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Recommended Citation

Walker, Kent Dr. and Laplume, Andre. (2014). Sustainability Fellowships: The Potential for Collective Stakeholder Influence. *European Business Review*, 26 (2), 149-168.
<https://scholar.uwindsor.ca/odettepub/74>

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Sustainability Fellowships: The Potential for Collective Stakeholder Influence

Abstract

Purpose –Given the current ecological state of the planet organizations now need to develop their sustainability to a significantly greater extent and at a faster pace. This paper proposes stakeholder collectives as a means for rapid and comprehensive sustainability, while also examining the moderating influence of firm size and change potential.

Design/methodology/approach – A theoretical analysis leads to the development of multiple propositions. The work concentrates on one research question: How can we bring about rapid and comprehensive organizational sustainability?

Findings – Arguments for the inability of individual stakeholders to drive the level of sustainability now required are presented. Propositions suggesting that sustainability can be obtained through stakeholder collectives, moderated by firm size and the change potential of the firm are developed.

Research limitations/implications – Research using stakeholder theory has examined intra-stakeholder group collective action, but arguably the more important, inter-stakeholder group collective action, has received little attention. We elaborate the prospects for collective stakeholder influence strategies as useful for increasing sustainability.

Social implications – Stakeholders seeking to further sustainability can unite around a common purpose to further increase their power, legitimacy and urgency. They might also specifically target organizations of a larger size and with rapid change potential, and lastly, encourage anonymity.

Originality/value – The main contribution is the nexus between stakeholder influence strategies and the collective goal of sustainability. By examining an underdeveloped component of stakeholder theory we answer the question how stakeholders can drive the extensive and rapid organizational sustainability now required.

Keywords - Sustainability, stakeholder theory, collective stakeholder influence, change potential, anonymity, legacy

Paper type –Conceptual paper

Introduction

In their landmark book—*The Limits to Growth*—Meadows, Meadows, Randers and Behrens (1972) used computer simulations to demonstrate that in a finite system there are limits to growth. While ostensibly obvious, our propensity to pursue growth regardless of the externalities demonstrates our belief in growth without limits. Indeed, our economic models predicated on continuous growth are inherently unsustainable. Despite many indicators of resource depletion and pending collapse (Garcia and Cochrane, 2011; Makower, 2009), and thousands of scientists and politicians stressing the need for action (e.g., Gore, 2006; 2009; Pacala and Socolow, 2004), in general, consumers have not met the challenge, governments have not done enough, and corporations have not changed to keep pace with the damage that is accumulating.

Within the managerial discourse, sustainability has become a major theme (Russo and Fouts, 1997; Svensson and Wagner, 2011; 2012), and most managers say they would like to or intend to maintain or increase their sustainability budgets (Aberdeen, 2009). Good news considering the increasing number of worrisome environmental queues including global warming, declining fish stocks, unprecedented species extinctions, frequent super-storms, and resource wars (Garcia and Cochrane, 2011; Makower, 2009; Meadows, Randers and Meadows, 2004). The very engines of economic growth, the corporations, that helped create the modern standard of living we have come to know, appear to be destroying their own resource base faster than it can naturally or artificially be recovered with environmental innovations. Besides, environmental innovations may only save those who can afford them. In short, a case can be made that a change of course may not only be desirable but necessary (Laszlo, 2003).

In many ways, the cloak of anonymity provided by profit-maximizing firms is similar to Plato's Ring of Gyges, as more recently depicted in the Lord of the Rings trilogy (Tolkien, 1954-55). Over time, and depending on the particular individual, the ring corrupts its bearer regardless of one's initial intentions, leading the wise to avoid wearing it (e.g., Gandalf and Galadriel). Just as the Ring gave its bearer tremendous power and strength, so too has our almost blind pursuit of growth. In the books and movies, the fellowship of the ring is formed to destroy the ring and uncloak its wearers. Similarly, in our path toward true organizational sustainability, perhaps we need to form a fellowship to confront our pursuit of growth regardless of the externalities. In the Lord of the Rings, the fellowship consisted of a mixed variety of individuals. Our fellowship will require a mixed variety of stakeholders, all in pursuit of the same purpose: sustainability (Svensson and Wagner, 2012).

In this conceptual paper we discuss the ability of key stakeholders as possible driving forces of sustainability in organizations. In addition, we develop propositions for the influence of firm size and stakeholder anonymity on organizational sustainability. We conclude that individual stakeholders and/or environmental innovations on their own will not be enough to drive organizational sustainability to a level that is now required, given the current state of the natural environment. Our main research question is *how can we bring about rapid and comprehensive organizational sustainability?* We find our answer using stakeholder theory and insights into collective stakeholder action.

This paper proceeds as follows. First, we briefly review the literature on sustainability. Second, we discuss a number of possible stakeholders as potential driving forces to achieving sustainability, but conclude that each on its own is insufficient. Third, we review stakeholder theory and a promising avenue that has been identified for future research: inter-stakeholder

group collective action (Laplume, Songpar, and Litz, 2008). We elaborate the prospects for individual stakeholder group influence and then describe how collective stakeholder influence strategies may be useful for increasing sustainability. Fourth, in our theory development section we offer a number of moderating propositions about the influence of firm size, vertical integration, and change potential. Finally, we discuss our study's implications including a discussion of the mechanisms of anonymity and legacy as potential areas of interest to future researchers. We discuss the potential for empirical tests of our propositions, and potential hurdles in the path toward sustainability-driven collective stakeholder influence strategies.

The drive for sustainability

Sustainable development is commonly defined as “development that meets the needs of today’s generation without compromising the ability of future generations to meet their own needs” (Our Common Future, 1987). The closely related term sustainability refers to “the long-term maintenance of systems according to environmental, economic and social considerations” (Crane and Matten, 2010: 34). Business sustainability represents a new business model where economic, environmental and social issues are considered simultaneously in a balanced and holistic manner. Previously viewed as disparate concepts (Friedman, 1970), today, an increasing number of business-minded people have come to believe in a triple-bottom-line approach (Savitz and Weber, 2006).

Environmental sustainability, the focus of this paper, is an integrated concept that is linked to, but different from, both social sustainability and economic sustainability. For instance, social sustainability is about equality, rights, and preservation of culture; economic sustainability is concerned with conservation for the sake of production; and environmental sustainability is

about maintaining natural capital (Goodland, 1995; Hawken, Lovins and Lovins, 2010; Vogel, 2005).

Firms may seek environmental sustainability for a variety of reasons including: the potential and realization of positive financial consequences (Margolis and Walsh, 2003; Orlitzky, Schmidt and Rynes, 2003), managerial cognitions including interpretations of environmental issues as potential opportunities as opposed to threats (Ghobadian, Viney, James and Liu, 1995; Lee and Rhee, 2007; Sharma, 2000), motivations and contextual factors (Bansal and Roth, 2000), stakeholder pressures (Buysse and Verbeke, 2003; Henriques and Sadorsky, 1999; Gonzalez-Bonito and Gonzalez-Bonito, 2006), organizational champions pushing for a more proactive environmental approach (Andersson and Bateman, 2000), and as a way to adapt to regulations (Marcus and Geffen, 1998; Majumdar and Marcus, 2001).

One of the first and perhaps the most frequently referenced typology of environmental strategies can be found in Carroll's (1979) foundational piece on corporate social responsibility. One of the paper's main contributions was to separate companies based on four levels of responsibility ordered in what Carroll calls: "their fundamental role in the evolution of importance" (1979: 500). These responsibilities were: economic, legal, ethical, and discretionary. In his development of the levels of responsibility Carroll used earlier work by Wilson (1975), whose environmental categories are still frequently used today and include a reactive, defensive, accommodative, and proactive approach.

A more recent and commonly used typology was proposed by Hart (1995). According to Hart, firms can do much more than prevent pollution; they can also become product stewards and enable sustainable development. While pollution prevention involves mitigating waste in process technologies, product stewardship involves taking ownership of product waste from the cradle to

the grave, or through the product life-cycle. Sustainable development involves the development of environmentally friendly technologies and may involve taking an active role to ensure that suppliers also follow environmental best practices. Our research question asks how can we bring about rapid and comprehensive organizational (environmental) sustainability?

The potential of stakeholder theory

Stakeholder theory suggests that stakeholder groups, including customers, the media, government and even employees often lack the ability to mobilize as collectives. For instance, they may not identify with the firm enough to care to change it or they may have such divergent interests that in-fighting prevents collective action (Scott and Lane, 2000). Members of a stakeholder group often have heterogeneous interests, making it difficult to agree on priorities and collective action (Wolfe and Putler, 2002). Mobilizing for collective action may be harder when there is considerable variability between individual attitudes, whether between or within stakeholder groups (Cordano, Frieze and Ellis, 2004; Winn, 2001). What follows is a set of arguments suggesting how a number of stakeholder groups acting individually cannot bring about organizational sustainability to the extent and with the speed that is now required (Gore, 2009; Pacala and Socolow, 2004).

Consumers driving sustainability

One approach that is often touted as a way to move corporations to sustainable environmental levels is for customers to vote for sustainable companies with their purchases (Sandhu, Ozanne, Smallman, and Cullen, 2010). If a company offers a polluting product, or a product that pollutes heavily on its way from development to production to the eventual consumer, customers need simply decide not to purchase from this company, thereby forcing the

firm to become more sustainable or suffer lost sales. Accordingly, only sustainable companies would survive and thrive. However, there are three main problems with this argument.

First, consumers have cognitive limitations including bounded rationality and satisficing (Simon, 1955), and resource constraints that prevent them from supporting sustainable firms. Unfortunately, green consumerism may be too heavy a burden of responsibility for the majority of individuals to bear (Moisander, 2007; Niva and Timonen, 2001). Consumer intentions to buy sustainably produced products are often not reflected in their actions (Pearce and Turner, 1990). Having low expectations of consumers is suggested by the weak response to a five-year campaign to combat air pollution (Hutton and Ahtola, 1991), the public's poor understanding of global warming and other environmental issues (Gore, 2006; 2009; Kempton 1991), the slow change in garbage disposal patterns of consumers (Pieters, 1991), and limited consumer preferences for environmental quality and social goals (Uusitalo, 1990; Young, Hwang, McDonald, and Oates, 2010). Consumers have to be willing to invest considerable time and effort to research all their purchases to know if the product or service is produced sustainably.

Many consumers may not read labels, and may be unable to make sense of the flurry of available information. They may be unable to critically evaluate what is green-washing and what is not (Walker and Wan, 2012). For example, in 2010 the environmental marketing agency Terrachoice found a 73 percent increase from the year before in the number of products making green claims, and 95 percent of products examined contained at least one green-wash claim (CBC news, Oct 26, 2010). So even if consumers had no cognitive limitations preventing them from shopping sustainably, many of their rational decisions would be based on false claims. Skeptical consumers who do not believe corporate messages related to sustainability may divert

their attention to more traditional dimensions such as product performance, quality, price, and convenience (Essoussi and Linton, 2010).

Second, sustainably produced products and services often cost more, especially in the short run (e.g., Ahmad, Yasin, Derek, and Lim, 2011). Additional costs can be incurred for a number of reasons including: switching to environmentally friendly materials or machinery, time and effort to develop the new sustainable product or service, self-imposed environmental standards above those that may have existed previously (particularly in developing countries), and communicating the new product or service to employees, the public and the media. However, such additional costs can certainly change over time as increased efficiencies at the corporate level result in savings that are ultimately passed down to consumers, and as environmentally friendly products increase in popularity so they too can benefit from economies of scale and scope. Nevertheless, some problems may not improve with scale. For instance, renewable energy has yet to be price competitive with non-renewable sources of energy like coal and oil. Paying more for sustainable products is simply not possible for many people, and others are simply unwilling to pay the additional expense (Essoussi and Linton, 2010).

Third, customers rarely organize to influence firms. Indeed, it may be inaccurate to think of consumers or non-institutional customers as a stakeholder group at all; unless they organize, they have no stake. Consumer groups and protection agencies aside, there are few product level customer organizations, and while there may be occasional internet protests, customers are rarely organized to influence firms. For instance, Koko (2012) found that consumer boycotts launched by individuals via the internet are not an effective tool to render economic harm on firms. This may be because firms have learned to combat potential and actual boycotts using various

strategies including the dissemination of unrelated positive information (Yuksel and Mryteza, 2009).

In sum, with bounded rationality, satisficing, a plethora of confusing green advertising, an unwillingness or inability to pay higher prices, and a tendency not to organize to influence firms, consumers are an unreliable source of influence over corporate sustainability through their buying behavior alone. Consumer pressure alone is simply not enough to drive firms to comprehensive and rapid sustainability.

Media driving sustainability

Another argument is that the media can drive corporations to environmentally sustainable levels. This occurs because companies want to avoid any bad publicity or damage to their reputations (Deephouse, 2000; Walker, 2010), which will ultimately hurt their ability to sell their products or services (Trudel and Cotte, 2009). Indeed, the media can bring urgency to an issue and become a force for change. For example, even the relatively new social media has had a profound effect on the Middle East dispelling despots and giving power back to the people. Yet the media's ability to influence corporations is limited for a number of reasons.

First, just like consumers, the media is not 100 percent rational or perfectly informed. The media frequently misreports. Indeed, sometimes they intentionally do so as their goal is to sell newspapers or magazines, and controversy, even faux controversy, helps them to do so. Second, corporations, who have greater access and detailed information about themselves than the media, often dispute media reports making it difficult to decipher which side is telling the truth. Finally, the power of the media is often overstated. That is, not everyone will be aware, believe, or care what the media is reporting. Thus, while the media can bring urgency to an issue, they are hardly reliable drivers of sustainability.

Government driving sustainability

According to U.S. public opinion polls for a number of years now the “public views business and industry as the major contributors to environmental problems” and believes that “business and industry will not voluntarily protect the environment” (Dunlap and Scarce, 1991: 655). As a result, legal scholars and accountants have proposed regulation as a way to rein in firms (e.g., Hughes, Anderson and Golden, 2001).

Unlike any other stakeholder, governments have the ability and power to set environmental limits and standards, and most importantly, enforce them. For example, if governments stated that all companies had to obtain a certain level of carbon emissions by 2020 or face substantial fines and potential closure, all would have to comply to remain competitive and viable. A government’s ability to enforce compliance through penalties, fines, and clean-up costs (Bansal and Clelland, 2004; Henriques and Sadosky, 1996) affords them great power (Mitchell, Agle and Wood, 1997). The problem is that governments are often unwilling or unable to implement such drastic changes. Similar to the media, governments are not as powerful as people often assume.

Corporations influence governments primarily through political donations and lobbying. Corporate political activities are attempts to change government policy in favor of the firm. Hillman, Keim, and Schuler (2004: 838) wrote “it is indisputable that business firms spend considerable money and are among the most prominent political players not only in Washington, DC but in capitals across the globe”. Indeed, a recent cover story in Time magazine (September 23, 2013) titled “How Wall Street won: Five years after the crash, it could happen all over again”, discusses how financial lobbyists successfully repealed regulations that were meant to avoid another global financial crises.

In addition, governments have repeatedly demonstrated that they are unwilling to make environmental changes that might damage their economy. For example, Canada is projected to fail to meet its Kyoto air emission targets primarily due to the continued and growing exploration of the Alberta oil sands. Despite the visible, dramatic, and costly environmental consequences of the oil sands, the government continues to invest millions into it because of the substantial economic benefits. Thus governments often lack the incentive to implement drastic or even modest environmental changes. By the very nature of their positions, government officials more often than not make relatively short-term decisions that keep them elected, and voters, confronted with current needs, often vote in favor of jobs and economic growth over environmental sustainability. This leads us to conclude that government alone cannot drive firms to comprehensive and rapid sustainability.

Other stakeholders driving sustainability

Employees can be a force for environmental change within organizations (Andersson and Bateman, 2000), and proactive environmental approaches can lead to better attraction and retention of employees (Darnall, Henriques and Sadorsky, 2010; Henriques and Sadorsky, 1999). However, employee groups and their unions usually form to gain higher wages or better working conditions rather than achieving sustainability. This was evident in the Canadian cod fisheries where fishermen lobbied the government to continue to over exploit the fish thereby ensuring the extinction of their own jobs. The unfortunate reality is that employees often pursue jobs at the cost of the natural environment.

Although it has been argued that corporations ignore environmental activists at their own peril (Hendry, 2006), in general, such groups tend to be too fragmented and lack the legitimacy needed to cause meaningful and rapid corporate change. Finally, suppliers with dominant

positions can influence sustainability by endeavoring to supply sustainable substitutes (Darnall et al., 2010), but very few suppliers are in such powerful positions or have the resources necessary to offer sustainable substitutes. In addition, despite some sustainability-minded suppliers, in today's global market there always appear to be suppliers willing to buy cheaper and environmentally damaging goods (evident across the globe but especially apparent in developing countries). Lastly, suppliers risk losing sales if they try to press their customers for non-price concessions, or if they are forced to pass on costs for more expensive goods to consumers.

To destroy the ring of power the fellowship needed Gimli's axe (the dwarf), Legolas' bow (the elf), Aragorn's sword (one of two men), Gandalf's staff (the wizard) and Frodo's determination (one of four hobbits). Similarly, to usher in a new order of sustainable corporate practices we believe the various stakeholders with their assortment of "weapons" and characteristics are required. In particular, to obtain the necessary power, legitimacy and urgency to enact rapid corporate change (Mitchel, Agle and Wood, 1997), stakeholders must form a fellowship.

Technology driving sustainability

In the preceding sections we argued that the stakeholders we discussed (consumers, the media, government, employees, environmental activists and suppliers) could not on their own enact the rapid and extensive sustainability required today. A further argument we have not considered until this point is that technology will ultimately push organizations to sustainability. This is a common argument from people who want to maintain the current status quo. They believe that we can continue business as usual and when change is absolutely necessary technology will easily guide us to greater sustainability. For example, "the sun pours 10,000

times more energy upon the earth every day than human beings currently use,” (Meadows et al., 2004: 97), so solar technology will emerge when needed.

The fundamental flaw to this argument is that while technology can and does change rapidly, in contrast, political and social institutions take years if not decades or more to change (Meadows et al., 2004). In addition, they almost never change proactively but only retroactively in response to a need (Meadows et al., 2004). Furthermore, technology is not dispersed evenly across demographics. For example, many individuals and countries might not have the capital required to construct the infrastructure necessary to support new technologies. Lastly, the idea that something such as solar technology will be developed to save us before it is too late fails to consider the powerful and vested oil and coal interests that might prevent such technology from being available and used on a wide basis. This is not to say that something like solar technology might not win out in the end, only that the ability of such technology to bring about sustainability within a timely manner is limited. Arguably, all of the technologies we need to achieve sustainability are already invented and fairly easily available. In general, however, they are more expensive to use and therefore ignored in favor of other cheaper solutions, highlighting that it is the choice of stakeholders to use technology that really counts.

In the next section we elaborate on stakeholder theory and contribute to it by discussing inter-stakeholder group collective action.

Theory development

Stakeholder theory research suggests a strong role for stakeholder groups in influencing the management of business firms (Freeman, 1984). Much of the stakeholder literature has been dominated by the point of view of the manager rather than that of stakeholders because it was originally developed as a strategic approach aimed at increasing firm performance objectives

(Laplume et al., 2008). Empirical studies examining the relationship between stakeholder management and firm financial performance have largely found positive associations (e.g., Hillman and Keim, 2001; Ogden and Watson, 1999; Waddock and Graves, 1997; Berman, Wicks, Kotha, and Jones, 1999). Another important theme is research devoted to understanding, explaining and predicting how organizations can manage stakeholders. For instance, Freeman (1984) suggested four stakeholder management strategies: exploit, defend, swing, or reinforce.

This focus on how managers can use stakeholders to their own advantage has left some scholars wondering where concern for the natural environment and society fits in stakeholder theory. For instance, Matten and Crane (2005) argue that firms have semi-governmental roles and thus are responsible for ensuring basic human rights and civil liberties, just as good governments do – a prescription that goes far beyond Freeman’s original intentions. The Stanford Research Institute has argued that multination corporations with economic powers on par with nations should “assume responsibility for the welfare of those over whom they wield power” (1982: 58). Orts and Strudler (2002: 215) argue that stakeholder theory “is limited by its focus on the interests of human participants in the business enterprise.” Natural resources are not able to stake their claims in decisions of corporate managers. In short, many stakeholders without power over the firm have been ignored.

In response, some scholars have argued that the natural environment, like forests and other ecosystems, be included in managerial stakeholder analysis (Driscoll and Starik, 2004; Starik, 1995). After all, nature is legitimate, urgent and powerful (Mitchel, Agle, and Wood, 1997). Accordingly, a relatively new strand of stakeholder theory has evolved which takes the perspective of stakeholders rather than that of the firm. Jensen argued that “stakeholder theory plays into the hands of special interests who wish to use the resources of firms for their own

ends” (2002: 242). Yet, there is an increasing chorus of management research into the potential for stakeholder influence strategies (Frooman, 1999). This theme in stakeholder theory turns Freeman’s original thesis over on its head and theorizes and tests how stakeholders influence firms (Laplume et al., 2008).

Despite the lack of continual immediate common financial concern, stakeholder groups have in some instances formed around common goals, visions and indirect economic interests. For instance, common threats can motivate stakeholder groups to come together and collaborate (Butterfield et al., 2004). Stakeholder groups are more likely to act together if they perceive that their target organizations will respond to their influences. To form effective groups, stakeholders must believe in the force of the group to enact change. Rowley and Moldoveanu (2003) suggest stakeholder groups are more likely to act collectively if they have acted collectively in the past, share communication networks, and when a common identity is conferred through association with the collectivity. In short, there has been much research examining how potential members of stakeholder groups can unite.

What is missing from this perspective is an analysis of how stakeholder groups can form strategic alliances to influence firms (Butterfield, Reed, and Lemak, 2004). Strategic alliances have been suggested as mechanisms that can foster the exchange of valuable resources that are otherwise difficult to acquire (Lorange, Roos, and Brønn, 1992). Yet, these valuable tools have yet to be enacted in the context of alliances between stakeholder groups with the intentions of driving firm sustainability. This is much different from research examining the use of strategic alliances *by firms* (e.g., Kotabe and Swan, 1995) with the intention of becoming proactively sustainable. So that collective stakeholder action would be needed or desirable, we might assume that the firm is not voluntarily enacting sustainability strategies, at least to the extent desired by

the stakeholders. In contrast, firms that are already on the path to sustainability on their own are not likely to be targeted; usually the worst polluters become targets of stakeholder activities (Hendry, 2006; Adams and Hardwick, 1998; Brammer and Millington, 2008).

As we argued in the previous section, individual stakeholder groups are limited in their ability to drive the kind of quick and drastic sustainability now needed. Even if two or more stakeholder groups happen to target the same firm, they may fail to coordinate their influence on the same issue. Rather than competing for the attention of the firm, they might more effectively coordinate together. While powerful stakeholders may use direct strategies, other stakeholders without power over the firm may use indirect strategies, such as working through an ally (e.g., the media). Stakeholders with little to lose from drawing the firm's ire might simultaneously withhold resources or make use of firm resources conditional (Frooman, 1999). Indeed, stakeholder groups used both strategies to influence the environmental practices of Canadian forestry companies (Sharma and Henriques, 2005). Stakeholders may also seek to become more permanent fixtures in decision-making institutions (O'Connell, Stephens, Betz, Shepard and Hendry, 2005). Stakeholder influence is determined not only by the power, legitimacy, and urgency of the stakeholder group (Eesley and Lenox, 2006; Mitchel, Agle and Wood, 1997; Welcomer, 2002), but by the collective force of stakeholder groups working together. Coalitions of stakeholder groups may allow ostensibly disparate groups to combine their resources in innovative ways that increase their combined bargaining position with firms (Kochan and Rubenstein, 2000; Neville and Menguc, 2006; Scott and Lane, 2000). Stakeholders may use all of the cognitive, normative, legal, and other institutional mechanisms available to influence corporations (Suchman, 1995).

Research has found a positive relationship between stakeholder pressures and increased levels of sustainability (Darnall et al., 2010). We suggest that these pressures can be further strengthened when a coalition or fellowship of like-minded stakeholders is formed. As opposed to functional stakeholder groups, collective stakeholder groups are more likely to obtain the necessary legitimacy, power and urgency to drive organizational sustainability to the required level. This leads us to the proposition that *ceteris paribus*:

Proposition 1: Collective stakeholder influence strategies will drive organizational sustainability more effectively than individual stakeholder influence strategies.

Hunting for elephants: Firm size as moderator of collective stakeholder influence

Firm size may moderate the relationship between collective stakeholder pressures and sustainability, where stakeholder collectives are more likely to influence larger firms compared to smaller ones. Larger firms pollute more, yet are more likely than smaller firms to integrate environmental practices into their organizations (Chen, Lai and Wen, 2006; Etzion, 2007; Lopez-Gamero, Claver-Cortes and Molina-Azorin, 2008; Moore, 2001; Russo and Fouts, 1997). In a review of 10 studies examining the natural environment and controlling for size, Bowen (2000) found that nine of them had a significant correlation between firm size and sustainability. This occurred because larger firms are under increased scrutiny from stakeholders as their environmental impacts, particularly their negative environmental impacts, are likely to be large and visible (Adams and Hardwick, 1998; Brammer and Millington, 2008; Deephouse, 2000; Hendry, 2006). Larger firms are also more likely to be proactive in an attempt to appease the increased demands from stakeholders and to avoid or pre-empt negative consequences (Brammer and Millington, 2008).

These insights suggest that despite the greater resources available to large firms, stakeholder collectives may be more effective when their actions target larger firms. More formally, we can express this proposition as a moderation effect.

Proposition 2: Firm size will moderate the relationship between collective stakeholder influence and sustainability; this relationship will be stronger the larger the size of the firm.

Firm change potential as a moderator of collective stakeholder influence

Stakeholder collectives are likely to be more effective when they target firms that are able to change quickly. The pace of change that can be expected from firms is influenced by internal structural dynamics (e.g., vertical integration), and by external dynamics (i.e., the industry of which they are a part). Different industries have varying economic cycles, product life cycles, and clock-speeds (Nadkarni and Narayanan, 2007). Fast cycle industries such as computers may experience two to three year cycles, whereas for the slow cycle industries such as pharmaceuticals, it may be eight to ten year cycles. Importantly, fast cycle industries may already have developed the dynamic capabilities needed to rapidly adopt and develop sustainable business practices, whereas slow cycle industries may not (Teece, Pisano and Shuen, 1997).

This relates to the broader conceptualization of a firm's change potential. Large bureaucratic organizations are generally slow to change, but a more refined inspection of the technology within the organization might be more applicable. In particular, a firm's change potential is likely to be affected by its vertical architecture. Vertically integrated firms tend to be more centralized and more able to carry out sweeping changes in technology (Ulrich, 1995). In contrast, horizontally stratified firms are better at improving individual components, whereas they struggle to cope with radical change that span the whole value chain (Christensen and Verlinde, 2002; Dosi, 1982; Henderson and Clark, 1990), such as might be required to achieve

cradle-to-grave product life cycles (Braungart, McDonough and Bollinger, 2007). Incumbents with high-performing technology, good technology reputations and the ability to mobilize their RandD resources, therefore, have a higher change potential and thus represent better targets for collective stakeholder influence strategies than firms that are in horizontal stratifications. The latter are less likely to move in a systematic way toward sustainability because of legal divisions, interests and agency problems (Christensen and Verlinden, 2002). Together these insights suggest that.

Proposition 3a: Fast-cycle industries will moderate the relationship between collective stakeholder influence and sustainability; such that the faster the industry cycle, the stronger will be the positive association.

Proposition 3b: Vertical integration will moderate the relationship between collective stakeholder influence and sustainability; such that the more vertically integrated the firm, the stronger will be the positive association.

Discussion

In this section we discuss (1) the implications of our paper for business ethics, (2) stakeholder anonymity, (3) stakeholder legacy, and (4) future research.

Implications for business ethics

The more optimistic (or naïve) of us might believe that organizations can be driven to Hart's (1995) sustainable development environmental strategy through a moralistic appeal. Much like we have argued that individual stakeholder groups on their own are not enough to drive sustainability, we believe that a moralistic appeal on its own is not enough. Without an instrumental argument, the mass appeal of sustainability to the level that is required to resolve the truly global problem of environmental degradation is not likely. In addition, given our time constraints and need to act quickly on the environmental front, an ethical appeal alone will not lead to organizational sustainability in a timely manner particularly in a global context where

shirking always exists somewhere. That said, there are certainly cases of individual stakeholder groups, and in particular environmentally-minded owners, driving sustainability within their companies (e.g., Ray Anderson of Interface, Anita Roddick of The Body Shop, Yvon Chouinard of Patagonia), but on a broad basis there is very little evidence that people running organizations will make an ethical decision over a profitable one. In fact, in their interviews of Harvard MBA graduates Badaracco and Webb (1995) found the opposite, where managers felt pressure to “make the numbers” regardless of ethics, as long as they were behaving within the law. Does this then mean that there is no place for ethics in driving organizational sustainability? We believe ethics still has an important role to play in driving organizational sustainability, but much like individual stakeholders, ethics on its own is not sufficient.

If ethics can be combined with more direct organizational consequences, and in particular, financial consequences, its power to drive organizational sustainability will increase dramatically. For example, research suggests that corporate social responsibility can improve reputation (Fombrun and Shanley, 1990; Lee, Fairhurst and Wesley, 2009; Obermiller, Burke, Talbott and Green, 2009). Given reputation’s affect on firm profitability and performance (Brown and Perry, 1994; Deephouse, 2000; Fombrun and Shanley, 1990; Roberts and Dowling, 2002; Walker, 2010), firms may be more willing to engage in corporate social and environmental responsibility given the perceived impact on the bottom-line.

Similarly, given that the financial benefits to sustainability are not conclusive (Margolis and Walsh, 2003), perceived financial benefits to sustainability are not enough on their own to increase organizational sustainability to the level now required. Thus moral or instrumental arguments for sustainability on their own are necessary but not sufficient, but together perhaps they might be enough. That is, while we have argued for sustainability fellowships, we may also

need ‘motivation fellowships’ where multiple motivations are combined to enact the extent and speed of change required for sustainability.

Stakeholder anonymity

In the context of normally functioning organizations, anonymity is shunned in favor of disclosure. However, in the context of altering organizations with the intention of driving them toward sustainability, anonymity has a new meaning. Our focus in this paper has been on why stakeholders need to form collectives or fellowships to drive sustainability. A further area of investigation is characteristics of the collectives that might lead to greater success. One such characteristic is stakeholder anonymity. Anonymity protects an individual’s identity, reduces accountability, and conserves reputation. It may be a valuable and rare resource allowing stakeholders to work together without fear of losing contracts, jobs, or face.

Anonymity might also reduce stakeholders’ likely engagement as they may wish to take credit for positive changes they have created. For example, a union that negotiates higher salaries will want credit for it. Take that credit away and they may have less incentive to fight. Furthermore, working in a group might make stakeholders less likely to want or need to be anonymous, as there is strength in numbers. The desire to remain anonymous may depend on the type of action. For example, one may want to take credit for promoting a green initiative, but remain anonymous about leaking data about a pollution problem.

In this way, anonymity may be useful for stakeholder cooperation. It has been demonstrated empirically that individuals who are members of anonymous groups solve problems with more critical ideas and questioning and clarification, and idea recombination; generate more original solutions and overall communication; experience lower social anxiety and social desirability and heightened self-esteem, reduced fear of social disapproval, low inhibition,

and are more likely to participate, communicate, demonstrate objectivity, and make productive decisions (Connolly, Jessup, and Valacich, 1990; Jessup, Connolly, and Galegher, 1990).

Future research could examine how anonymity affects stakeholder collectives. Anonymity may improve or hamper the collectives' influence, or perhaps more likely, the effect will depend on the particular firm targeted and the stakeholders involved. Future research might also examine whether all or only some of the stakeholders should be anonymous to improve the influence of the collective. The idea of anonymity also points to an interesting area of inquiry into how a successful stakeholder collective disperses credit, or how a failed collective disperses blame.

Stakeholder legacy

While we have suggested that anonymity may have a significant role in encouraging sustainability, we also acknowledge the role that legacy may have in influencing behaviour change. Leaders in society today must make rapid decisions that often have significant and far reaching effects (Wade-Benzoni, 2008). Further, many people seek to make a positive contribution to the world they leave behind (de St. Aubin, McAdmans and Kim, 2004; Grant and Wade-Benzoni, 2009; Wade-Benzoni, Sondak and Galinsky, 2010). They gain a sense of purpose and derive meaning from their lives when they are able to leave the world a better place than when they entered it (Grant and Wade-Benzoni, 2009; Wade-Benzoni, 2003). So while some people may wish to be anonymous, others are very concerned about the legacy they leave behind.

Stakeholders interested in leaving legacies might find greater success by combining their efforts; theoretically, the greater the combined talents and effort, the greater the impact and the greater the legacy. While we specifically discuss the idea of legacy in this section, numerous

other topics could unite stakeholders such as certain environmental topics/movements (e.g., from something as broad as protecting our oceans to the more specific saving dolphins from fishing nets designed to catch tuna), a particular firm-specific occurrence (e.g., GE's polluting of the Hudson River), or a particularly harmful product (e.g., CFCs). Future research might examine the specifics of stakeholder collectives, how they come to unite, and to contrast the idea of anonymity with legacy.

Other areas for future research

Future research may show how stakeholder groups can work together in order to maximize the effectiveness of collective action by acting simultaneously or sequentially. It might be less expensive to a stakeholder group to enter into the collective after others have already staked their claims. If stakeholder groups have different resources, which generate different profiles of power, urgency and legitimacy (Mitchell et al. 1997), then in what order should they deploy them? Should urgency come before legitimacy and legitimacy before power? Is there some other optimal sequence? Also, at what level should the cooperation be? Should it be global, local or a mix of both?

We also wonder about a point of diminishing returns, where additional stakeholders joining the collective begin to hamper the collective's progress. What is the ideal number of stakeholders and how does this change depending on internal and external organizational characteristics? Is there an optimal level of power, urgency and legitimacy that is required and is of greater importance than the actual number of stakeholder groups involved? For example, in the right situation, perhaps a collective composed of the government, the media and members of management would be sufficient to bring an organization to Hart's (1995) sustainable development environmental strategy.

A further avenue for research would be to examine collectives themselves. Are certain stakeholder groups naturally more cohesive? For example, perhaps internal stakeholders whose payment is directly tied to firm performance such as managers and employees (and customers who benefit from low-cost goods) tend to form more cohesive stakeholder collectives than managers and community members.

Testing our propositions

This paper was limited to theoretical propositions. While quantitative studies with relatively large sample sizes might be required to test our proposition on the moderating influence of size, to truly test our propositions and questions for future research, a grounded-theory approach using case studies of successful and unsuccessful stakeholder driven initiatives is required. Only in this manner could researchers gain enough insight into sustainability fellowships and their inner workings. Grounded theory approaches might uncover the mechanisms that are being used by the most successful stakeholder collectives and examine how failures happened in the case of less successful attempts.

Conclusion

Throughout this paper we asked how can we bring about rapid and comprehensive organizational sustainability? With species extinction estimated to be 1,000 times greater than would be the case without human impact (Meadows et al., 2004), and nearly 80 percent of the world's fisheries fully to over-exploited, depleted, or in a state of collapse (Garcia and Cochrane, 2011), we still continue to operate businesses based on economic models of continuous and unrelenting growth. Possibly, the answer lies in fellowships, not just of stakeholders but also in motivations (combining moral and instrumental arguments).

The inscription on the Ring in Tolkien's (1954) masterpiece reads: "One Ring to rule them all, one Ring to find them, one Ring to bring them all and in the darkness bind them". Our reoccurring analogy has been to compare the one ring to the idea of limitless economic progress and growth. While many of us have benefited immensely from this progress and growth, today it seems to be creating more harm than good. It is difficult to tell if our ring of progress and growth at all costs ultimately corrupts just like Tolkien's ring, but what is clear is that together we must forge a new ring, a ring of sustainability, and it is this ring that will bind us all on the path toward truly sustainable business practices.

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