim that the cooperative form stimulates an organisational culture that emphasize sharing. This seems legit as cooperation is likely to result in the transmission of knowledge and ideas.

Overall the four values, integrity, respect, responsibility and pioneering, are to be seen as dominating Unilever informal organisational culture. Together with the agile working options, and the ‘sharing culture’ mentioned above they will influence the process of informal learning that results in competence development.

6.3 Unilever’s actions and view on competence development

Of course Unilever’s human resource department has several programs focused on developing the competences of its employees. However, these are formal learning methods and this study focuses on informal learning that occurs through the formal organisational structure and organisational culture of an organisation, and in this case Unilever. Two programs will be mentioned, because of their relevance within the organisation. Although the programs are executed by the HRM department and are formal learning methods, the programs will contribute to the overall organisational culture as being an organisation that stimulates and enables personal development. The Individual Development Plan (IDP) is about creating an overview of an employee’s own developments and actions they have taken and will take upon reaching their goals. It is therefore focused on long-term development within Unilever. The IDP makes the employees aware of their competences and development, which is crucial in order to make progress. The IDP includes mandatory trainings, but also elective ones in which an employee is free to involve. Next to the IDP there is the Unilever Future Leaders Program (UFLP) which consists of three parts: 1. Local On-boarding; 2. 2-year Development roadmap; and 3. Mentoring. The program includes networking, development of skills through formal training, and a mentor program. Next to the official mentor program it can be expected that the networking will lead to unofficial mentoring as well (NVP-Plaza, 2015).

Now there will be elaborated on informal learning methods that can be identified within Unilever. Unilever states in their corporate governance outline that “it is important that the Boards and Board Committees evaluate the effectiveness off their performance in a rigorous and structured way so that Unilever may confirm to its shareholders that it has high corporate governance standards” (Unilever, 2015a, p. 20). This sentence shows the importance of evaluation and reflection within the organisation. Unilever expects that also the Boards have a critical view on their own performances. This reflects the informal learning method ‘reflection, feedback and criticism’.

In composing the Boards Unilever takes into account a balance of skills and experience. The composition should be such that the members are able to act critically and independently of one another. With respect to this desire the Boards have the objective to be diverse in age, gender, expertise, social background and nationality. This fundamental requisite is in line with findings in the literature study. The literature study stated that the competence 'embracing diversity and interdisciplinary' is necessary to enable multi-stakeholder partnerships. Moreover, the learning method 'team working and multi-disciplinary working' stimulated the development of this competence. The requisite of diversity within the Boards could therefore explain part of the success of Unilever in entering multi-stakeholder partnerships. As was mentioned in chapter 5.1 it is difficult to change one's presuppositions, hence develop the competence 'embracing diversity and interdisciplinary'. This could be a reason that Unilever states in their Corporate Governance outline that in hiring new directors, possibly all employees, they already demand (some of) those characteristics that foster one to embrace different opinions, views, and perspectives. "Besides expertise, experience, contacts, vision and adequate availability, personal qualities such as impartiality, integrity, tolerance of other points of view, balance and ability to act critically and independently are equally important" (Unilever, 2015a, p. 35). Not only in the top management diversity is important, Unilever aims for an overall diverse work field. They believe that "having a gender-balanced, engaged workforce that reflects our consumer base is a critical element of their long-term growth strategy" (Unilever, 2015e). To fully exploit this diversity Unilever focuses on teamwork. This is how the most learning and transferring of knowledge will take place. In compliance with the Unilever's values they strive for an inclusive environment. This means full and successful integration of diverse people into the workplace; enabling all individuals to perform to their full potential, irrespective of who they are (Burton Blatt Institute, 2011).

6.4 Conclusion

Within the case study several similarities with the literature study can be found. Some organisational characteristics that have been identified in the literature study also show in Unilever's organisational structure and culture. Similarities are: 1. Divisional / Matrix Structure; 5. Long-Term Multi-Disciplinary Teamwork; 6. Information and knowledge sharing; 7. Stimulating Innovation and Creativity. These characteristics are clearly identified, but also other elements of Unilever's structure and culture show some overlap with the remaining organisational characteristics that are identified in the literature study. Also most learning methods that were identified are valued by Unilever. These learning methods are: 'team working and multi-disciplinary working', 'role models and mentoring', 'reflection, feedback, and criticism', and 'being challenged and new experiences'.

However the goal of the case study is to find additional information that will complement the literature study. Some elements of Unilever are found that might promote informal learning and the development of the individual competences. Because the formal structure is a cooperative form of the multi-divisional design the sharing of information, knowledge is highly stimulated. Moreover they enable agile working which makes Unilever a flexible organisation. This characteristic could possibly stimulate some informal learning methods. Next to this Unilever states they appreciate pioneering, and are open to new ideas and creative thinking. Within Unilever the competence 'embracing diversity and interdisciplinary' is extremely important. Unilever claims to be an inclusive organisation, which is a strong statement about its organisational culture. This is applied on the highest level of management within the organisation; the Boards need to be diverse. However, next to developing the competence

'embracing diversity and interdisciplinary' Unilever looks for these characteristics of peoples already during the hiring process. Because presuppositions are not easily changed it is a clever thought to have your employees already possess this competence, or be really open to developing this. Unilever has some strong values that guide their working behaviour and all their decision making. These values strongly influence the organisational culture of the organisation. Unilever seeks employees that have the same values as the organisation. It is likely they believe that these values are intrinsic and cannot or are not likely to be developed by a learning process.

7 Discussion

One of the first thing that was found in the literature about multi-stakeholder partnerships was information on the reasons why organisations enter multi-stakeholder partnerships. One of those reasons was 'learning from complex or multi-faceted problems'. This means that entering multi-stakeholder partnerships can also reinforce the competences that first were to be developed to actually enter one. Developing the individual competences is therefore a continuous process that continues after having entered a multi-stakeholder partnership (Cheetham & Chivers, 2001).

In paragraph 4.3 learning methods are discussed. However, these methods are not proven to be effective for everyone. It is really personal which methods are useful and which are not. Making general statements based on these methods is therefore limited (Cheetham & Chivers, 2001).

The presence of job-related diversity may be beneficial for groups engaged in strategic decision-making, but organisational theorists have identified potential costs associated with heterogeneity (Williams & O'Reilly, 1998). This implies that while stimulating one competence, one can negatively affect the other competence or capability. An example is that when diversity within a team is stimulated, the communication can be hampered caused by differences in values and habits. In a multi-stakeholder partnership there are many different opinions and values involved. The question is whether it is better to be homogeneous in values and opinions as a group when entering a multi-stakeholder partnership, in order to stand stronger in argumentation. Or should the different values also be represented within the group. This however will lead to conflicts within the organisation/group and makes them stand less strong in the negotiations. This is a consideration that should be taken into account when composing a team and entering a multi-stakeholder partnership.

A critical note should be added to the values that Unilever states on their corporate website. Although the website claims that these values guide all behaviour and decision making of employees, it does not necessarily mean that they are complied with in practice. The reliability of the organisational culture that Unilever claims to have is therefore not very high. For further discussion and suggested improvements, see paragraph 8.2.2.

A final remark should be made regarding the implementation of the suggested organisational characteristics. It is extremely difficult to actually make changes to the organisational structures; informal even more challenging than formal. This means that however this research has made some recommendations on appropriate (elements of) organisational structures, the actual implementation will be difficult. Moreover, the choice of a certain structure is based on other factors as well. An assessment of all those factors probably has already given a balanced decision on the preferred organisational structure. If an organisation is serious about sustainable development through multi-stakeholder partnerships then it should consider making (small) adjustments.

8 Conclusion

8.1 Conclusion literature study

In chapter 4.3 there is elaborated on which learning methods foster the development of the five individual competences identified for enabling multi-stakeholder partnerships for sustainability. These are thus the learning methods that should take place in an organisation that wants to improve their ability to enter a multi-stakeholder partnership for sustainability. These learning methods are: 'practice and repetition', 'team working and multi-disciplinary working', 'role models and mentoring', 'reflection, feedback, and criticism' and 'being challenged and new experiences'. Furthermore the learning methods are linked to elements of formal organisational structures and organisational culture. That is, explaining which elements of an organisational structure will enable that these learning methods take place. There have been identified nine characteristics of organisational structures of which five are formal and four informal. These nine characteristics are all fostering the development of at least one of the five individual competences. The formal organisational structure characteristics: 1. Divisional/Matrix structure; 2. Functional structure; 3. Low level of bureaucracy; 4. Flat organisation/Limited hierarchy; 5. Long-term multi-disciplinary teamwork. The organisational culture characteristics: 6. Information and knowledge sharing; 7. Stimulating innovation and creativity; 8. Discipline of dialogue; 9. Culture of trust. So far, there are organisational structure characteristics identified and linked to different learning methods. In chapter 5.1 the relationships between the learning methods and the five individual competences are identified. These relationships enable linking the organisational structures characteristics to the development of the five individual competences that were identified to successfully enter a multi-stakeholder partnership for sustainability. This means the ability to answer the main question of this thesis: *"Which elements of the different formal and informal organisational structures enable the development of the individual competences that are identified in order to successfully enter a multi-stakeholder partnership that aims on gaining sustainable development?"*

Figure 7 represents the relationships that have been identified though this literature study. All of the characteristics have relevance, but a few can be seen as most influential, as they have the most links with the learning methods, hence the individual competences. The most preferred formal structure of an organisation is the divisional or the matrix structure. The organisation should have a relatively low level of hierarchy and involve a lot of teamwork. Within the organisational culture it is most important there is the discipline of dialogue between all employees. Moreover a culture of trust will influence three out of five learning methods, resulting in an influence on all individual competences except systems thinking.

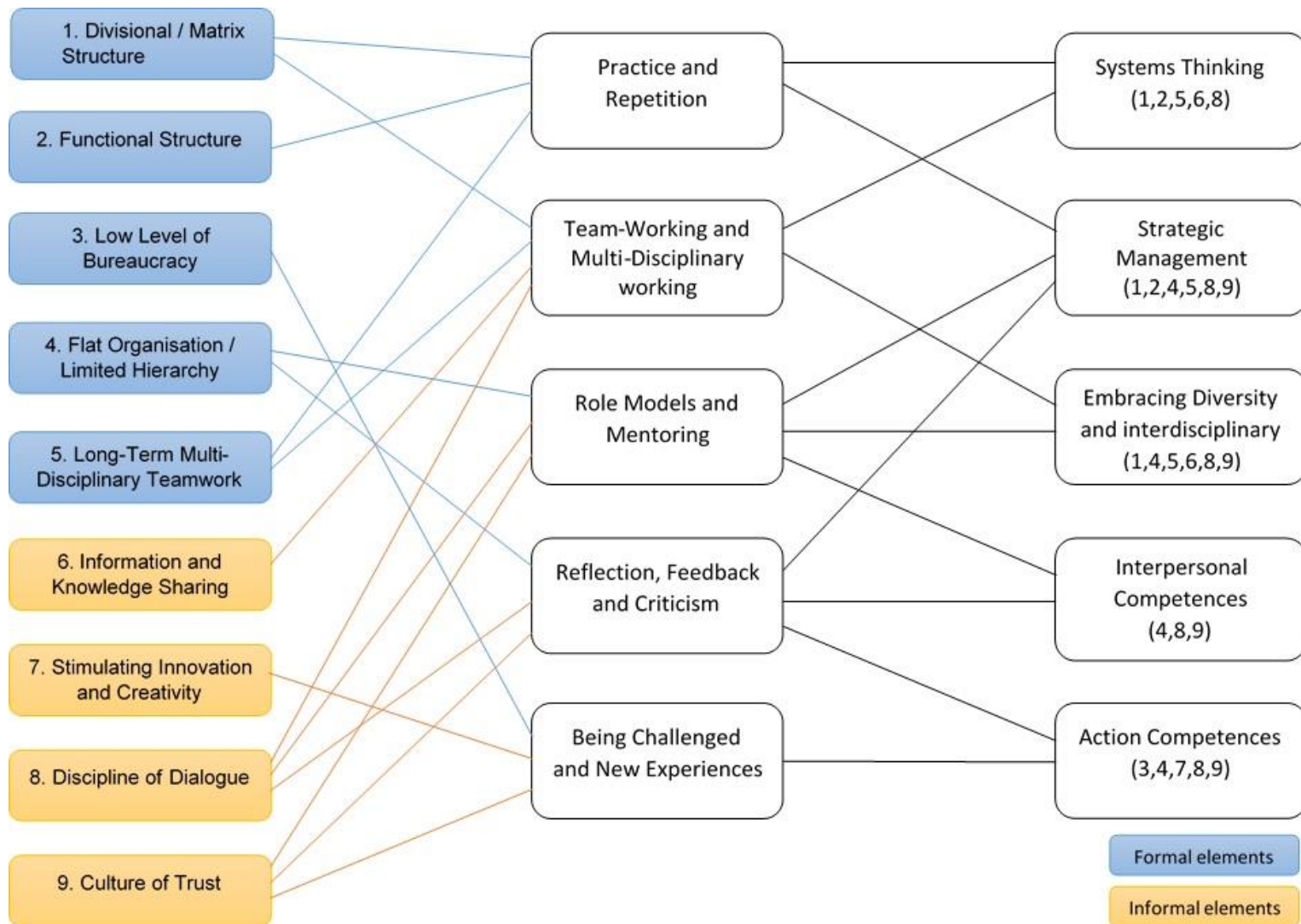


Figure 7: overview results organisational structures enabling the five individual competences

8.2 Suggestions for further research

8.2.1 Literature study

During the literature study some elements were more difficult to find than others, because some topics were simply not studied intensively yet. A good example of this is the development of interpersonal skills by informal learning. So far, most of this research on the development of interpersonal skills is about formal training. However, it would be interesting to study whether this competence is also able to be developed by informal learning methods, such as team work or mentoring.

Next to this a big influence on learning could be a reward system. Some researchers accept rewards systems as part of the formal organisational structure, which means they should be included in the study for organisational structures influencing competence development (Bonn, 2005). This could give some interesting results. It is likely that especially the action competences will be highly stimulated by reward systems.

8.2.2 Case study: Unilever

In order to get reliable information regarding the actual formal and informal organisational structure of Unilever primary data must be collected. The formal organisational structure is relatively easy to describe by identifying the different departments, the amount of team-work, and the hierarchy. Hierarchy can be related to how many levels of management-teams there are and to how many managers there has to be reported to. This also relates to the level of bureaucracy; how many people have to approve before decisions can be made. The five formal elements of organisational structure (Figure 7) can be documented in a report. To gather the data one can ask the higher management levels for a detailed description of the chain of command. By doing observations the descriptions can be checked. Besides, (anonymous) questionnaires can be held to ask all employees to how many superiors they have to report to. Moreover, whether they feel they are able to execute decisions and ideas fast, or that they have to report them to higher management levels resulting in slow decisiveness.

Gathering data on the organisational culture within Unilever will be much harder as it is based on personal experiences by all the employees within Unilever. This means that for gathering data one should try to reach out to as many people as possible; or at least to employees from all the different levels within the hierarchy. First off all a survey should be emailed to all employees. Within this email there should be asked for the different elements of informal organisational structure. To address the element 'information and knowledge sharing' there could be a question on whether they feel the communication between the departments and teams is open and common practice; or that they do not share information at all. This could also be observed by looking at the number of meetings between different teams or team members, and the amount of emails that they send to each other. The level of 'stimulating innovation and creativity' can be researched within the R&D department, but this also important within the other departments. It is difficult to identify this organisational element, so the concept should be made more tangible. The measurement of the current level of creativity of an individual, a team, or the whole organisation can be done by the by the Situational Outlook Questionnaire (Isaksen & Ekvall, 2013) a successor of the Creativity Climate Questionnaire (CCQ) (Mostert & Frijling, 2001). If necessary further surveys or interviews can be conducted based on the results of the SOQ.

Both the characteristics 'discipline of dialogue' and 'culture of trust' are sensitive topics to discuss, so they should be addressed in a confidential matter. Questions on how employees experience both the

characteristics can be put in an anonymous survey. Afterwards focus groups can be organised to gather more in depth information on the employees' experiences.

In order to gather additional data to the literature study interviews with the higher placed management should be held. They can describe their personal view and actions on what is important for entering multi-stakeholder partnerships; and what they have experienced as important organisational structure features to have as a company.

By combining the data gathered from employees on their experiences of the current situation, with the data of the view of the management teams on what they feel is important, a rather complete picture of the important elements of an organisational structure can be described.

References

- Ashton, D. N. (2004). The impact of organisational structure and practices on learning in the workplace. *International journal of training and development*, 8(1), 43-53.
- Bantel, K. A., & Jackson, S. E. (1989). Top management and innovations in banking: does the composition of the top team make a difference? *Strategic Management Journal*, 10(S1), 107-124.
- Bonn, I. (2001). Developing strategic thinking as a core competency. *Management Decision*, 39(1), 63-71.
- Bonn, I. (2005). Improving strategic thinking: a multilevel approach. *Leadership & Organization Development Journal*, 26(5), 336-354.
- Burton Blatt Institute. (2011). What is an inclusive culture? Retrieved 16/04/2015, from http://bbi.syr.edu/projects/Demand_Side_Models/docs/a_inclusive_culture.htm
- Cheetham, G., & Chivers, G. (2001). How professionals learn in practice: an investigation of informal learning amongst people working in professions. *Journal of European Industrial Training*, 25(5), 247-292.
- Culatta, R. (2013). Transformative Learning (Jack Mezirow). Retrieved 23/02/2015, from <http://www.instructionaldesign.org/theories/transformative-learning.html>
- Dentoni, D., Bitzer, V., & Pascucci, S. (2012a). Cross-Sector Partnerships and the Co-Creation of Dynamic Capabilities for Stakeholder Orientation. *Journal of Business Ethics*.
- Dentoni, D., Blok, V., Lans, T., & Wesselink, R. (2012b). Developing Human Capital for Agri-Food Firms' Multi-Stakeholder Interaction. *International Food and Agribusiness Management Review*, 15(Special Issue A), 61-68.
- Dentoni, D., Hospes, O., & Ross, R. B. (2012c). Managing Wicked Problems in Agribusiness: The Role of Multi-Stakeholder Engagements in Value Creation. *International Food and Agribusiness Management Review*, 15(Special Issue B), 1-12.
- Duncan, R. (1980). What is the right organization structure? Decision tree analysis provides the answer. *Organizational Dynamics*, 7(3), 59-80.
- Dweck, C. S., Chiu, C.-y., & Hong, Y.-y. (1995). Implicit theories and their role in judgments and reactions: A word from two perspectives. *Psychological inquiry*, 6(4), 267-285.
- Eisenhardt, K. M., Kahwajy, J. L., & Bourgeois, L. (1997). Conflict and strategic choice: How top management teams disagree. *California Management Review*, 39, 42-62.
- Fayol, H. (1916). *General and Industrial Management*.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., de Colle, S., & Purnell, L. (2010). Stakeholder Theory: The State of the Art.
- Griffin, R. W., & Pustay, M. W. (2007). International Organization Design and Control *International Business* (5th ed.): PrenticeHall.
- Harrison, J. S., & Freeman, R. E. (1999). Stakeholders, Social Responsibility, and Performance: Empirical Evidence and Theoretical Perspectives. *The Academy of Management Journal*, 42(5), 479-485.
- Hitt, A., Ireland, R. D., & Hoskisson, R. E. (2003). Organizations Structure and Control *Strategic Management: Competitiveness and Globalization*.
- Hunt, J. W., & Baruch, Y. (2003). Developing top managers: the impact of interpersonal skills training. *Journal of Management Development*, 22(8), 729-752.
- Ingram, D. (2015). What Are the Advantages and Disadvantages of a Bureaucratic Organization Structure? Retrieved 24/02/15, from <http://smallbusiness.chron.com/advantages-disadvantages-bureaucratic-organization-structure-2761.html>
- Isaksen, S. G., & Ekvall, G. (2013). Development of the Situational Outlook Questionnaire. Retrieved 08/05/2015, from <http://www.soqonline.net/climate/downloads/Development-of-SOQ.pdf>
- Le Deist, F. D., & Winterton, J. (2005). What is competence? *Human resource development international*, 8(1), 27-46.
- Likert, R. (1961). New patterns of management.

- Maljers, F. A. (1992). Inside Unilever: The Evolving Transnational Company.
- Marquardt, M. J. (1996). *Building the Learning Organization: A Systems Approach to Quantum Improvement*: McGraw-Hill.
- Martins, E., & Terblanche, F. (2003). Building organisational culture that stimulates creativity and innovation. *European journal of innovation management*, 6(1), 64-74.
- Maurer, T. J., Wrenn, K. A., Pierce, H. R., Tross, S. A., & Collins, W. C. (2003). Beliefs about 'improvability' of career - relevant skills: relevance to job/task analysis, competency modelling, and learning orientation. *Journal of Organizational Behavior*, 24(1), 107-131.
- Mezirow, J. (1990). How critical reflection triggers transformative learning. *Fostering critical reflection in adulthood*, 1-20.
- Mills, D. Q., & Friesen, B. (1992). The learning organization. *European Management Journal*, 10(2), 146-156.
- Mintzberg, H. (1979). *The structuring of organization: A synthesis of the research*: Prentice-Hall.
- Mostert, N. H., & Frijling, L. H. (2001). Creativity in organizations can be measured and acquired. Retrieved 08/05/2015, from <http://pubs.acs.org/subscribe/archive/ci/31/i11/html/11manage.html>
- Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization science*, 5(1), 14-37.
- NVP-Plaza. (2015). Retrieved 16/04/2015, from <http://www.nvp-plaza.nl/documents/doc/talent-mgmt-nvp.pdf>
- Osagie, E., Wesselink, R., Blok, V., Lans, T., & Mulder, M. (2014). Individual Competencies for Corporate Social Responsibility: A Literature and Practice Perspective. *Journal of Business Ethics*, 1-20.
- Peterson, H. C. (2009). Transformational Supply Chains and the "Wicked Problem" of Sustainability: Aligning Knowledge, Innovation, Entrepreneurship, and Leadership. *Journal on Chain and Network Science*, 9, 71-82.
- Peterson, H. C., & Dentoni, D. (2011). Multi-Stakeholder Sustainability Alliances: A Signaling Theory Approach. Pittsburgh, Pennsylvania.
- Price, A. (2011). *Human resource management*: Cengage Learning.
- Pujari, S. (2015). Formal and Informal Organization: Features, Advantages and Disadvantages. Retrieved 28/01/2015, from <http://www.yourarticlelibrary.com/organization/formal-and-informal-organization-features-advantages-and-disadvantages/8654/>
- Riggio, R. E., & Lee, J. (2007). Emotional and interpersonal competencies and leader development. *Human Resource Management Review*, 17(4), 418-426.
- Rittel, H. W. J., Webber, M. M. (1973). Dilemmas in a General Theory of Planning. *Policy Sciences*, 4, 155-169.
- Roethlisberger, F. J., & Dickson, W. J. (2003). *Management and the Worker* (Vol. 5): Psychology Press.
- Senge, P. M. (2010). *The Fifth Discipline: The Art & Practice of The Learning Organization*: Crown Publishing Group.
- Seow, C., Hillary, R., Gao, S. S., & Zhang, J. J. (2006). Stakeholder engagement, social auditing and corporate sustainability. *Business Process Management Journal*, 12(6), 722-740.
- Shtub, A., & Karni, R. (2010). *ERP: the dynamics of supply chain and process management*: Springer Science & Business Media.
- Spencer, L. H., & Spencer, S. M. (1993). *Competence at Work: models for superior performance*. New York: Wiley.
- Stacey, R. (1996). Emerging strategies for a chaotic environment. *Long Range Planning*, 29(2), 182-189.
- Tannenbaum, R., & Schmidt, W. (1958). How to Choose a Leadership Pattern. *Harvard Business Review*, 36, 95-101.
- Unilever. (2008). International Directory of Company Histories. Retrieved 17/03/2015, from <http://www.encyclopedia.com/doc/1G2-2690500101.html>

- Unilever. (2015a). The Governance of Unilever. from http://www.unilever.com/Images/ir_GoU-1-Jan-2015-FINAL_tcm244-420870.pdf
- Unilever. (2015b). Our history. Retrieved 18/03/2015, from <http://www.unilever.com/about/who-we-are/our-history/>
- Unilever (Producer). (2015c, 17/03/2015). Purpose & Principles. Retrieved from <http://www.unilever.com/about/who-we-are/purpose-and-principles/>
- Unilever. (2015d). Unilever Sustainable Living Strategy. Retrieved 13/01/2015, from <http://www.unilever.com/sustainable-living-2014/our-approach-to-sustainability/our-strategy/index.aspx>
- Unilever. (2015e). Working at Unilever. Retrieved 14/04/2015, from <http://www.unilever.com/careers-jobs/professionals/working-at-unilever/>
- Unilever Middle East. (2015). Introduction to Unilever. Retrieved 17/03/2015, from http://www.unileverme.com/Images/ir_Introduction_to_Unilever_tcm120-234373.pdf
- van Leur, S. (2013). *Individual competences allowing the firm's dynamic capability for stakeholder orientation*. Wageningen University. (WTO/2026123)
- Wesselink, R., Blok, V., van Leur, S., Lans, T., & Dentoni, D. (2014). Individual competencies for managers engaged in corporate sustainable management practices. *Journal of Cleaner Production*.
- Wiek, A., Withycombe, L., & Redman, C. L. (2011). Key competencies in sustainability: a reference framework for academic program development. *Sustainability Science*, 6(2), 203-218.
- Williams, K. Y., & O'Reilly, C. A. (1998). Demography and diversity in organizations: A review of 40 years of research. *Research in organizational behavior*, 20, 77-140.
- Wilson, A., Lenssen, G., & Hind, P. (2006). Leadership qualities and management competencies for corporate responsibility.
- Woodward, J., Dawson, S., & Wedderburn, D. (1965). *Industrial organization: Theory and practice* (Vol. 3): Oxford University Press London.