Multi-stakeholder interaction as a source for sustainable development: organisational drivers determining firms' 'stakeholder dialogue' and 'knowledge integration' capabilities

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Abstract

Multi-stakeholder interaction is seen as one of the best business strategies to achieve sustainable development. Despite the wealth of research on multi-stakeholder interaction, it is unclear which organisational drivers enable firms to integrate sustainability in their business in a profitable way. A literature research, along with a case study of four MNEs and four stakeholders, which are involved in stakeholder interaction on sustainability, is performed.
This paper aims to get a better understanding how a dynamic capability can facilitate the achievement of sustainability goals by using multi-stakeholder interaction.

KEYWORDS: corporate social responsibility, stakeholder dialogue, knowledge integration

Introduction

Over the decades the concept of Corporate Social Responsibility (CSR) has continued to grow in importance and significance (Carroll and Shabana, 2010). Society has increasingly raised their expectations towards businesses to take responsibility (Hitchcock and Willard, 2006). In the agri-food sector too, stakeholders are pressuring firms in an unprecedented way when business strategies and policies are not meeting their expectations on ethical, social and environmental issues (Hitchcock and Willard, 2006). Interest in sustainability has therefore increased at all levels of the agri-food chain (Vermeir and Verbeke *et al*., 2006). Although a large number of firms invested in CSR, only a few firms were able to make a competitive advantage out of these social or environmental concerns (Porter and Kramer, 2002). This paper faces the question how firms can integrate sustainability in their business in a profitable way.

In the literature, multi-stakeholder interaction (MSI) is defined as one of the best business strategies to achieve sustainable development (Black and Härtel, 2004; Hult, 2010). Multi-stakeholder interactions enable firm to work together with multiple stakeholders in order to solve social and environmental issues. Interactions with multiple stakeholders will lead to firms which are better able to respond to the pressures from the environment. Besides that, interactions with multiple stakeholders will give firms more insight in the different interests and perspectives stakeholders have with regard to sustainable development. These insights are crucial for managing complex problems like sustainability (Ayuso *et al*., 2006; Sharma and Kearins, 2011) and will lead to better solutions and more innovative ideas. Furthermore, these insights will drive the development of new markets and create opportunities for growth. Nowadays, twenty-two out of the fifty largest agribusiness firms are tackling sustainability issues by engaging in multi-stakeholder interactions (Dentoni and Peterson 2011).

This potential of multi-stakeholder interactions for the competitive advantage of agri-food firms raises the question what organizational drivers determine their capability to interact with multiple stakeholders. In the literature, it is stated that a dynamic capability can help firms to engage in multi-stakeholder interaction for sustainability and maintain their profitable at the same time. In general, dynamic capability is defined as the composition of the following capabilities: 'acquisition', 'assimilation', 'transformation' and 'exploitation' (Zahra and George, 2002). Ayuso (2006) defined two specific capabilities composing a dynamic capability, which is in

particular relevant in case of multi-stakeholder interactions for sustainable development. These are 'stakeholder dialogue' and 'knowledge integration' and will be used in this research.

Although general literature is available about these capabilities, it is still unknown what the drivers are for a dynamic capability at the organisational level, and how these capabilities can be operationalised in agri-food firms. To address this gap in the literature, this study will examine the organizational drivers which enable firms to perform 'stakeholder dialogue' and 'knowledge integration' for sustainable development. With this, we are better able to understand how a dynamic capability can facilitate the achievement of sustainability goals by using multi-stakeholder interaction.

The paper is organized as follows: section 2 highlights the concept of dynamic capability and the way this concept can facilitate multi-stakeholder interaction, based on a broad literature study. Section 3 discusses the research methodology. Section 4 presents the findings and is followed by conclusions.

Theoretical framework

In order to understand how a dynamic capability facilitates multi-stakeholder interaction for sustainability, this chapter will introduce theory about dynamic capability and the relation with multi-stakeholder interaction.

Dynamic capability

Although various definitions of dynamic capability exist in the literature, most of them make use of the definition of Teece *et al*. (1997). He defined a dynamic capability as 'the firms' ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments' (Teece *et al*. 1997, 516). The concept of dynamic capability can be split up into two different concepts. The term 'dynamic' refers to the capacity to renew competencies in order to achieve congruence with the changing business environment (Teece *et al*., 1997). The term 'capability' emphasizes the key role of strategic management in appropriately adapting, integrating and reconfiguring organizational skills, resources and functional competences to match the requirements of a changing environment (Teece *et al*., 1997). Applied on the problem of sustainability, the dynamic capability of firms is their ability to learn from stakeholders and to integrate this knowledge in the skills, resources and functional competences of their organisation in order to meet the requirements of sustainable development.

This doesn't mean that all change has to be understood as a result of the dynamic capability of a firm. Winter (2003) distinguished between two types of changes: changes as a result of 'ad hoc problem solving' and changes as a result of a 'dynamic capability'. Ad hoc problem solving occurs when firms respond to challenges from the environment or other unpredictable events. After the problem is solved, business as usual is continued without any structural change within the organisation. This kind of problem solving is not routine, not highly patterned and not repetitious (Winter, 2003). In the case of MSI for sustainable development, a dynamic capability is not only the ability to find a solution for sustainable problems, but first and foremost the ability to create and adapt routines as a result of the interaction with multiple stakeholders. In order to stress this structural aspect of problem solving as a result of dynamic capability, Zollo and Winter (2002) developed an alternative definition of the concept: 'A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness'(Zollo and Winter, 2002:340). The words 'learned and stable pattern' and 'systematically' highlight the point that a dynamic capability is structured and persistent (Zollo and Winter, 2002).

In case of a dynamic capability for sustainable development, these capabilities are prerequisite to engage in multi-stakeholder interaction, learn from multiple stakeholders and develop operational routines, in order to enhance the sustainable performance of the firm. Because multi-stakeholder interaction requires learning and the integration of the knowledge learned, it can also maintain and reinforce the existing dynamic capability of a firm.

Stakeholder dialogue

In recent literature, 'stakeholder dialogue' and 'knowledge integration' have been identified as two more specific capabilities with regard to sustainable development, leading firms to a dynamic capability for multi-stakeholder interaction. (Ayuso *et al*., 2006, Hult 2011, Zollo and Verona 2011). Both capabilities are necessary to enable MSI for sustainability. Stakeholder dialogue can be defined as the capability to interact with stakeholders and to access their knowledge (Ayuso *et al*., 2006). Kaptein and van Tulder (2003) defined ten characteristics of 'stakeholder dialogue'. These characteristics are defined based on their experience of visiting and facilitating many different MSIs.

1. To know and be understood: parties have to know each other. Firms have to know the interests of the other parties.

2. Trust and reliability: A certain level of trust is needed. Each party has to interact with an open and vulnerable attitude. Fairness, openness and honest agreements are important (Waddock and Smith, 2000).

3. Clear rules for the dialogue: appointments about procedures followed during the MSI, for example with respect to confidential information.

4. A coherent vision on the dialogue: A balance has to be found between accepting invitations from stakeholders and personally inviting stakeholders for meetings.

5. Dialogue skills: Parties must perform the skills for participating in a dialogue.

6. Expertise in the subject matter: a good dialogue needs expert knowledge about the subject. You have to know where you are talking about.

7. Clear dialogue structure: parties have to know the expectations and possibilities and limitations of the dialogue. A clear agenda is needed.

8. Valid information as basis: the facts presented by the parties have to be beyond any doubt. This is important because parties' present information related to their own agenda, which can lead to skewed facts.

9. Successive meetings: joint ownership has to be created for actions resulted from the dialogue. Frequent interactions give parties the opportunity to develop a closer relationship.

10. Feedback of results: parties have to rely on the fact the other party will represent the interests and views of its constituents. For example, a firm cannot say, after a lot of meetings and agreements, that they will not support the conclusions or the agreements made during the dialogue. But even if a decision is made which satisfies all the stakeholders, it might be too difficult to translate this decision into actions, because implementation of the decision might lead to a number of barriers (Pedersen, 2006).

In this research, stakeholder dialogue is defined by these ten characteristics. Parties involved in stakeholder dialogue needs to apply these characteristics.

Knowledge integration

Knowledge integration can be defined as the ability of assimilating stakeholder knowledge within

the organisational processes (Ayuso *et al.* 2006). (Ayuso *et al.*, 2006). Assimilating knowledge within the organizational will lead to innovations in general and growth and survival of a firm in particular. According to Grant (1996) the knowledge integration capability of an organization is determined by two mechanisms. These mechanisms are 'direction' and 'organizational routines'. When firms make use of organisational routines, knowledge is converted into explicit rules and instructions and less information is lost. The essence of an organizational routine is that individuals develop sequential patterns of interaction which permit the integration of their specialized knowledge without the need for communicating that knowledge (Grant, 1996:379). Examples of organizational routines are organizational rules, strategies, structures, technologies etc.

Knowledge can be integrated within the organizational processes by directions or routines. Firms have to use one of these mechanisms to integrate the knowledge in the organization.

Organisational drivers of 'stakeholder dialogue'

The organisational drivers of 'stakeholder dialogue' and 'knowledge integration' are the conditions which have to be met by organizations to perform these two capabilities for MSI.

Based on general literature on stakeholder interaction the following organisational drivers of 'stakeholder dialogue' can be defined:

Stakeholder consciousness: According to Pedersen (2006), knowledge and awareness of the environment is important for stakeholder dialogue. Without stakeholder consciousness, there is a risk that the selection of sustainability issues and stakeholders do not fit with the operational practices of the firm (Pedersen, 2006; Reed, 2008). Based on stakeholder awareness, firms are able to differentiate between different levels of stakeholder engagement - for instance with regard to their power, legitimacy or urgency - and select stakeholders which are able and suited to be involved in the dialogue. A firm can also select stakeholders with different benefits for the firm (Reeds, 2008). For example firms can select certain stakeholders because these stakeholders have a good image or because their knowledge can be used.

Resources: According to Waddock and Graves (1997), it will be easier for firms to engage in stakeholder dialogue when sufficient resources are available, compared to firms that face resource constraints. Examples of resources are time to create a relationship with stakeholders,

money to invest in the project and people who are able to dialogue.

The selection and response of stakeholders will all be affected by the resources available for stakeholder dialogue (Pedersen, 2006).

<u>Shift in organizational culture:</u> Stakeholder dialogue has to be institutionally embedded within the organization (Reed, 2008). Many of the limitations experienced in stakeholder dialogue have their roots in organizational cultures. Decision makers normally feel comfortable to stay in control, while room to negotiate with stakeholders is a necessary condition for stakeholder dialogue. By committing themselves to stakeholder dialogue and knowledge integration, decision makers have to learn to release this control because they do not know the outcome of the dialogue by forehand (Reed, 2008). This requires a shift in the organizational culture of the firm.

<u>Management commitment:</u> Commitment concerns the willingness to give priority and allocate resources to a certain issue.

Based on the available literature on stakeholder dialogue, it is expected that stakeholder consciousness, resources, shift in organisational culture and management commitment are organisational drivers for stakeholder dialogue.

Organisational drivers of 'knowledge integration'

Based on the research of Grant (1996) on stakeholder interaction, three organisational drivers of 'knowledge integration' can be defined: high level of common knowledge, the frequency and variability of task performance and the organizational structure.

<u>Common knowledge:</u> Common knowledge refers to the understanding of a subject area shared by organizational members who engage in communication (Nonaka and Takeuchi, 1995). For example to facilitate the discussion on sustainable sourcing within a firm between a technologist and a trader, it is crucial for the trader to have some basic understanding of the new product, and for the technologist to have some basic understanding about the trading process. The lower the level of common knowledge, the more difficult the integration of the knowledge with regard to sustainable sourcing within the firm (Grant, 1996).

<u>The frequency and variability of task performance</u>: The frequency and variability of task performance refers to the ability of the organisation to receive and interpret a stream of incoming messages from the environment (Nelson and Winter, 1982:100). The efficiency of integrating knowledge in the organization depends on the extent members are able to integrate knowledge of

team members by means of the organizational routines. This depends on the sophistication of the system to signal and respond. The efficiency of the organizational routine will improve as a result of repetition.

Organizational structure: The principle of modularity is fundamental to the structuring of organizations to achieve communication efficiencies (Grant, 1996). When the environmental change is high, the principle of hierarchical decomposition may be viewed as organizational conditions for optimizing the efficiency of knowledge integration (Williamson, 1981: 1550). An organic structure supports the increasing demands for communication and permits the improvement of integration efficiency (Wright and Snell, 1998). An organization can for example be structured into sequential phases or by function or by product segment. These structuring will improve the integration of the knowledge within the organization. This is also supported by the research performed by Ayuso *et al*, (2006). They found that non-hierarchical structures favour direct communication and proximity between people. For example a cooperative structure or a multidisciplinary structure are ground for many innovations (Ayuso *et al*, 2006)

In sum, based on a broad literature study, seven organisational drivers are selected as possible organizational pre-conditions to perform the capabilities 'stakeholder dialogue' and 'knowledge integration:
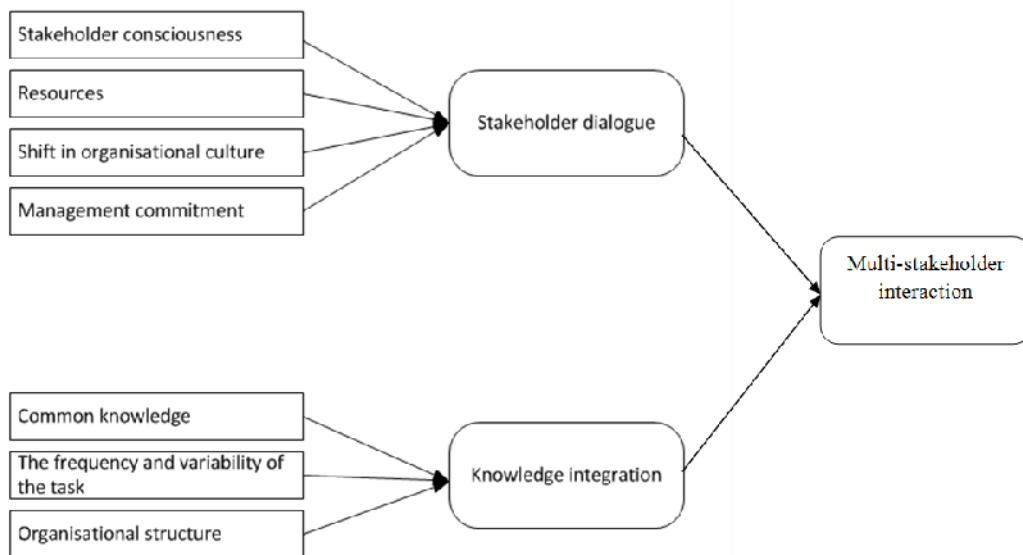

Figure 1: Relation between dynamic capability for MSI, capabilities and organisational drivers.

Research methodology

Sample and case selection

A grounded theory approach is used in this research, which involves an inductive research approach, focusing on theory development. This approach is chosen because there is a lack of theoretical knowledge with regard to the organizational drivers for the dynamic capability to interact with multi-stakeholders. Therefore, an explorative approach with in-depth case studies is justified.

The selection of cases is an important aspect of building theory from case studies. The method of theoretical sampling is used to select cases which are likely to replicate or extend the emerging theory (Eisenhardt, 1989). Because a dynamic capability often presents commonalities among firms within the same industry, the selected case operates in the same industry. The food industry was chosen because this industry is one of the leaders of sustainable development. Four big Multi National Enterprises (MNE), each active in one or more multi-stakeholder interactions leading to successful changes in the organization, have been selected for the case studies.

Data collection

Secondary data was collected from firms' websites and CSR-reports to get a better understanding of the CSR policies of each firm and the experience they have with multi-stakeholder interaction.

After the secondary data analysis, in-depth semi-structured interviews were conducted to investigate the organisational drivers of multi-stakeholder interaction for sustainability. At each firm a manager involved in multi-stakeholder interaction was interviewed. Most of the times this was someone responsible for sustainability in the firm.

The interview consists of two case descriptions in which interviewees had to describe their interactions with stakeholder on the field of sustainability. One case description about an interaction which was successful and resulted in organisational change in order to meet sustainability requirements. One case description about an interaction which was not successful and did not lead to changes in the organization. Interview questions were derived from literature on sustainability, stakeholder interactions, dynamic capability and change management, and were asked with regard to the two case descriptions. An interview protocol was developed to safeguard non-biased and consistent data gathering. Questions were left as open as possible, in order to collect in-depth information (Kumar, 2011).

To improve the reliability of collected data, interview data and secondary data were triangulated with interviews with four international known stakeholders dialoguing with one or more of the firms' participation in this research. Each stakeholder could be indentified as an NGO and two stakeholders fulfilled the role of a platform; their primary role is to facilitate the interaction of firms and stakeholders facing sustainable issues.

For the sake of this paper, all researched firms have been coded. Firms are indicated in this research as firm 1,2,3,4. Stakeholder are indicated in this research as stakeholder A,B,C,D.

Analysis of results

Firm description

Four MNE firms in the food industry are selected for this research. These firms are indicated as firm 1, 2, 3 and 4. Table I gives an overview of the variability between the firms. The variability is defined by the experiences each firm has with sustainability in general and partnerships in particular.

Table I. Firm description

MNE	Employees	First CSR report	Partnerships	Partnerships founded
1	19.500	2006	5	10
2	167.000	2000	19	0
3	41.000	2008	10	1
4	35.000	2005	9	1

In order to select cases which can provide more insight in the organisational drivers for the capabilities 'stakeholder dialogue' and 'knowledge integration', it is conditional to know whether these firms are able to perform these two capabilities.

Ability to dialogue

In order to analyse the ability of each firm to dialogue with stakeholders, all participating MNE's are evaluated with respect to the ten characteristics of 'stakeholder dialogue' (cf. chapter 2).

The analysis of the interviews shows that each firm possesses the same nine characteristics of stakeholder dialogue. A possible explanation is that all participating MNE's have lots of experience with different stakeholder dialogues with at least five partners. Only one characteristic was not mentioned. According to this characteristic, a firm has to ensure the facts

presented by other parties are trustworthy. A possible explanation that no firm mentioned this characteristic is that each firm interacted with stakeholders which were willing to collaborate. Compared with very activist stakeholders, these stakeholders were more interested in finding common solutions than pursuing their own agenda.

Because each firm has been evaluated positive for almost all characteristics it is assumed that each firm is able to dialogue with stakeholders. Moreover, the ability of firms to dialogue with stakeholders is also confirmed by the fact that stakeholders valued the ability to dialogue positive in each firm.

Ability to knowledge integration

Data from the interviews shows that firm 1, 2 and 4 integrated the knowledge derived from the interaction with stakeholders in the organisation. Firm 3 is still working on the integration. According to the literature, knowledge can be integrated by use of directions or routines (cf. chapter 2). Firm 2, 3 and 4 assimilated the knowledge from the dialogue by making use of routines. Firm 1 assimilated the knowledge from the dialogue by making use of directions. This can be explained because the knowledge coming from the dialogue does not directly affect the operations of the firm itself. Therefore directions were sufficient to integrate the knowledge.

It can be concluded that each firm integrates sustainable issues within the firm by making use of routines or directions. Moreover secondary data shows that each firm integrated different sustainable initiatives in the past as a result of multi-stakeholder interaction. Therefore it is assumed each firm participating in this research is able to integrate knowledge from the dialogue in their organisation.

Organisational drivers: 'stakeholder dialogue' and 'knowledge integration

The first part of this section analyses the organizational drivers which are derived from the research data, the second part of the analyses will cover the organizational drivers derived from the literature.

Social credibility

Table II. Social credibility of stakeholder dialogue

MNE	Justification from interview with managers
1	"WWF does have a high status. The whole world knows WWF. WWF made together with another party some criteria for sustainable sourcing, we could use this".
2	"A good network is built to tackle the issue. A group of a marketer, a procurer and a category manager interviewed 2 NGOs on the field of animal welfare, a pig farmer, a supplier and a scientist from Wageningen and consumers".
3	"Some parties deliver knowledge, others have to give credibility to the process. The involvement of the most important parties shows that if the process is widely supported, then the product will be accepted earlier by society".
4	No data available. Firm 4 did not mention other parties, but stakeholder A mentioned that firm 4 selected an international known stakeholder to participate in the dialogue.

These quotes show that each firm included parties with a certain social status in the dialogue. These results show that it is important for firms to get support from stakeholders for their sustainability strategy. These stakeholders can give credibility and reliability to the sustainability strategy of the firm.

The importance of social credibility is confirmed because both firm 1 and firm 2 are using the label of NGO's on their products. Besides that, on the website of both firms the sustainability issue discussed the dialogue is mentioned together with the name of the NGO. Moreover the website of firm 2 shows a list of the different recognitions the firm received from external parties as result of their sustainable behaviour. The website of firm 1 shows a list of the different relationships they have with external partners.

The role of stakeholders as providers of social credibility is also confirmed by research of Dentoni *et al*. (2010), who explored the credibility of different information sources and its effect on consumer choice. They found that the information about firm brands provide by stakeholders, has a positive effect on consumer choice. This result is almost similar to social credibility as organizational driver of stakeholder dialogue. But, from the perspective of the firm it is expected that social credibility in this research is not only needed to attract consumers but is also needed to show parties, pressuring the firm to take responsibility, the firm did take their responsibility.

Based on the evidence from the data, the following testable proposition is defined:

P1 *Social credibility is a driver for 'stakeholder dialogue' and 'knowledge integration'.*

Support from the top management

Table III. Support from the top management for stakeholder dialogue

MNE	Justification from interview with managers
1	"From the firm the sustainability manager, the manager external communications and the secretary of the board were involved".
2	"An internal team is involved. This is the marketer, the meat procurer, the technical management, the production manager, someone from category management, the finance business partner, I am involved from sustainability. Also a media colleague is involved. During the whole process we made presentations for the Benelux Board or International board about our status and the results".
3	"From the industry people like me [director international CSR] are involved and some specialists…people from our environmental department".
4	"In the beginning the procurement department, together with his suppliers were involved. Besides that someone concerned with the CSR policy was involved".

In firm 1 and 2 someone of the board was involved during the dialogue. In firm 2 the board was indirectly involved in de dialogue. This can be explained because firm 2 is much bigger compared with the other three firms. The distance to the board is much longer. Stakeholder D confirms the higher management is involved in the dialogue in firm 2. Based on the quotes of firm 1 and 2 support from the top can be defined as the involvement of the board during the dialogue. The fact that the boards of firm 3 and firm 4 were not involved in the dialogue can possibly be explained because these firms do not have their headquarters in the Netherlands.

Stakeholder A and D mentioned the importance of high level support of initiatives. Stakeholder D mentioned the involvement of higher management as proof the sustainability issue is taken seriously in de firm.

Some literature indicated that the involvement of top management is an important determinant of change. Morsing and Schultz (2006) indicated the role of top management is to identify the CSR focus which could be used to select stakeholders. In that case top management is indirectly involved, but they are still not involved in the interaction. No research is available which indicates the necessity to include top management within the dialogue.

Based on the evidence from the data, the following testable proposition is defined:

P2 S*upport from the top management during the dialogue is a driver for 'stakeholder dialogue'*.

Joint ownership of employees

Table IV. Joint ownership of employees for stakeholder integration

MNE	Justification from interview with managers
1	"We communicate the initiative to employees using the firm magazine. We showed employees the initiative works in the annual reports".
2	"We distributed our sausages [product] to the employees to try, we showed the movie we made on the farm and a movie about the stakeholders during a general meeting with the whole firm. You have to make employees proud of the new product".
3	"You do not have to involve each department, in this case only one department is relevant".
4	"The communication of the initiative towards employees looks like a fashion show. We arrange a lot of meetings to explain the initiative. Also someone from stakeholder A was involved and a lady from Ivory Coast who gave the training of stakeholder A over there. We did it for everyone, also our factory was closed for some hours".

Firm 2 and firm 4 invested in the involvement of employees in the sustainable initiative. Both firms brought employees close to the initiative, so employees became more involved. Joint ownership of employees can be defined as sharing the right of ownership of the sustainability issue with the employees in the organisation. This makes employees proud of the sustainable initiative.

Firm 1 and 3 only included the relevant departments. In the case of firm 1 this can be explained because the firm still does not have a lot of experiences with partnerships. In the case of firm 3 the sustainability issue was very technical and not very interesting for all employees. Besides that firm 3 is still working on the integration, so maybe employees will be involved later.

Stakeholders could not give a lot of information about the involvement of employees during the integration, because stakeholders were not at all, or only for a small part, involved during the integration.

General literature on change management indicated the importance of having the support of employees in change (Hayes, 2007). But this literature focuses more on reward systems and employee empowerment instead of creating a joint ownership towards the change.

Based on the evidence from the data, the following testable proposition is defined:

P3 *Joint ownership of employees is a driver of 'knowledge integration'.*

Creativity

Table V. Creativity for knowledge integration

MNE	Justification from interview with managers
1	"You need to create something good together".
2	"You have to find a balance within the collaboration with different parties. There is not a one-size-fits-all method. It is 'building the bridge, when you walk on it".
3	"The collaboration has to provide mutual benefit to the parties".
4	"To shape the initiative you talk a lot from the different opinions of the parties. You have to explore the possibilities".

Each firms mentioned the challenge to find innovative ways to bring the different interests of parties together. Moreover stakeholder A and stakeholder B mentioned also the importance of finding the same route to the integration of the initiative. It is important to find a way in which knowledge can be combined within the current organizational routines. Creativity is needed to create ideas, alternatives or possibilities to bring the different interests together.

Lawson and Samson (2001) mentioned creativity and idea generation as one of the organisational drivers for using a dynamic capability for innovation. Despite this article does not focus on multi-stakeholder interaction for sustainability, it is a similar result only in a different context.

Based on this evidence, the following proposition is defined: P4 *Creativity is a driver of 'knowledge integration'*.

Involvement of media

Table VI. involvement of media for knowledge integration

MNE	Justification from interview with managers
1	"In the beginning we did some advertisement together with the stakeholder".
2	"Communication to the outside world is very important. We launched our new products on a media event in collaboration with the NGO. You are involved in different media settings to tell about the initiative".
3	No data available
4	"In collaboration with the NGO, we organized a big kick of to the media in which we not only informed the media about the initiative but also our trade partners and a lot of external stakeholders".

Firm 1, 2 and 4 involved the media in collaboration with the NGO to tell something about the integration of the sustainability issue. Firm 2 and 4 organised a media event to inform the outside world about the initiative. Firm 1 communicated to the media by advertisements. This can be explained because firm 1 is smaller compared to the other firm. Moreover firm 1 has less experience with partnerships compared to the other firms. Firm 3 did not complete the integration of the sustainable initiative yet, so maybe they will involve the media after the initiative is integrated in the organisation.

Literature shows the importance of media communication because a positive relation exists between the reputation of a firm in the media and the performance (Deephouse, 2000). It is assumed the involvement of media in the integration of sustainability issues will improve the reputation of the firms. No literature could be found making a relation between the involvement of media and 'knowledge integration'.

Based on the evidence from the data, the following testable proposition is defined:
P5 Involvement of the media is a driver of 'knowledge integration'.

Stakeholder consciousness

Table VII. Quotes related to stakeholder consciousness

MNE	Justification from the interview with managers
1	"It is important to select stakeholders with which you can have a long-term relationship. Defining and analysing stakeholder is an important aspect to do that".
2	"Because we focused on animal welfare in our program, it was logical to create a link to the NGO in the field of animal welfare".
3	"Especially in the case of NGOs it is important to select the right party for the sustainability issue".
4	"Stakeholder A focuses more on the farmer and his entrepreneurship. Therefore stakeholder A connects better to our values for the chain".

Each firm mentioned the importance of selecting the right partners. Firm 2, 3 and 4 gave more emphasis on selecting stakeholders which connected to the values of their firm. Firm 1 focuses more on selecting stakeholders with which they could have a long-term relationship. This can be explained because firm 1 has less experiences with stakeholder dialogue, so they have less long-term relations with stakeholders in the field of sustainability compared to other companies.

These results imply stakeholder consciousness can indeed be seen as an organisational driver, which was already derived from the literature. Firms have to connect stakeholders which fit with the vision of the firm.

Firm 3 mentioned an example in which their sustainable agenda does not match with the agenda of the NGO, as result the interaction failed. This strengthens the fact stakeholder consciousness is an important organisational driver of stakeholder dialogue.

Organisational culture

Firm 1 mentioned they had to learn to admit they need stakeholders to integrate sustainability because they are not able to do it on their own. This was expressed in the context of the first experience of the firm with multi-stakeholder interaction for sustainability. This can be a reason this was not mentioned by the other firms. Because of the fact each firms selected many different partners in the dialogue, it is assumed they admitted they were not able to do it by themselves. The ability of firms to stay open towards knowledge from outside and to be flexible to change needs a culture change in the organization. This implies a change in the organizational culture can indeed be seen as an organisational driver, which was also derived from the literature.

Resources

Table VIII. Resources as driver for stakeholder dialogue and knowledge integration

MNE	Justification from the interview with managers
1	No data available
2	"There is also a finance business partner involved who looks at the entire cost calculation, because it of course does have a cost impact".
3	No data available
4	"If you want to buy certified cocoa you also will make higher costs".

From the data can be derived that each firm needs to invest time and people, not only during the integration of the knowledge but also during the dialogue. This is not directly visible from the table, but knowing that in each firm people from different departments were involved in the interaction shows the need of these resources. Besides that firms 2 and 4 mentioned the need to invest financial resources in the project.

This was confirmed by stakeholder A and B. Stakeholder A mentioned the investment of a firm in an initiative shows the commitment of the firm for that initiative.

Organisational structure

Table IX. Role of CSR within organisational structure

MNE	Justification from secondary data
1	"Sustainability is organized in a sustainability coordination team, and four teams responsible for the implementation of CSR throughout the entire organization".
2	"Sustainability is organized in a steering team. A wide range of functions is represented on the team, from research, supply chain and marketing through to human resources and raw material procurement".
3	"We have organized CSR in a steering team in which the highest managers of the different departments are represented".
4	"Firm 4 developed the Sustainability Process to provide a consistent and coordinated framework for each Business Unit and facility. This framework makes it possible to define and implement a customizable sustainability program at each business and facility under a business model".

Despite MNE firms have a hierarchical structure in general, within each firm CSR is organized in a multidisciplinary structure in which people from different departments are involved. This structure will better facilitate the integration of sustainable issues within the firm.

Although literature prefers the organic structure to integrate the knowledge into the organizations, MNE firms are, despite their hierarchical structure, able to organize sustainability in a less hierarchical way.

Common knowledge

Table III shows people from different departments involved in the project have to be able to communicate and to understand each other, despite of their different backgrounds. The organisational driver of common knowledge could not be directly derived from the data, but it can be assumed this is needed when different departments have to work together.

Management commitment

The citations in table III shows management commitment as an organisational driver for stakeholder dialogue. This could be already derived from the literature. Table III shows in each firm managers from different departments were involved in the dialogue. Especially in firm 2 the initiative was supported by a broad organisational involvement. According to the literature, commitment concerns the willingness to give priority and allocate resources to a certain issue (Petersen, 2006).

The five propositions resulting from this study together with the organisational drivers which could be derived from the literature are summarized in the conceptual framework in Figure 1.

Conclusions and recommendations

This study sought to contribute to the literature by exploring the organisational drivers firms need in order to practice the two capabilities 'stakeholder dialogue' and 'knowledge integration' . These organisational drivers lead to a dynamic capability facilitating the integration of sustainability by use of multi-stakeholder interaction.

This study filled the gap in the existing literature by investigating the organizational pre-conditions to practice the capabilities 'stakeholder dialogue' and 'knowledge integration'. Therefore a better understanding is obtained on how a dynamic capability can facilitate the integration of sustainability using multi-stakeholder interaction.

The organisational drivers found in this study, if confirmed in future research, may have crucial managerial implications. First of all, knowing the pre-conditions of interacting with stakeholders and integrating the knowledge from this interaction enables firms to integrate sustainability and to be profitable at the same time. Moreover, practicing multi-stakeholder interaction gives firms the possibility to deal with external stakeholder pressure, leading to less reputation loss. Besides that interaction with multiple stakeholders makes firms better able to manage the complexity of sustainability problems within the firm.

Given the nature of a 'grounded theory' approach as a research method (Yin, 2002), this study is exploratory in nature. A relatively small amount of firms and stakeholder were used as sample. Based on the exploratory evidence presented in this paper, future research on multi-stakeholder interaction and the organizational requirements can test the suggested propositions.
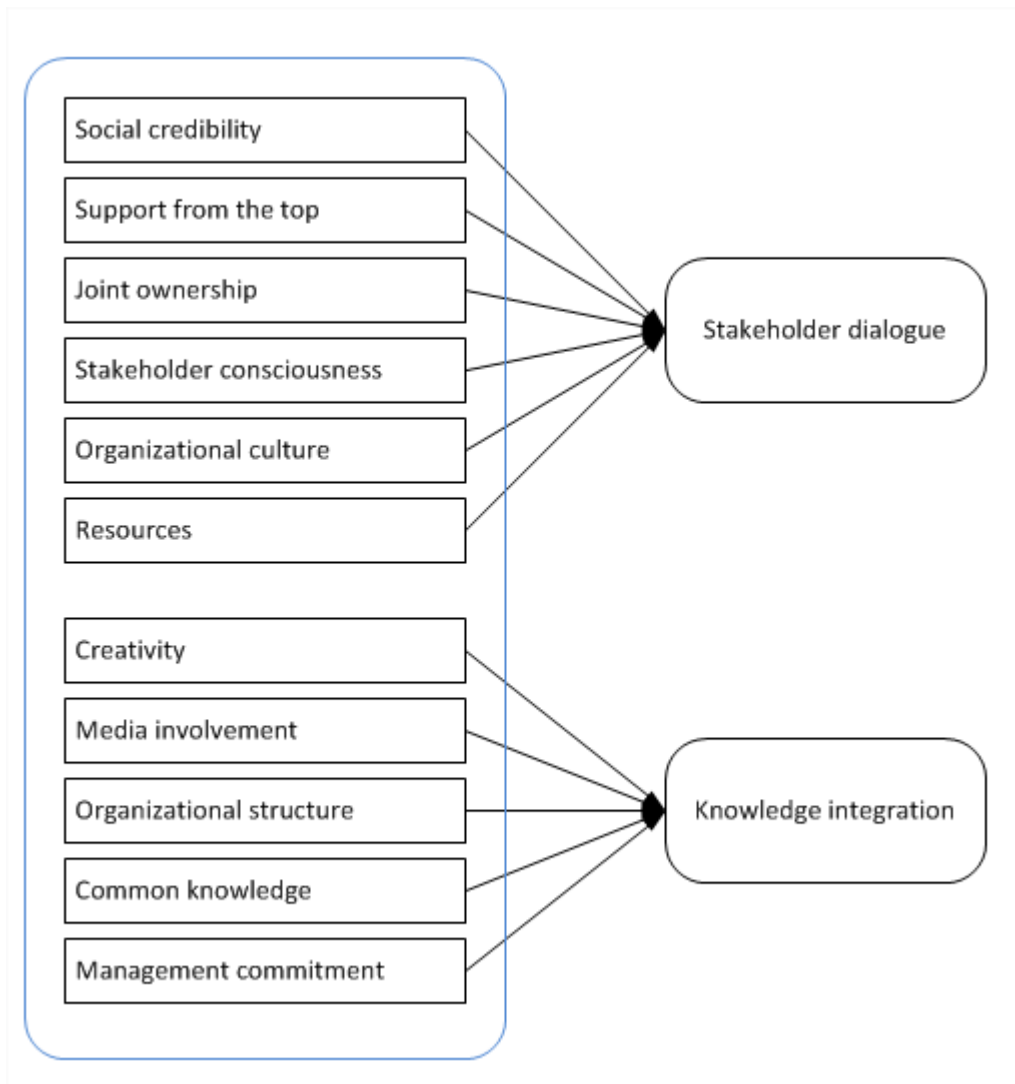
Social credibility

Support from the top

Joint ownership

Stakeholder consciousness

Organizational culture

Resources

→ Stakeholder dialogue

Creativity

Media involvement

Organizational structure

Common knowledge

Management commitment

→ Knowledge integration

Figure 2 The proposed conceptual framework

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