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Implementation of Corporate Sustainability

A case study of ForFarmers



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Abstract

Large corporations have taken a growing interest in making their business practices more sustainable over the past years. Efforts made by corporations to make their business practices more sustainable are also known as corporate sustainability. The objective of this research is to obtain more insights in the implementation process of a corporate sustainability strategy in a corporation. The aim is to identify the main challenges and approaches for the implementation of a corporate sustainability strategy. The research consists of two research methods, a literature review and a case study. The literature review focusses on three bodies of literature related to the implementation of corporate sustainability. These are 'frameworks for implementation of corporate sustainability', 'management of change' and 'corporate sustainability for international corporations'. The insights from the literature review are used to compose the theoretical framework. The theoretical framework consists of eight propositions that give direction to the data collection and analysis. The case study is executed at the company ForFarmers by means of eight interviews. ForFarmers is an international company that produces animal feed and they are the market leader in the European market. The international character of the company and the fact they are operating in the farm feed sector are both taken into account in the research. From a general perspective two challenges with regard to implementing corporate sustainability were found: creating awareness and commitment throughout the entire corporation and aligning the incentives for the employees in order to make sustainability a common goal. With regard to international companies, it was found that macro-environmental differences per country can have an effect on the extent to which progress can be made on company-wide sustainability targets. A platform for bottom up communication can be an approach to give substance to the general sustainability strategy of the company and to communicate these macro-environmental differences to the central management. For corporate sustainability in the farm feed industry it was found that feed manufacturers are operating in a highly competitive market with low margins which makes it difficult to start with sustainability initiatives which add costs to the product. Structural communication with stakeholders and discussing sustainability issues with competitors in interest-group meetings are approaches that can be used.

Keywords: Corporate sustainability strategy, implementation, farm feed industry, ForFarmers

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Disclaimer

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1 Introduction

Large corporations have taken a growing interest in making their business practices more sustainable over the past years. Efforts made by corporations to make their business practices more sustainable are also known as corporate sustainability (CS). This research has a particular interest in the implementation of corporate sustainability by (large) international corporations in the farm feed sector. CS is not a universal concept and there are no written manuals for corporations which can be followed for implementing CS. On the contrary, for every corporation CS might have a different meaning, the implementation of CS might be based on different values and a different approach might be needed for the implementation of CS at different corporations.

Due to these issues, three main questions can be distinguished on which researchers have focused their studies over time. These questions are: What is CS?, Why implement CS? and How to implement CS?. As stated before, there is no universal answer to these questions. Nevertheless, researchers have attempted to find general answers to these questions and literature on these issues is still evolving. In the section 1.2 Background information, a brief overview is given about common views in current literature that give an answer to the questions *What is CS?* and *Why implement CS?*

The '*How to implement CS?*' question is still the least explored one. Literature on this topic is expanding rapidly in terms of: CS implementation strategies, frameworks for integrating CS and management tools for the implementation of CS. Most of the literature in this domain tries to give an answer to the question: How to really implement CS into the DNA of the corporation. A universal answer to this question however does not exist; CS is not a universal concept and the implementation of CS is different per country, per sector and per corporation (Baumgartner, 2014). About the implementation of corporate sustainability for companies that have to deal with different contextual dimensions (country, sector and corporation) still little is known. This research therefore focuses on this gap in literature in an attempt to obtain more insight in the challenges with regard to the implementation process of CS in a multi-dimensional context.

1.1 Research objective

The objective of this research is to obtain more insights in the implementation process of corporate sustainability into international corporations in the farm feed sector. The farm feed sector, is chosen as a subject of research because they are a relative unknown player in the supply chain for society compared to retailers, processors and farmers. Nevertheless, by purchasing raw materials, producing feed compound for farmers and providing farmers with expertise, feed manufacturers have a key role in the supply chain. This makes the farm feed sector an interesting domain of research with regard to sustainability. The research particularly focuses on the implementation of corporate sustainability within the corporation. In order to reach the research objective, insights from both literature and field research are combined. The literature research is the theoretical foundation of the research. Existing frameworks and theories for implementing corporate sustainability are reviewed to find challenges and possible solutions for the implementation process. The empirical part of the research consists of a case study conducted at ForFarmers, an international corporation producing farm feed. The different divisions of the company in The Netherlands, Belgium, The United Kingdom and Germany will be treated as sub-cases in this research. Finally, the ultimate goal of this research is to provide insights that can be used for managing these specific challenges at the process of implementing corporate sustainability policies, combining insights from both literature and field research.

1.2 Background information

As stated in the introduction, this study focusses on how corporate sustainability can be implemented in international corporations in the farm feed industry. Before this question can be answered, it is important to know what is meant with the concept of corporate sustainability and what the relations are between the farm feed sector and corporate sustainability. In this section both issues are discussed.

Conceptualization of corporate sustainability

Corporate sustainability is a complex concept because it has a different meaning to different people and corporations. Moreover, the concept of corporate sustainability has evolved over time and has taken several forms. This has made the challenge to find a universal definition of corporate sustainability even bigger. In this

chapter the concept of corporate sustainability is discussed in two ways. First, the evolution of the terms used for corporate sustainability are discussed briefly. Subsequently the underlying theories that are related to corporate sustainability are discussed. The aim of this chapter is to find a definition for corporate sustainability that can be used as theoretical foundation in this research. Moreover, challenges that corporations might face with regard to the conceptualization of corporate sustainability are described.

Evolution of terms for corporate sustainability

Corporate Sustainability; As far as literature about CS goes back in history, it has been a struggle to come to a universal definition of corporate sustainability. Eberstadt (1973) claims that aspects of CS can be traced back to ancient Greece (Wilson, 2003). Ever since, sustainability at the corporate level has taken many forms and is defined in different ways (Rahdari & Rostamy, 2015). The term corporate sustainability can be seen as a collective noun for a large variety of sustainability approaches on the corporate level. Some widely used approaches are discussed in the following paragraph of this section in order to find a definition of corporate sustainability that can be used in this research.

Sustainable Development; Many authors consider the definition in the book *Our common future* published by the World Commission for Environmental Development (Brundtland et al., 1987), as the starting point where the modern concept of sustainability at corporate level is being popularized. This book, also known as the Brundtland report, uses the term 'sustainable development' (SD) and is conceptualized as: "*development which meets the needs of current generations without compromising the ability of future generations to meet their own needs*". In this definition there is a strong emphasis on the environmental aspect.

Triple Bottom Line; This approach, introduced by Elkington (1997), has had a large impact on the approach towards corporate sustainability. It has broadened the scope of corporate sustainability from the emphasis on the environment towards a broader view, which includes the economic and social impact of a company. In other words, according to the Triple Bottom Line, a company should take into account its impact on three domains: the *social, environmental* and *economic* impact. This approach has become the basis of another common and closely related approach, which is known as *People Planet Profit* (Elkington, 1997). Corporate sustainability is widely conceptualized according to the Triple Bottom Line approach (Svensson et al., 2011), and will also be used in this research.

Corporate Social Responsibility; Dahlsrud (2008) analyzed how Corporate Social Responsibility (CSR) is defined in literature. One of his conclusions is that corporate sustainability and corporate social responsibility are often used interchangeably. Nowadays the term 'Corporate Social Responsibility' seems to be used more than 'Corporate Sustainability'. Dahlsrud (2008) follows the line of reasoning of (Linnanen & Panapanaan, 2002) that the word 'Social' in CSR is confusing because it seems to put the emphasis on the social dimension of the Triple Bottom Line, while there is also economic and environmental sustainability. Following this line of reasoning, using the term 'corporate sustainability' would be in favor because it reduces confusion (Dahlsrud, 2008). For this reason, this research will also make use of the term: 'corporate sustainability'.

Contribution of different concepts to corporate sustainability

According to Wilson (2003) the term corporate sustainability finds its roots in a combination of four separate theories that together form the pillars under corporate sustainability (Wilson, 2003). This is different from the previous section because in this case the different concepts are not seen as separate concepts, but each contribute one overall concept, which is corporate sustainability. Because this view might help to understand the overall content of corporate sustainability, the four pillars of Wilson (2003) are described in the following paragraph.

Sustainable Development: This concept contributes to the CS in terms of setting the boundaries of the subject and giving a description of the common societal goal (Wilson, 2003). The Triple Bottom Line of Elkington (1997) can be linked to this concept and can be used as a tool to set the boundaries of CS and give a description of the goals in terms of the social, economic and environmental impact. Therefore, sustainable development should not be interpreted as sustainability that focuses on the environmental aspect but also includes the social and environmental dimension. This can be confusing because, as stated earlier, sustainable development is interpreted in different ways in scientific literature.

Corporate Social Responsibility: This concept contributes to CS by providing the ethical arguments as to why corporations should work towards sustainable goals (Wilson, 2003). This can either be arguments that refer to the corporation as a whole as arguments for individual employees/managers of a company to act in a sustainable way. This research focuses on the ethical arguments of individuals because in the implementation of corporate

sustainability a company has already decided to apply CS. The values of individual managers and employees towards CS are essential for the success its implementation (Epstein & Buhovac, 2014). The framework provided by Van Marrewijk and Werre (2003) can help to identify the values of a corporation or individual and the joining ambition level for implementing corporate sustainability. According to Van Marrewijk and Werre (2003), the motivation for implementing corporate sustainability can be based on six principles:

1. Pre-CS; At this level there is no interest and ambition for CS. CS might be initiated only when forces from outside enforce more sustainable business practises.
 2. Compliance-driven CS; This level consists of providing welfare to society, within the limits of regulations of the rightful authorities.
 3. Profit-driven CS; At this level social, economic and environmental aspects of CS are implemented provided that it contributes to the financial bottom line.
 4. Caring CS; At this level social, economic and environmental aspects of CS are implemented because they are important in themselves. CS initiatives go beyond legal compliance and beyond profit considerations.
 5. Synergistic CS; Consists of functional solutions creating economic, social and environmental value in corporate performance in a synergistic approach with all relevant stakeholders.
 6. Holistic CS; CS is fully integrated and embedded in every aspect of the corporation, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future.
- (Van Marrewijk & Werre, 2003)

Stakeholder Theory: Wilson (2003) contributes to the concept of CS by describing the business arguments for applying CS. Therefore, the stakeholder theory can be seen as an element of strategic management. The stakeholder theory was first popularized by Freeman (1984) and includes both internal and external stakeholders of a corporation. Although there is no strict demarcation between internal and external stakeholder, the employees of a company are mostly seen as the internal stakeholders. External stakeholders are a broad definition and can include amongst others: customers, NGO's, people living in the neighborhood and suppliers. Business arguments for CS with regard to internal stakeholders can include amongst others: higher employee motivation, cost savings and improved competitiveness (Weber, 2008). For internal stakeholders arguments for applying CS might include: better image, stronger brand, access to new markets, competitive advantage (Wilson, 2003).

Corporate Accountability Theory: According to Wilson (2003), corporate accountability theory contributes to CS by explaining the corporate sustainability practices of the company. Accountability differentiates itself from responsibility by explaining how CS is done instead of why CS should be done (Wilson, 2003). For the conventional company that is solely focused on profit maximization this means a shift from financial reporting towards integrated reporting (Epstein & Buhovac, 2014). Integrated reporting means that reports published by companies do not only report on their decision and its financial consequences, but also include the social and environmental consequences.

Concluding paragraph

In line with the work of Dahlsrud (2008), this research will consider CS as a social construct. This means that it is not possible to develop an unbiased definition of CS because it consists of different dimensions that are valued differently by different people. Moreover, it is subject to change when the culture or context changes over time. By defining corporate sustainability in this research, these limitations have to be taken in to account.

In current literature 'corporate sustainability' is often used interchangeably with 'corporate social sustainability' and 'sustainable development'. In this study 'corporate sustainability' will be used as the terminology for sustainable business practices of corporations. Moreover, the conceptualization of corporate sustainability in this study is based on two widely used definitions in current literature. First, the definition of Brundtland et al. (1987) is used to define the goal of sustainability, namely: *development which meets the needs of current generations without compromising the ability of future generations to meet their own needs*. Second, the concept of the *Triple Bottom Line* (Elkington, 1997), is used to define how corporations can approach this goal, namely: *by taking into account the economic, social and environmental impact of the corporations' activities* (Elkington, 1997).

With regard to the implementation of corporate sustainability within a corporation, particularly four concepts related to corporate sustainability are important: the boundaries for setting the sustainability goals, the internal (moral) values in the corporation, the business arguments for corporate sustainability and sustainability reporting.

Corporate sustainability in the farm-feed industry

This section describes the sustainability issues related to the farm feed sector from different perspectives. By describing these issues, different examples are given of what is seen as sustainability in this specific sector.

Sustainability in the farm feed sector according to the Food and Agriculture Organization

Farm feed producers convert raw materials into animal feed for the livestock sector. In 2015 the global feed production is approaching the one billion tons (IFIF, 2015a). Feed is produced for different types of livestock, including ruminant, swine, poultry and fish. According to the Food and Agriculture Organization (FAO), the demand for livestock products is expected to increase with 60 percent by 2050 due to the expected growth of the world population (FAO, 2015a). In figure 1 the expected growth rates for proteins for livestock production are shown.

PROTEIN TYPE	2010	2050	% CHANGE
 BOVINE	66.7	107.5	62%
 POULTRY	98.9	201.9	104%
 PIGS	109.3	150.3	38%
 AQUA	59.9	113.7	90%
 MILK	722.9	1119.7	55%
TOTAL	1057.7	1693.1	60%

Figure 1 Global demand for livestock proteins, (FAO, 2015b)

As a result of the growing demand for livestock proteins, the demand for animal feed is expected to increase accordingly. This expected increase in production of animal feed could lead to major social, environmental and economic impacts on global society (FAO, 2015a). The FAO does not present a clear action plan for corporate sustainability practices specifically for the farm feed sector. However, some specific sustainability issues and approaches are mentioned. For example it is stated that the global livestock sector contributes to the global human induced Green House Gas (GHG) emission, with 14,5% (FAO, 2015a). According to the FAO (FAO, 2015a), approaches for more sustainable production of animal feed should focus on the following aspects:

- Efficiency in the use of resources
- Conserve, protect and enhance natural resources
- Protect and improve rural livelihoods, equity and social well-being

Sustainability according to the farm feed sector on a global level

On a global level, farm feed industry formed the International Feed Industry Federation (IFIF), which is an interest group for animal feed manufacturers worldwide. The IFIF acknowledges the need for sustainable farm feed production by making sustainability one of three strategic pillars of the IFIF's vision and mission (IFIF, 2015d). Like

the FAO, the IFIF does not have a clear action plan for sustainable farm feed production. Instead the IFIF is involved in different projects that focus on sustainability issues in the farm feed industry. These issues include:

- Production of safe, efficient and affordable food
- Reduction of GHG emission for livestock keeping

According to the IFIF, innovation and efficiency in animal feed production is an essential part of the solution for making the livestock production chain more sustainable (IFIF, 2015b). The FAO and IFIF cooperate in achieving this goal in terms of providing expertise and participate the 'Guiding Group' of FAO's agenda for sustainable livestock (IFIF, 2015c).

Farm feed sector on a European level

On a European level the farm feed industry has formed the European Feed Manufacturers' Federation (FEFAC) which is an interest group for animal feed manufactures in Europe. The FEFAC is also a member of the IFIF. Primary goals of FEFAC are: securing food safety and access to raw materials (FEFAC, 2015). Sustainability is mentioned in the mission statement in terms of 'encourage sustainability related research and development' and 'encourage precompetitive innovative projects that improve the sustainability of resource efficient livestock production systems (FEFAC, 2015).

Farm feed sector on a National (Dutch) level

On a national level, the farm feed industry has formed the 'Nederlands Vereniging Diervoederindustrie' (Nevedi). Nevedi is a member of FEFAC and is the Dutch interest group for animal feed manufacturers. In the corporations' mission and vision statement, sustainability is not explicitly mentioned. Issues that are mentioned are: efficiency, transparency, expertise, being aware of the local environment and securing the image of the sector (NEVEDI, 2015). Although sustainability is not mentioned in the mission en vision statement of Nevedi, the corporation shows that sustainability is on the agenda by publishing a social accountability report (NEVEDI, 2012). This report elaborates on the corporations' strategy for sustainable business practices. Nevedi distinguishes for pillars: sustainable raw materials, sustainable production, safe and healthy food and good employer practices (NEVEDI, 2012). The latest achievements of Nevedi with regard to corporate sustainability is the transition towards a 100% procurement of 'responsible soy' by all the Nevedi members in 2015. Nevedi promotes an approach that is supported by the whole sector and promotes cooperation with key players in the chain.

Concluding paragraph

According to the FAO, the main issues for sustainability in the livestock sector are reducing GHG emission and protect and secure natural resources. From a social point of view, the FAO mentions the protection of social wellbeing in rural areas. Animal feed manufactures show commitment to corporate sustainability issues through the IFIF, FEFAC and Nevedi. On global level, there is attention for all three dimensions of corporate sustainability (environmental, economic, social).

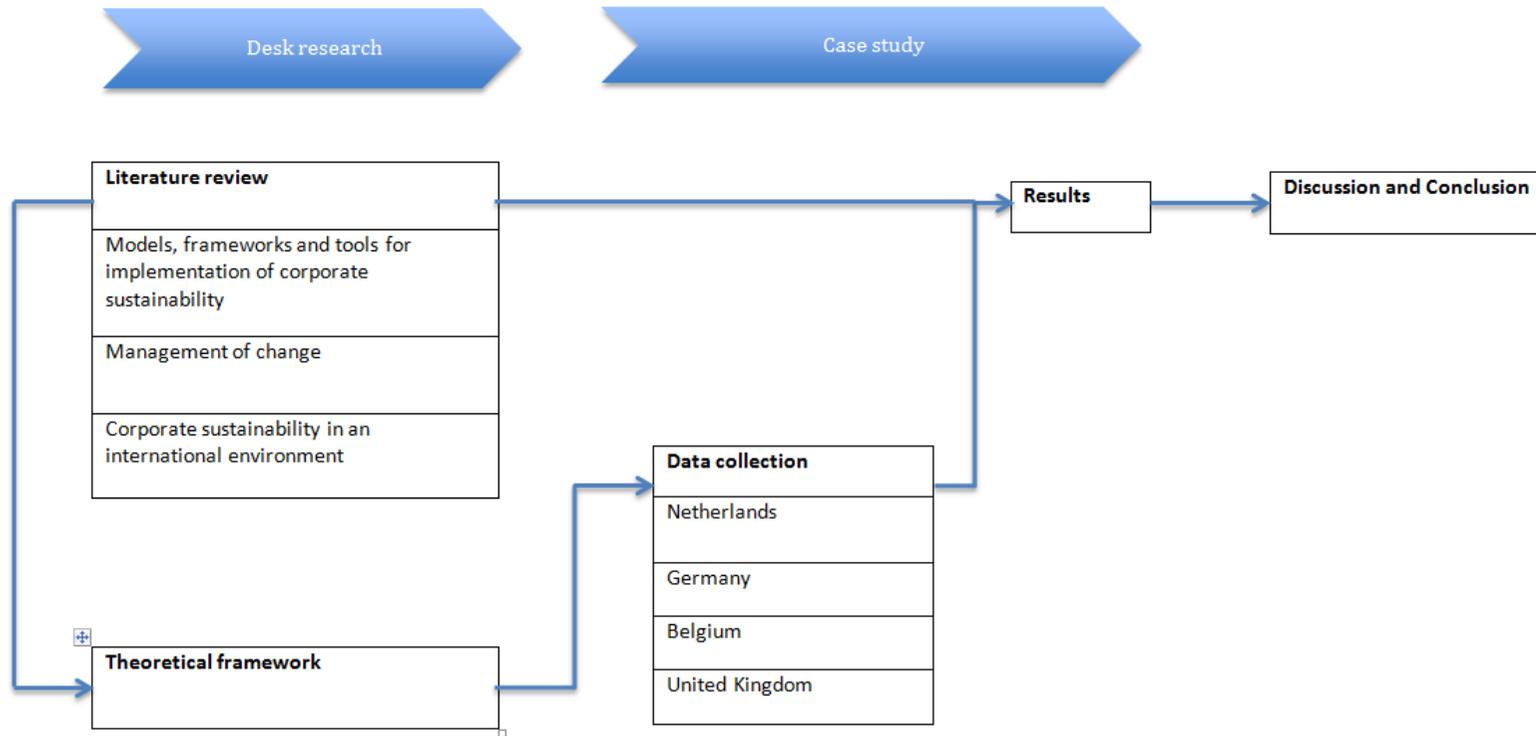
- Attention for social wellbeing at rural areas
- Reduce GHG emission
- Sustainable use of resources
- Safe and sufficient and affordable food

On the national level the emphasis of sustainability is on the environmental dimension. GHG emission reduction and efficient use of raw materials have priority.

In short, it can be concluded that the feed manufacturers globally have to deal with serious sustainability issues. According to the mission and vision of the interest groups, these issues have been notified, especially on a global level. Global universal goals are reduction of GHG emission and efficient use of resources and production of safe animal feed.

1.3 Research Framework

This section shows a visualization of the research framework. This framework is a schematic representation of the different steps of the research that have been conducted, in a chronologic order (De Vaus, 2001). The research framework is followed by a brief explanation of the different steps.



Literature review

The literature review focuses on the implementation of corporate sustainability. Three bodies of literature are reviewed: literature related to integration frameworks for a corporate sustainability strategy, management of change and literature related to the implementation of a corporate sustainability in international corporations

Theoretical Framework

The theoretical framework is based on the outcome of the literature review. Eight propositions are developed that describe the main challenges and approaches with regard to the implementation of a corporate sustainability strategy. These issues form the basis for the interview questions of the case study.

Data collection

The data collection consists of eight face-to-face interviews with Chief Operating Officers and Business Unit Directors of the four key countries of ForFarmers (at least one per country). The interviews have a length of approximately 45 minutes and will be recorded if the respondent agrees. The interviews are used to check the propositions from the theoretical framework and to detect unexplored challenges related to the implementation of corporate sustainability.

Results

The recorded interviews are converted into transcripts. Subsequently the transcripts are analyzed by means of a software package called Atlas IT. The most relevant answers from the interviews that relate to the proposition are given in the results chapter.

Discussion

In the discussion the results are compared to literature. Differences and similarities are discussed.

Conclusion

Finally, the conclusion will give an answer to central research question and the sub-questions of this thesis project. Giving these answers can be considered as the ultimate goal of the research. All the steps from the research framework contribute to answering the central research question.

1.4 Research questions

The following research questions can be derived from the research framework.

Central research question:

How can corporate sustainability be implemented into daily business practices of transnational corporations in the farm feed sector, and what are the main challenges?

The answer to the central research question is based on the findings of four sub-research-questions.

Sub-question 1

- a. *What are challenges for the implementation of corporate sustainability throughout an corporation?*
- b. *How can corporations deal with these challenges?*

Sub-question 2

- a. *What are challenges for the implementation of corporate sustainability specifically for international corporations?*
- b. *How can corporations deal with these challenges?*

Sub-question 3

- a. *What challenges for the implementation of corporate sustainability does ForFarmers experience?*
- b. *How does ForFarmers deal with these implementation challenges?*

The body of literature on corporate sustainability in the farm feed sector is small. Possibly because the topic is very specific. Therefore, the information needed to answer this question is mainly collected from the case study in this research.

2 Methods

Two research strategies are used in this study. These strategies are: desk research and case study research.

2.1 Desk research

Desk research, also known as secondary research, makes use of existing data sources. It includes analyzing, summarizing, collation and synthesizing existing research (Crouch & Housden, 2012). Desk research is used at the first and last phase of this research project. At the first phase of the research, existing academic research related to sub-research-question one and two is reviewed. The literature review in this study focusses on three bodies of literature related to the implementation of corporate sustainability. These are 'frameworks for implementation of corporate sustainability', 'management of change' and 'corporate sustainability for international corporations'. The insights from the literature review are used to compose the framework. The theoretical framework can be seen as the theoretical foundation of the research and gives direction to the data collection and analysis. Composing the theoretical framework is also part of the desk research. The last phase of this research consist of analyzing the results from the case study and drawing conclusions. This part can also be considered desk research.

2.2 Case study research

The second phase of the research project consists of a case study. A case study is a type of research design. Other types of research design are: experiments, longitudinal design and cross-sectional design (De Vaus, 2001). A case study design can be applied when the researchers are interested in detailed information of one subject of research collected at one point of time. This is the preferred research design when one particular case meets the requirements and finds itself in the right circumstances (De Vaus, 2001). With regard to this research project, the company of ForFarmers has been selected as the subject of research. ForFarmers is an international company that produces farm feed. Moreover, the corporation is in the middle of the implementation of a corporate sustainability strategy and is willing to share information. These circumstances make ForFarmers a subject of research that matches with the focus of the research. The introduction of the case and the case study design can be found in chapter 5 Case study.

3 Literature review

In this chapter three bodies of literature are reviewed that relate to the implementation of corporate sustainability into a corporation. The first section of this chapter will review three different management perspectives that can be used to integrate corporate sustainability. In the second section, literature about management of corporate change is reviewed, since the changes needed for implementing corporate sustainability throughout the corporation have to be managed as good as possible. The third section of this chapter will look into the sustainability management of international corporations. The chapter concludes by summarizing the challenges and possible solutions for implementing corporate sustainability.

3.1 Implementation frameworks

In the current literature the implementation of corporate sustainability into daily business practices is approached in different ways. This paragraph discusses three approaches that focus on implementing corporate sustainability in a corporation, each from a different perspective. The first approach focusses on the integration of different management systems into one integrated management system for corporate sustainability. The second approach focusses on the integration of the corporate sustainability strategy into the different management levels of the corporation. The third approach discusses the integration of the three dimensions (economic, social and environmental) of corporate sustainability. The three management perspectives that are reviewed show a similarity in the fact that they all advocate an integrated approach towards the implementation of corporate sustainability. An integrated approach has the aim to implement corporate sustainability throughout the whole corporation, including its different management levels and its different divisions. By discussing the different perspectives, this paragraph tries to capture the most important issues and challenges for corporations to implement corporate sustainability in an integrated manner.

Integrated management systems

Corporate sustainability is a dynamic concept because the content changes over time due to changing environmental factors, change of key stakeholders and change of production processes. In order to identify the changing sustainability issues, several management systems have emerged to identify the corporations key stakeholder requirements. Examples of sustainability issues that are often managed separately are health and safety, environment and quality. Rocha, Searcy, and Karapetrovic (2007) provide a framework that helps to integrate such separate management systems by means of an Integrated Management System (IMS) approach. An IMS can be defined as a set of inter connected processes that share the same human, material, information, infrastructural and financial resources in order to achieve a composite set of goals (Rocha et al., 2007)(Karapetrovic, 2003). Integration of management systems can contribute to a better understanding by employees of the approach of the sustainability issues, reduce redundancies and improve usability of separate management systems for corporate sustainability. Another important feature of an IMS is the development of an infrastructure for continuous improvement of various dimensions of strategy and operations (Rocha et al., 2007). According to Svensson et al. (2011) an extra feature of IMS is the systematization of stakeholder demands.

According to Rocha et al. (2007) an IMS is built on the five key elements in a corporation:

- 1) Stakeholders; The internal and external stakeholders set the standards and requirements for the corporation and provide input for sustainability measures
- 2) Resources; Resources have to be managed according to the requirements of the stakeholders. Resources are very diverse, including raw materials, labour and social contracts.
- 3) Leadership; Top management has to provide the necessary conditions and directions to achieve success and continuous improvement.
- 4) Processes; Processes should be in place to transform resources into outcomes that match stakeholders' requirements.
- 5) Values; The values guide and bound the corporation's operations by the present policies, ethical values and principles. These values have to be taken into account when the corporate sustainability strategy is developed.

By re-examining the perspectives on all five key elements from the viewpoint of corporate sustainability, steps can be made in terms of integration of management systems and redundancies can be reduced. However,

internal discussions and debates are the only way to create acceptance and commitment that is needed to integrate sustainability principles into the daily business infrastructure of the corporation.

Apart from looking at the five individual elements of the IMS, Rocha et al. (2007) also emphasizes the importance of the examination of the entire IMS, also called the macro-perspective. This perspective is particularly important for two reasons. First for the management of trade-offs that have to be made between the separate dimensions of sustainability. Secondly to address the horizontal and vertical integration of the IMS throughout the corporation (Rocha et al., 2007). For successful implementation the corporation's vision and strategy, the goals and objectives should be integrated at all levels of the corporation (Sawyer, 1992). The horizontal level relates to the different chains and departments of the corporation. The vertical level refers to the different management levels. The two elements that Rocha et al. (2007) call 'macro-management' are reviewed in the following paragraphs.

Integrating corporate sustainability into the different management levels

One way of looking at the implementation of corporate sustainability is to focus on the integration of corporate sustainability into all management levels of the corporation. For successful implementation of corporate sustainability, it cannot only be the top management that is committed to sustainability (Porter, 1996; Rocha et al., 2007). Baumgartner (2014) developed a conceptual framework for integrating sustainability aspects into different management levels of an individual company. This framework distinguishes between three different management levels: the normative level, the strategic level and the operational level.

According to Bleicher (1996) normative management includes three elements: corporate vision, corporate governance and corporate culture. The task of the normative level is to ensure the legitimacy of the corporate activities at the internal stakeholders, the external stakeholders and the society. On the normative level, it has to be clarified to which extent corporate sustainability are an element of the corporate vision, mission statement and corporate culture (Baumgartner, 2009, 2014).

Strategic management is the process of planning, implementing and evaluating companywide decision-making which enables companies to reach their goals (Baumgartner, 2014; David, 2001).

The third management level is the operational level. At this level all the normative and strategic goals have to be implemented into all the business activities. Baumgartner (2014) distinguishes:

- Logistics and material management; in the form of e.g. use of recycled materials, social and environmental aspects within the supply chain.
- Production; in the form of e.g. zero emission, cleaner production, health and safety, production planning, reduce waste.
- Maintenance; In the form of e.g. minimizing product losses, sustainability oriented maintenance management.
- Marketing; Integration of sustainability in marketing strategy
- Communication and PR; In the form of e.g. credibility, transparency, product declaration, labels, public relations, sustainability reporting.
- Human resource management; e.g. competence development and training.

For successful implementation of corporate sustainability in a corporation, the normative level is normally the starting point. A requirement is the willingness of the top management to implement corporate sustainability (Baumgartner, 2014; Stone, 2006). Subsequently the company can start with the strategic positioning regarding corporate sustainability. The strategic position of the company is based on the contextual factors of the company and can be defensive, reactive, proactive or active (Baumgartner, 2014). On the operational level the sustainability related activities are implemented into the activities of the company.

An important aspect is to enable feedback and learning loops between the different management levels. In Figure 2, the different implementation steps and learning loops according to Baumgartner are shown.

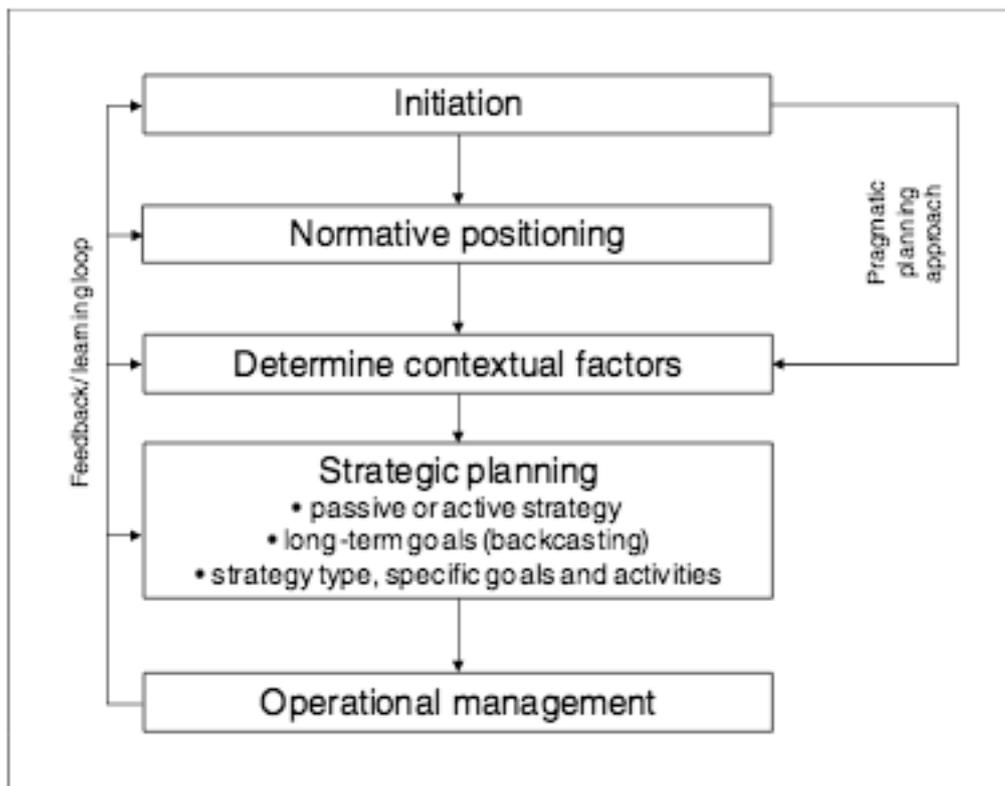


Figure 2 Chronological steps for implementing corporate sustainability (Baumgartner, 2014)

Svensson et al. (2011) emphasize the importance of continuous improvement due to the dynamic character of corporate sustainability. Therefore the development of competences and institutional knowledge is crucial (Svensson et al., 2011).

Integrating three dimensions

Hahn, Pinkse, Preuss, and Figge (2014) introduce an integrated framework for corporate sustainability, which focuses specifically on tensions between the three dimensions (economic, social and environmental) of corporate sustainability. Corporate sustainability here is also defined according to the Triple Bottom Line-concept, which includes the economic, social and environmental impact of the corporation. However, Hahn et al. (2014) state that much of the literature on corporate sustainability has used an instrumental logic where economic sustainability is prioritized over social and environmental sustainability. According to Hahn et al. (2014) this dismisses the situations where financial tensions cannot be aligned with social and environmental sustainability goals. Hahn et al. (2014) analyze the tensions between the social, environmental and economic dimensions of corporate sustainability. These include tensions that stem from sustainability at individual and firm level. Four main tensions with regard to corporate sustainability are identified (Hahn et al., 2014):

- Tensions between individual and corporate sustainability agendas
- Tensions between the short term orientation towards a corporation's financial objectives and the need for long term orientation for environmental protection and social equity
- Tension between demands for fundamentally changed products and business models for more sustainability and well institutionalized practices so that change comes at the risk of institutional disapproval and loss of legitimacy.
- Tensions between efficiency of corporations and loss of diversity and flexibility

Hahn et al. (2014) promote an integrative view on corporate sustainability, which leaves space for tensions between the three dimensions. The integrative view argues that firms need to pursue different sustainability

aspects in all three dimensions simultaneously even if they seem contradictory. Hahn et al. (2014) make use of acceptance strategies and solutions strategies to deal with the tensions in corporate sustainability.

3.2 Change management

Change is an ongoing process in corporations and is always present (Burnes, 2004). Implementing corporate sustainability throughout a corporation can be a major change for a corporation and may result in changes in a corporation, both at the strategic and operational level. Management of such change can contribute to a successful implementation of corporate sustainability throughout the corporation (Benn, Dunphy, & Griffiths, 2014). Brightman and Moran (2001) define change management as: 'the process of continually renewing a corporation's direction, structure and capabilities to serve the ever changing need of external and internal stakeholders'. This section discusses the factors that seem particularly important for successful change management.

Change enablers

What are the driving forces of corporate change? The answer to this question is discussed in literature in mainly two ways, drivers that make corporations change and drivers that enable corporations to change. Benn et al. (2014) focus on drivers that make an corporation change particularly for implementing corporate sustainability. These drivers are globalization, evolving regulation, new technologies and business models and dynamic natural environment.

In the implementation phase, however, more relevant are drivers that enable change. Kemelgor, Johnson, and Srinivasan (2000) analyzed drivers that enable a corporation to change. According to their work the following six drivers are found: create support, leadership, clearness of goals and processes, communication, training and individual competencies, alignment of corporation's structure and processes.

Create support among internal stakeholders

It is crucial that the vision for change is accepted by employees and other key stakeholders. This claim is widely supported in literature including the work of Epstein and Buhovac (2014), Benn et al. (2014), Svensson et al. (2011) and Rocha et al. (2007). Firms that build sustainability into their culture and business practices are better able to integrate sustainability messaging into mainstream communications. Building sustainability into a corporation's culture will take time. Specifically for corporate sustainability, Benn et al. (2014) identify six different stages for the implementation of corporate sustainability. These stages are:

1. rejection
2. non-responsiveness
3. compliance
4. efficiency
5. strategic proactivity
6. the sustaining corporation

These stages vary from activism against corporate sustainability at the first stage till total integration of corporate sustainability throughout the whole corporation. These stages are very similar to the stages described by Van Marrewijk and Werre (2003), although in this case it is about the stage of the corporation as a whole. Best practices for creating understanding and acceptance of change are cross-functional and multigenerational interaction (Epstein & Buhovac, 2014). This interaction can include participation in the changing efforts. Allowing corporation members to participate in change efforts reduces resistance to change (Coch & French, 1948). Moreover, employee participation in change initiatives can deepen employees' understanding of the change initiatives, increase commitment to change initiatives and even increase employee motivation. Examples for employee participation include focus groups, pilot efforts, shaping the change implementation and designing change training (Kemelgor et al., 2000).

Leadership

Change related actions from leaders in a corporation is a crucial driver for change. For successful change, a high level of effort is needed from the corporation's leaders. Moreover, a lack of such leadership can be a source of failure (Whelan-Berry, Gordon, & Hinings, 2003). Benn et al. (2014) distinguish five types of leadership for corporate sustainability that can be linked to the six phases of corporate sustainability discussed in the previous paragraph. There is not strictly one type of leadership that matches with each stage of corporate sustainability; sometimes different types of leadership might be necessary.

The bullet points below describe the different types of leadership. Moreover, the types of leadership are linked to the different stages of sustainability (Benn et al., 2014):

- Transactional leadership: Reward systems for behaviours that meet the expectations of the company and thus the company goals. This type of leadership is important at the compliance phase and the efficiency phase.
- Distributed leadership; no individual dominates. Different individuals can exercise leadership functions within a group or corporations at different times. More than one leader and different leaders with different responsibilities. This type of leadership is mainly important at the efficiency phase.
- Enabling leadership; some corporations are so complex that traditional leadership is not applied. Enabling leaders create the structures, rules and interaction that support the leadership actions of others who use these to further change the objectives. This type of leadership is mainly important at the efficiency phase.
- Transformational leadership; leaders that can change their role in order to motivate others to perform their best. Such leaders go beyond their self-interest for the sake of the corporation as a whole. This type of leadership is important at the strategic proactivity phase and the sustaining corporate phase.
- Complexity leadership; is a relatively new contribution to leadership theory. Leadership in complex systems is the outcome many interactions people in the system and emerges as people try to create order from what may be an uncontrolled and somewhat chaotic process. This view challenges mechanistic, linear views of corporate behaviour and traditions top down models. This type of leadership is important at the sustaining corporate phase.

Clearness goals and processes

In case of successful change implementation, the vision is the starting point (Benn et al., 2014; Kemelgor et al., 2000). The vision for change and the corresponding goals and processes should be clear to all the employees in the corporation. This increases the chance for successful implementation of the changes (Benn et al., 2014). According to empiric research of Sawyer (1992), goal clarity and process clarity also contribute to higher job satisfaction. Since job satisfaction can be considered as a part the social dimension of corporate sustainability, the clarity of the vision and the related goals have to be taken into account.

Communication

Poor communication is one of the reasons given for change failure. Communication for change builds on the employees' understanding of the need for initiatives for change. Moreover, communications should be two-way, telling and listening to employees (Kemelgor et al., 2000). Two ways communication for change can also refer to how a corporation is structured. Baumgartner (2014) distinguishes two ways of change implementation: inside-out and outside-in implementation. The inside out is based on a bottom up approach of change, where change initiatives are initiated from within the corporation and taken over by the management when approved. The outside in approach refers to a top down approach where the management plans the change initiatives (Baumgartner, 2014). Especially for the inside out approach two ways communication becomes more important.

Training and individual competencies

Training can provide for an understanding of the change initiative and related new knowledge, skills and behavior (Kemelgor et al., 2000).

Osagie, Wesselink, Blok, Lans, and Mulder (2014) explored individual competencies for implementing and managing corporate sustainability. By means of a literature review complemented with 28 interviews of managers and directors, the research resulted in a distinction of eight corporate sustainability related competencies. These include:

- 1) anticipating on future challenges and developments regarding CS.
- 2) Understanding the interdependency between systems and subsystems relevant to CS practices.
- 3) Understanding CS drivers, standards and regulations.
- 4) CS leadership and management competencies.
- 5) Interpersonal competencies; realizing interpersonal CS-supportive processes in CS integration
- 6) Personal attributes and attitudes
- 7) Personal value-driven competencies
- 8) Reflection competences (both personal reflection and reflection on experiences)

These eight competencies are more specific than the general skills described by Kemelgor et al. (2000), and might be used for change related training, specifically for CS. What stands out here is resemblance between the drivers for change discussed in this paragraph and the individual competences mentioned by (Osagie et al., 2014). Leadership, drivers and personal values are important concepts in both cases.

Alignment of corporation's structure and processes to the corporation's strategy

This driver includes planning, budgeting, reporting, operations, customer and technology systems. Modifications might be required in these processes for the change process to be successful (Kemelgor et al., 2000). In section 3.1 Implementation frameworks, it is discussed into more detail how the corporation's structure and processes can be aligned to the sustainability strategy.

3.3 International companies

This section discusses the challenges that might be faced by international companies when implementing sustainability. This however is still a relatively unexplored domain in literature (Bondy & Starkey, 2014). Epstein and Buhovac (2014) acknowledge the fact that an international environment requires extra attention with regard to the implementation of corporate sustainability. Decisions have to be made on centralizing or decentralizing resources and business activities. These decisions can depend on several contextual factors, including: size of the corporation, product diversification, geographical diversification (Epstein & Buhovac, 2014). When geographical diversification includes a variety of countries, the contextual factors can be analyzed by studying the political, technical, environmental, economic and legal characteristics of the country. This approach is also known as the PESTEL framework for analyzing the macro environment (Johnson, Scholes, & Whittington, 2009).

Bondy and Starkey (2014) did research to what extent corporate sustainability goals of international corporations reflect home country or host country perspectives. It was found that most multinational corporations in the research favored universal sustainability issues in the development phase of the corporate sustainability policy. This resulted in ignorance of local sustainability issues, despite the stated importance of those local issues. Moreover, multinational corporations believed that by including universal/global sustainability goals in the sustainability strategy would result in solutions for sustainability issues at all levels of the cooperation. However, the contrary is concluded in the research: standardizing the corporate sustainability strategy to universal issues leads to a marginalization of local issues. Therefore, Bondy and Starkey (2014) conclude that global standards with little representation of local cultures and local sustainability issues are insufficient for addressing the wider impact of the corporation's impact to society at global and local levels.

4 Theoretical framework

The theoretical framework describes the most important challenges and approaches related to the first two central research questions of this study. These challenges and approaches are based on the literature review and are given in the form of propositions. The third research question specifically focusses on the farm feed industry and includes a case study at the company ForFarmers. The propositions from the first and second research question are used as a tool to find an answers to the third central research question.

Research question 1

What are challenges for the implementation of corporate sustainability throughout a corporation?

How can corporations deal with these challenges?

Propositions related to conceptualization

- 1) Challenge: Developing a clear company concept of corporate sustainability

Approach: Include all the three sustainability dimensions of Triple Bottom Line

Approach: Define the business arguments for implementing corporate sustainability

Approach: Define the ethical arguments for implementing corporate sustainability

- 2) Challenge: Developing clear sustainability goals for the corporation

Approach: Set boundaries with regard to sustainability and translate them to clear goals

Approach: Make the shift from conventional financial reporting towards integrated reporting

Propositions related to integrated implementation

- 3) Challenge: Integrating corporate sustainability into different management levels of the corporation

Approach: Define what sustainability strategy would create legitimacy at internal and external stakeholders and decide to what extent CS should be part of a corporation's mission and vision (normative level).

Approach: Plan how the corporation can achieve her goals with regard to the mission and vision statement (strategic level)

Approach: Implement sustainability strategy according to plan at the operational level.

- 4) Challenge: Lack of resources to meet the different management standards (e.g. quality, health and safety, environmental)

Approach: Integrate different management systems that have shared goals into one management system.

- 5) Challenge: Deal with the tensions between the three dimensions of CS

Approach: Look for synergies between the three dimensions of corporate sustainability

Propositions related to change management

- 6) Challenge: Enabling and motivating all people throughout the corporation to adapt to necessary change.

Approach: Make use of the 6 enablers of change

Research question 2

What are challenges for the implementation of corporate sustainability specifically for international corporations?

How can corporations deal with these challenges?

Propositions related to internationalization

- 7) Challenge: Marginalizing local sustainability issues because central management is prone to commit to global corporate sustainability goals.

Approach: Create an effective network within the corporation for bottom up communication to identify and integrate local sustainability issues in central sustainability strategy.

5 Case study

This chapter consists of two sections. First a description of the company ForFarmers is given, which is used as the case in this study. Subsequently, the second section elaborates on the methodology of the case study.

5.1 Case description

Company profile of ForFarmers

The empirical data is collected in a case study research at an animal feed manufacturing corporation called ForFarmers. ForFarmers is the market leader in Europe in terms of tons of production of animal feed per year. ForFarmers has production locations in four countries: The Netherlands, Germany, Belgium and The United Kingdom and the headquarters is located in The Netherlands. The corporation's total net-turnover was 2,3 billion Euro in 2014 and the workforce of the company includes over 2300 employees. Next to the production of animal feed for ruminant, poultry, swine and horses, ForFarmers sells agricultural commodities and provides for expertise to farmers on the field of animal feed, business development, livestock keeping and (ForFarmers, 2015a).

In their vision and mission statement, ForFarmers states that her aim is to offer a total feed solution for the farmers, which means offering all the inputs the animals need. This total feed solution for the farmers should have high quality, high efficiency and a high level of ease of work. The vision of ForFarmers is that higher efficiency can be realized by gaining economies of scale by company growth.

Another aim of ForFarmers is to create one brand over all the countries. ForFarmers is a result of several mergers which started in the Netherlands. In Table 1 a brief overview is given of the activities that resulted in the current corporation ForFarmers (ForFarmers, 2015b).

Year	Activity
2000	Merger of the two cooperatives ABC and CTA
2006	Take-over of Beta (Germany)
2007	Take-over of BM (Germany) and introduction of the name ForFarmers
2012	Acquisition of Hendrix UTD (The Netherlands, Belgium and Germany) and BOCM PAULS (United Kingdom)
2014	Introduction of one ForFarmers over all the countries Acquisition of Weyfeed and HST feed (United Kingdom) Start preparations for transition from cooperative to listed company Introduction of new strategy HORIZON 2020

Table 1 Mergers, acquisitions and strategies of ForFarmers

ForFarmers and corporate sustainability

Corporate sustainability is strongly represented in the strategic documents of ForFarmers. These documents include: mission and vision statement, HORIZON 2020, materiality analysis, communication strategy.

- **Mission and Vision statement;** In mission and vision statement, the three core values of the company's strategy are appointed: ambition, partnership and sustainability (ForFarmers, 2015d).
- **Website;** on the website of the ForFarmers Group, a special page is dedicated to the corporate sustainability strategy of ForFarmers. Efficient production of animal feed and economic sustainability are two primary themes of the corporate sustainability strategy of ForFarmers (ForFarmers, 2015c). <http://www.forfarmersgroup.eu/duurzaamheid/duurzaamheid.aspx>
- **HORIZON 2020;** Horizon 2020 elaborates on the strategic goals of ForFarmers for the coming years. This document is introduced in 2014 and is included in the annual (financial) report of ForFarmers (ForFarmers, 2014). This report has a separate chapter elaborating on the corporate sustainability strategy of ForFarmers. Corporate sustainability is seen as an integral theme throughout all the business practices of ForFarmers. A distinction is made between four themes: sustainable procurement, environment, human, society and well-being of livestock.
- **Materiality analysis;** the materiality analysis is a classified document for internal use made by a consultant. This analysis has resulted in nine key performance indicators (KPI's) that together form the sustainability strategy of ForFarmers. These KPI's can be found in Table 2.

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Table 2 Key performance indicators of the sustainability strategy of ForFarmers (Task Force Sustainability ForFarmers, 2015)

5.2 Methodology

This section describes the methodology used for the empirical part of the research. The empirical part consists of a case study. In order to describe the different steps of the case study and explain the choices that are made in a structured way, the steps of Yin (2013), shown in Figure 3, are used. The following steps will be discussed in this chapter respectively: research plan, research design, preparation, data collection, data analysis and sharing of information.

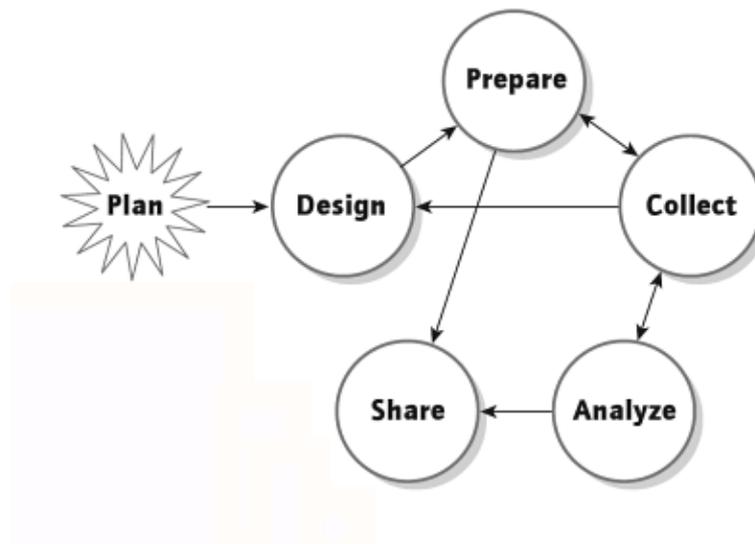


Figure 3 Steps of a case study (Yin, 2013)

Research plan

The research plan elaborates why ForFarmers is selected as the case in this research and what type of research method is selected.

Selection of the case

In this research ForFarmers is selected as a case because it has all the characteristics that are relevant with regard to the central research question. Relevant in this case means that ForFarmers is (Yin, 2013):

- ✓ a farm feed manufacturer
- ✓ an international corporation
- ✓ currently developing and implementing a corporate sustainability strategy
- ✓ willing to cooperate in this research

For these reasons, ForFarmers can be seen as a representative or typical case with regard to this study.

Selection of the research method

A case study is a research method. Examples of other research methods include experiments, surveys and epidemiologic research. The choice for a research method generally depends on three factors: the type of research question, the control the investigator has over the actual behavior of the events and the focus on temporary as opposed to historical phenomena. Generally case studies are preferred when 'how' or 'why'

questions are asked, the investigator has little control over the events and the focus is on a contemporary phenomenon (Yin, 2013). In this research the central research question is a 'how' question, namely: '*How can corporate sustainability be implemented into daily business practices of transnational corporations in the farm feed sector?*'. Information about the implementation process is mainly collected by interviews with managers of ForFarmers. By conducting interviews, there is no control over the events (which is the case at experiments). Moreover, the implementation of corporate sustainability is studied at one point in time by taking interviews. For these reasons, a case study is selected as the research method for the empirical part of this study.

Research design

The research design links the collected data to the initial question of the research (Yin, 2013). In short the research design identifies the case study design, develops propositions or a theory and defines procedures to secure the quality of the case study (Yin, 2013).

Case study design

The case study design that is selected in this research is the embedded single-case design (Yin, 2013). This means there is one case with multiple units of analysis. The ForFarmers corporation is the case where the implementation of corporate sustainability in the farm feed industry is studied. Because this study also takes into account the influence of possible differences per country on the implementation of corporate sustainability, the four different key countries of ForFarmers are selected as the embedded units of analysis. These countries are The Netherlands, Belgium, Germany and The United Kingdom. The data collection in the case study is mainly based on interviews with respondents from every unit of analysis.

Propositions

The propositions for the case study are derived from scientific literature discussed in the literature review of this research. The propositions consist of challenges related to the implementation of corporate sustainability that corporations might face. These challenges can be found in Chapter 4 Theoretical Framework. These propositions form the basis of the interview questions of the case study.

Procedures to maintain quality

Several criteria can be used to maintain the quality of the research design. These include: construct validity, internal validity, external validity and reliability (Yin, 2013).

Construct validity; Construct validity is about developing a sufficiently operational set of measures and the use of objective measures to collect data (Yin, 2013). Tactics to strengthen construct validity can be applied in both the data collection phase and the composition phase. In this research two tactics will be used to strengthen the construct validity. First, multiple sources of evidence will be used. These include interviews with scholars, interviews with managers and directors of ForFarmers (minimum of two interviews for every country), scientific articles and scientific books. Second, the research is supervised and reviewed by two academic supervisors. These are my supervisor Jos Bijman and my co-reader Valentina Materia.

Reliability; Good reliability means that the same findings will be found if the research would be repeated in the same way. In order to strengthen the reliability of this research, a case study protocol is developed. A case study protocol guides the investigator in carrying out the data collection (Yin, 2013). According to Yin (2013) a case study protocol should provide information about the following topics:

Field procedures; presentation of credentials, access to the case study sites, sources of data, and procedural reminders.

Case study questions; the specific questions that the case study investigator must keep in mind during the data collection. A distinction between level one and level two questions can be helpful in this process. Level-one questions are the specific questions asked to the interviewee. Level two questions have a higher abstraction level and are derived from the literature. The answer to level 2 questions should ideally be answered from the information gathered from the answers from the level 1 questions (Yin, 2013).

The research protocol can be found in section 5.2 Methodology of this report. This protocol includes the procedures of the interview and the case study questions. Relevant readings are not included in the protocol, but can be found in Chapter 3 Literature review.

Internal validity; Internal validity is mainly important for the type of research that tries to identify a causal relationship (Yin, 2013). Because this is an exploratory research, this type of internal validity is not applicable in the sense of identifying causal relationships. However, with regard to case studies, internal validity is also of concern by means of making inferences. Basically, an inference is made every time an occurrence was not watched directly, but was claimed by an interviewee (Yin, 2013). Tactics to strengthen the internal validity of case study research are hard to identify, but options for addressing these concerns include logic thinking and considering rival explanations. Both tactics will be applied during the data collecting and data analysis phases of this research.

External validity; External validity is concerned with the extent to which outcomes of research can be generalized to other similar cases. Especially for single case studies the external validity is often seen as a limitation. In order to strengthen the external validity of a single case study is the use of theory (Yin, 2013). This research makes use of general management theories to strengthen its external validity. These theories include management of change, management instruments and implementation frameworks and are discussed in the literature review of this document.

Prepare data collection

An important task prior to the data collection phase is the development of a case study protocol. The protocol for this research is described in this section and describes preparations and procedures that have to be thought of prior to the data collection phase. These preparations include selection of the candidates, approach of candidates, protection of respondents and the design of the case study questions. These issues are discussed respectively.

Selection of the respondents

The selection of the respondents is a logical result from the research question of this research. The emphasis in this research is on the implementation of corporate sustainability in a corporate international corporation. This resulted in the selection of research candidates in the key countries where ForFarmers is operating. These include candidates from: The Netherlands, Belgium, United Kingdom and Germany. From these four countries the chief operating officers (COO's) were interviewed (one for each country). The COO's are also member of the central board of ForFarmers. Moreover, one or two business unit directors (BUD's) of each country are selected. These business unit directors fall under the direct authority of the chief operating officers. This resulted in 8 case study interviews with managers and directors of ForFarmers. By selecting both COO's and BUD's it is expected to collect information about possible differences in corporate sustainability per country as well as possible differences in management levels. The following table gives an overview of the selected respondents

Table 3. 3.

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Table 3 Respondents case study interviews

Respondent protection

Research should always be conducted with the highest ethical standards. For a case study based on interviews, this means that there should be a plan for the protection of human subjects (Yin, 2013). This includes gaining informed consent from all persons that take part in the case study and protecting the privacy and confidentiality of those who participate. The gaining of informed consent in this case study is addressed by an email to all the potential interview candidates with information about the interview. Based on the information in this email, the respondents were requested to reply to the author of this research whether they were willing to participate in a case study by giving an interview. This approach was used to ensure a voluntary cooperation of the participants based on basic prior information about the interview. The email that was sent to the respondents can be found in Appendix A.

The privacy and confidentiality is protected in two ways. First, the author of this report, who also did the interviews, signed a confidentiality agreement of the company ForFarmers. Secondly, for the privacy and confidentiality of the individual interviews, the interviewees were asked if they agree with a recorded interview. If they agreed, the second question was if they preferred an anonymous interview or not. The answers to both questions will be respected. These measures ensure the protection of human subjects in this research.

Case study questions

For each of the four topics in the literature review, the related interview questions are given. Level-one questions refer to questions about the issues the researcher is interested in. Often these questions cannot be asked directly in an interview because they have a high abstraction level. More specific questions, applicable to ForFarmers, have been asked in order to obtain the needed information. These more specific questions are referred to as level-two questions (Yin, 2013). The conceptualization of the interview topics together with the complete list of level one and level two questions can be found in Appendix B.

Collect data

According to Yin (2013), case study evidence may come from five sources. These sources include documents, archival records, interviews, direct observation, and participant observation. All these sources of evidence will be used in this case study and described in this section, except for participant observation, because the researcher/author of this project did not participate in the processes of the corporation being researched.

Sources of case study evidence

Documentation; Mainly scientific articles are used in this research as source of evidence. These articles are discussed in the literature review of this research and are used as a theoretical basis of this research. Moreover, the case study questions are based on the implementation challenges found in literature.

Archival records; The archival records used in this case study research are documents for internal use of ForFarmers, related to the implementation of corporate sustainability. Amongst these documents is a materiality analysis for corporate sustainability implementation executed by an external consultant.

Interviews; In this case study research, interviews are most important source of information. These interviews consist of eight structured interviews with directors and managers of ForFarmers. The list of questions can be found in Appendix B. All the interviews are taken at the home country of the respondent, either in English or Dutch. The interviews approximately had a duration of 45 minutes and have been recorded, transcribed and analyzed.

Direct observations; Direct observations are noted and documented during the time spend at the head office of ForFarmers. Every week, the author works one day at the head office for over a time span of 5 months. Moreover, direct observations can be done during the interviews that will take place in the different countries.

Using all these sources of evidence does not only help to obtain more relevant information, it can also strengthen the internal validity of the research by connecting information from different sources to each other and to draw conclusions based this information from multiple data sources. In this research the researcher will also pay attention to other sources of information during the interviews and write those findings down in the interview report.

Analysis of data

“The analysis of case study research is one of the least developed aspects and most difficult aspects of doing case study research” (Yin, 2009:127). With regard to the analysis of the collected data of a case study, much depends on the investigator’s own style of rigorous empirical thinking, along with the sufficient presentation of evidence and careful consideration of alternative interpretations (Yin, 2013). However, a general strategy for the analysis of the case study data is recommended. “The most preferred strategy is following the theoretical propositions that lead to the case study. Propositions help to focus attention on certain data and to ignore other data. Moreover, the propositions also help to organize the entire case study and to define alternative explanations to be examined” (Yin, 2013:130).

The strategy for the data analysis in this research is also based on theoretical propositions. The propositions can be found in Chapter 4 Theoretical Framework. The propositions are hypothetical answers to the three

central research questions derived from the literature review. The literature review consists of the following categories: conceptualization, management of change, implementation in an international environment and integrative implementation. The interview transcripts are analyzed by extracting the relevant quotations. In order to organize the relevant quotations, the software program Atlas TI is used. This program enables the researcher to highlight and distract relevant parts of the transcripts by using different codes. The following part of this section describes the methodology of extracting relevant quotations and which code are used for all the three research questions.

Methodology sub question 1

Research question 1 tries to find out what general challenges might be faced by corporations to implement corporate sustainability. To find an answer to this question, the transcripts will be analysed from the perspective of three categories of the literature review. These are:

- Conceptualization; this category looks for answers related to goals clarity and concept clarity.
- Integrated implementation; this category looks for answers related to Integrated Management Systems (IMS), Implementation of sustainability in different management levels and the balancing of the three dimensions of corporate sustainability.
- Management of change; this category looks for answers that relate to the six enablers of change reviewed in the literature review.

The relevant parts of the transcripts will be coded with the name of the according category. An extra code is used for possible new challenges that are not described in the literature review.

Methodology sub question 2

Research question 2 is directly linked to the internationalization category in the literature review. According to the literature review, this category looks for comments that are related to balancing the local sustainability issues with the central company sustainability strategy, which is often focused on global sustainability issues.

Another perspective is used to find differences in sustainability challenges and approaches among the four key countries of ForFarmers. One code called 'characteristics' is used to name these characteristics.

Methodology sub question 3

The answer to research question 3 is relatively unexplored because it is very specific. Therefore, one code is used to code all the text fragments that are related to challenges specific for the farm feed sector, and possible approaches that ForFarmers uses to address these challenges.

Finally, some general codes are necessary to organize the selected text fragments. These codes relate to:

- Corresponding sub-research question (Sub-question 1, 2 or 3)
- Type of comment (challenge or approach)
- Respondent (Name of the respondent)
- Country (Belgium, Netherlands, Germany, United Kingdom)

Results

The results of this study consist of the collection of answers for all the three research questions

Analysis

The analysis in this study makes use of the results, and consists of interpretation and analytic skills in order to find new insights with regard to the research questions. The analysis can be found in chapter 7 Discussion.

Because no information about specific challenges was found in the literature about the farm feed sector, the answer to this question is mainly based on the case study interviews. Therefore, all the answers from the respondents will be scrutinized in order to identify specific challenges and solutions for the implementation of corporate sustainability in the farm feed sector.

Share data

The data and findings of the case study are documented in this final thesis report. With regard to confidentiality, the company ForFarmers might decide to leave parts of the report out. The revised version will be open to the public and students and can be found in the digital database of the Wageningen University. Moreover, two presentations will be given in order to share the most important findings of this research project. One presentation will be held as a colloquium at Wageningen University and one presentation will be given at the headquarters of ForFarmers in Lochem, The Netherlands.

6 Results

In this chapter the results of the case study are given and analyzed with the aim to find an answer to the third research question. The third research question consists of two elements:

- a. *What challenges for the implementation of a corporate sustainability strategy does ForFarmers experience?*
- b. *How does ForFarmers deal with these implementation challenges?*

The results are given in accordance with the seven proposed challenges and the joining approaches, which have been discussed in Chapter 4 Theoretical Framework. In order to give an overview to the reader, the propositions are given again below. The challenges are numbered and the joining approaches are given in italic.

Propositions

- 1. Developing a clear company concept of corporate sustainability**
 - *Include all three sustainability dimension of Triple Bottom Line*
 - *Define the business arguments for implementing corporate sustainability*
 - *Define the ethical arguments for implementing corporate sustainability*
- 2. Developing clear sustainability goals for corporate sustainability**
 - *Set boundaries with regard to sustainability and link them to clear goals*
 - *Make the shift from conventional financial reporting towards integrated reporting*
- 3. Integrating corporate sustainability into different management levels of the company**
 - *Define what sustainability strategy would create legitimacy at internal and external stakeholders and decide to what extent CS should be part of a corporation's mission and vision (normative level)*
 - *Plan how the corporation can achieve her goals with regard to the mission and vision statement (strategic level)*
- 4. Lack of resources to meet the different management standards (e.g. quality, health and safety, environmental)**
 - *Integrate different management systems that have shared goals into one management system.*
- 5. Dealing with the tensions between the three dimensions of corporate sustainability**
 - *Look for synergies between dimensions*
- 6. Enabling and motivating all people throughout the corporation to adapt to necessary change**
 - *Make use of the 6 enablers of change*
- 7. Marginalizing local sustainability issues because central management is prone to commit to global corporate sustainability goals.**
 - *Create an effective network within the corporation for bottom up communication to identify and integrate local sustainability issues in central sustainability strategy*

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7 Discussion

This chapter consists of two elements. First a reflection on the main findings of the research is given. Second, a discussion on the methodology is presented.

Reflection on findings

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Reflection on methodology

This section reflects on the methodology of the research. First, the challenges that have been experienced during the research are described. Subsequently some practices are described that have made a great contribution to the research.

The following aspects made this research challenging.

Topic; As described in the introduction of this study, the topic of sustainability is complex because of the different dimensions it entails. As a consequence, different people have different views and opinions on sustainability. For the research this meant that first a definition of corporate sustainability had to be developed before the topic of corporate sustainability implementation could start at the first place. Moreover, the definition of corporate sustainability sometimes varied among the respondents as well. In the definition of the research, all three dimensions were taken into account. From the case study interviews, however, it became clear that the focus was especially on economic and environmental sustainability. This made it hard to get useful answers to questions related to the social aspect of corporate sustainability.

Timing; The interviews were executed just before a meeting with all senior managers of ForFarmers where the sustainability strategy was communicated and discussed. Ideally, the interviews should have been taken after this meeting. However, the interviews had already been scheduled two months earlier and could not easily be moved to another date.

Confidentiality; Due to a confidentiality agreement with ForFarmers, the author had to treat the information delicately and therefore it was difficult to compare all the gathered information with external studies and/or other companies in order to come to new insights. Besides, the respondents might also have a personal interest by framing their answers in such a way that it might be beneficial for them, or at least not potentially damaging. No clear indications however did appear during the case study answers. However, it seemed that the COO's were able to talk more freely than BUD's. Framing answers to the interview can influence the outcome of the research.

Hierarchy; With regard to time constraints a limited amount of respondents could be approached. Respondents of the four different countries have been selected, to include possible differences per country. Because at the time of the start of this research only the central management was well informed about the sustainability strategy, all the respondents came from the central management (Chief Operating Officers and Business Unit Directors). As a consequence, no respondents from the operational level could be interviewed. Including respondents from the lower management would have been interesting, because the outcome of this research suggests that one of the biggest challenges is a successful implementation of the sustainability strategy in this level of the corporation. Moreover, including respondents from the task force sustainability would have been interesting because they are actually developing the corporate sustainability strategy of the corporation. Because country differences were found more relevant in this study, the COO's and BUD's of the different countries are selected instead.

Countries; Cultural differences also have an impact on what aspects of corporate sustainability are found important. This gives an extra dimension of complexity to the already complex concept of corporate sustainability.

Scope of the research; Due to the large scope of the research question of this study, the literature review contains a large variety of topics. This was necessary at the start of the research to obtain insights in the most important challenges and approaches. The main challenge was to make a decision on what issues to include in the study. It was especially hard to find a way to deal with possible differences per country and possible differences per type of livestock. The 'one ForFarmers' strategy that ForFarmers tries to implement was the argument for not focusing on one specific country or type of livestock. The result was a comprehensive literature review with the main challenges and approaches related to the implementation of corporate sustainability in the farm feed industry in general. The downside, however, is the large variety of different theories and models that are included in the review, which made it complex to work with during the continuation of the research.

The following aspects have been helpful for the research.

The propositions developed in the theoretical framework have proven to be very useful during the research, for two reasons. First, because the propositions made the author summarize the literature review and draw conclusions about the literature review. This process of summarizing and drawing conclusions gives the researcher a 'fresh' view on all the relevant issues discussed. This is useful, because after having focused on a specific topic, it is easy to lose oversight. Secondly, the propositions have proven to be useful for a structured analysis of the interviews.

The interviews were planned immediately at the start of this study, approximately two months before the interviews took place. This approach made it possible to execute the interviews very effectively within a time span of approximately two weeks. Interviews were held face to face which made it possible to get to know the respondent and gave the interview a more personal character instead of for example a conference call.

The interview transcripts have been analyzed with the software program ATLAS TI. Although time had to be invested to be able to work with the program, the program has been of great help for the analysis of the interviews. ATLAS TI made it possible to order the quotations by topic, after the selected quotations were coded.

Limitations and future research

The explorative character of this research has led to a large variety of information about the implementation of corporate sustainability in the farm feed sector. However, due to the large scope of this research, not all topics could be analyzed in detail. This can be seen as a limitation of this research.

Another limitation of the research is the extent to which the outcome can be generalized. As discussed in the methodology chapter of this study, this is a limitation of the single case study design. Therefore, future research might build on the result of this exploratory study to see if the result can be generalized to other companies in the farm feed sector.

Moreover, the number of respondents is limited. For further research, more respondents can be included, from different companies.

The domains of *stakeholder management* and *management of change* in the farm feed sector might be an interesting field for future research. More insights in stakeholder management is relevant because the farm feed industry seems to move towards a more proactive role in the supply chain with regard to sustainability which leads to more stakeholders to deal with. Management of change is relevant for realizing internal change with regard to sustainability. An interesting topic of research could be how broad sustainability KPI's can be translated to clear workable goals at the operational level. Finally, an interesting domain for future research that builds on the outcome of this research could be to study the effect of market-leadership on the corporate sustainability strategy of the corporation.

Finally, it might be an interesting topic for future research to broaden insights about how a sustainability strategy can be integrated into supporting departments, and more specifically, into supporting departments in the farm feed industry.

8 Conclusion

This chapter is divided into two parts. The first part gives answer to the central research question. The answer is derived from the findings of the literature review and the case study. The chapter concludes with recommendations for the company ForFarmers.

Answer to research question

This study had the aim to obtain more insight in how corporate sustainability can be implemented by international companies in the farm feed sector. First, a literature review was done to find the main challenges and approaches described in literature. Subsequently, a case study was done at ForFarmers, the market leader of animal feed manufacturing in Europe. The central research question is divided into three sub research questions.

The first sub question focusses on general challenges and approaches with regard to the implementation of corporate sustainability. Two main challenges are identified related to this question. Firstly, creating awareness and commitment in the lower management levels of the corporation. In line with literature, the implementation of corporate sustainability at ForFarmers so far has been a top down process. From this perspective, the further you go down in the hierarchy of the corporation, the more complex it becomes to reach employees, and thus to create awareness of and commitment to the sustainability strategy. This challenge of creating awareness is closely related to the challenge of translating the goals of the central management, which have a high abstraction level, into clear goals for the departments, which can be used by the employees. It is expected that clear goals at department level have a positive effect on the awareness and commitment of the employees. Looking at the specific departments, developing clear sustainability goals for supporting departments (e.g. HR, Legal, Sales) is found more difficult than for manufacturing and logistics.

An approach that can foster awareness and commitment to the sustainability strategy is clear communication. Top-down communication is important to communicate the sustainability throughout the corporation. Bottom-up communication can help to give substance to the general sustainability strategy, which can help to create a common sense of responsibility to achieve sustainability goals. Moreover, training and workshops can help to create awareness and commitment. Finally, extra incentives for the employees can be introduced to reward actions that contribute to goals within the sustainability strategy of the company. A second challenge, which is also related to creating commitment to the sustainability strategy, is to align the incentives of all the employees in such a way that corporate sustainability becomes a common goal for the entire corporation. Contradictive incentives are found both between different departments and between different management levels. The most important approach found in order to align the incentives are cross-functional meetings.

The second sub-question focusses on the implementation challenges and approaches specifically for international corporations. Different challenges are found that relate to macro-environmental circumstances per country. Different perceptions of the concept of sustainability make it challenging for an international corporation to develop a sustainability strategy that is applicable to all countries. According to this study the main differences are:

- A different perception per country concerning sustainable raw materials (particularly soy) which makes a general purchasing strategy problematic;
- Different mill sizes per country, which influences the energy savings that can be achieved. This makes it difficult to set corporation wide targets for energy savings;
- Legal differences concerning the maximum allowed load of the lorry per country. This makes it hard to set corporation wide targets for fuel savings;
- Different methods of keeping livestock per country (livestock inside or outside). On the one hand this influences to what extent antibiotics can be reduced. On the other hand, it influences the extent of animal welfare.

An approach to deal with these challenges is to decentralize decision making on sustainability initiatives and targets. Although the overall strategy should be taken as the guideline, decentralized decision making enables the corporation to adapt to differences on a local scale that affect the extent to which sustainability achievements can be realized.

Finally, the third research question focusses on challenges and approaches in the farm feed sector. Two main challenges are identified with regard to the farm feed sector. Firstly, the farm feed industry is a highly competitive market with small margins. This makes it hard for an individual company to come up with a sustainability strategy that implies additional costs. Different approaches are used for achieving results on corporate sustainability without ending up with a higher product price compared to the competition. One approach is focusing on efficiencies. Efficiencies can lead to environmental and economic sustainability at the same time. Another approach is to work together within the industry. An example is the agreement between feed manufacturers in the Netherlands to buy responsible soy.

A second challenge for feed manufacturers is finding their proper role in the supply chain with regard to sustainability. In the past, feed manufacturers were mainly focused on achieving efficiencies in their core business, which are feed production and feed logistics. Currently, the market leader of feed manufacturing in Europe has changed its role by introducing a sustainability strategy which has a broader scope and asks for a more pro-active role with regard to sustainability in the supply chain. Both sustainability issues that relate to purchasing of raw materials and sustainability issues at farm level are taken into account. As a consequence, For Farmers has to deal with a larger variety of stakeholders with sometimes contradictive interests (employees, farmers, NGO's, governments, retailers and consumers). Given these insights it is challenging for the farm feed industry, and for ForFarmers in particular as being the market leader, to play a role in the supply chain that gets approval from all stakeholders. Structural communication with stakeholders therefore is essential. Stakeholder management can lead to favorable products compared to the competitors when the company is better able to fulfill the needs of the stakeholders.

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Appendices

Appendix A

Date: 02-11-2015
Content: Invitation for an interview for a MSc thesis research project.
Topic: Implementation of corporate sustainability

Dear Sir or Madam,

Via this email I would like to invite you for an interview about the implementation of corporate sustainability. The interviews are part of my MSc thesis research project, under the supervision of the University of Wageningen. I am conducting this research at ForFarmers and my supervisor within the company is Nick Major, corporate affairs director.

The aim of my research is to obtain more insights in the implementation process of sustainability throughout corporations. By interviewing respondents in the four key countries of ForFarmers, I hope to learn more about specific sustainability aspects per country, sector and corporation (Forfarmers in this case).

The interview I am planning to take has the following characteristics:

- The interview will take approximately 45 minutes
- The interview will be taken by one person which is me, Bart Grobben
- The questions that will be asked are open-questions about specific aspects of the country, sector and the company, related to sustainability
- With your permission I would like to record the interview, which enables me make a transcript of the interview
- At your request the interview will be kept confidential
- No preparation is needed

I hope this information is sufficient to give you a basic idea of the research project and the interviews. For more information and/or remarks you can contact me via: grobben.bart@gmail.com

Your participation would be of great value for my research and would be highly appreciated.

Thank you in advance.

Best regards,

Bart Grobben

MSc student Management Economics and Consumer Studies

Appendix B

Conceptualization

Challenges

- Concept clarity
- Goal clarity

Level-one questions

1. Is there one clear common definition of corporate sustainability throughout the corporation?
2. Is there one clear set of shared corporate sustainability goals throughout the corporation?

Level-two questions

1. How would you describe the concept of corporate sustainability?
2. What are according to you the sustainability goals ForFarmers should go after?

Management of change

Challenges

- Match strategy and leadership with corporate culture
- Involve whole corporation in change process
- Align human resources to change
- Align corporate structure and processes to change

Level-one questions

1. What is the corporate culture of the company and what and what type of leadership is used?
2. Is the whole corporation involved in the implementation of corporate sustainability?
3. Is human resources aligned with new corporate sustainability goals?
4. Are the corporate processes aligned with corporate sustainability?

Level-two questions

1. (Difficult to address in interview regarding the time constraints)
2. How do you make sure corporate sustainability is implemented throughout the whole corporation?
For example, how do you translate the sustainability goals to operations, sales and blending managers?
3. Does the implementation of corporate sustainability strategy require different/extra (human) resources?
4. Does the implementation of corporate sustainability require for example a different process for production or a different procedure of sales? How/what?

Corporate sustainability in an international environment

Challenges

- Addressing local and global sustainability issues

Level-one questions

1. Are both local and global sustainability issues taken into account in the corporate sustainability strategy of the company?
2. Do the issues fit in the local environment/country?

Level-two questions

1. Does the sustainability strategy of ForFarmers take into account both local and global sustainability issues?
2. Do the issues match with the sustainability needs of the country/local environment? Why?

Integrative implementation frameworks

Challenges

- Making trade-offs/ setting priorities between different corporate sustainability goals
- Aligning sustainability goals between the different management levels (normative, strategic and operational)
- Address possible tensions between individual and corporate goals
- Address tensions between short term orientation of the financial goals and long term orientation of the social and environmental goals.

Level-one questions

1. How is decided how trade-offs between the social, economic and environmental dimension of corporate sustainability are managed?
2. How are sustainability goals on a strategic level and the operational level aligned?
3. Are there tensions between personal goals and sustainability goals of the corporation? How are they managed?
4. How do you deal with the short term financial goals and long term oriented social and environmental goals?

Level-two questions

1. How do you make the trade-off between, for example, new trucks which are cleaner, and the higher costs that are involved? Or, higher safety standards at the work floor, and the higher costs that are involved?
2. How do you make sure that a sustainability goals, like for example: ensuring safe working conditions or producing efficient farm feed, becomes a goal for lower management/employees as well?
3. Do you have the feeling that some people's self-interest might work as a counter force towards the sustainability goals of the firm? If, so, how can they be managed?
4. Do you experience tensions between short term oriented financial results and the long term oriented social and environmental results? If yes, how can you manage these?

Entire list of level-two questions grouped together

Challenges related to conceptualization

1. How would you describe the concept of corporate sustainability?
2. What are according to you the sustainability goals ForFarmers should go after?

Challenges related to management of change

3. (Difficult to address in interview regarding the time constraints)
4. How do you make sure corporate sustainability is implemented throughout the whole corporation?
For example, how do you translate the sustainability goals to operations, sales and blending managers?
5. Does the implementation of corporate sustainability strategy require different/extra (human) resources?
6. Does the implementation of corporate sustainability require for example a different processes for production or a different procedure of sales? How/what?

Challenges related to corporate sustainability in an international context

7. Does the sustainability strategy of ForFarmers take into account both local and global sustainability issues?
8. Do the issues match with the sustainability needs of the country/local environment? Why?

Challenges related to integrative implementations frameworks

9. How do you make the trade-off between, for example, new trucks which are cleaner, and the higher costs that are involved? Or, higher safety standards at the work floor, and the higher costs that are involved?
10. How do you make sure that a sustainability goals, like for example: ensuring safe working conditions or producing efficient farm feed, becomes a goal for lower management/employees as well?
11. Do you have the feeling that some people's self-interest might work as a counter force towards the sustainability goals of the firm? If, so, how can they be managed?
12. Do you experience tensions between short term oriented financial results and the long term oriented social and environmental results? If yes, how can you manage these?