Collaboration to address a wicked problem

- The case of certified palm oil

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Acknowledgements

We would like to express our great gratitude to all the people who made this thesis possible.

Special thanks to our supervisor Cecilia Mark-Herbert for her optimistic spirit and motivational energy. She has been an inspiration throughout the whole master program at SLU and we have learned a lot from her.

We would also like to extend our gratitude to all informants for taking their time participating. Their interest and dedication to this subject have inspired us and have given this thesis greater value.

Finally, we want to thank your friends and family for their encouragement and advices.

Abstract

Corporations meet complex challenges as they operate on a global market. Global multi-dimensional problems are referred to wicked problems and which cannot be solved only managed. In this case, of certified palm oil, palm oil production can be seen as a wicked problem due to deforestation of rainforest, land grabbing and social conflicts. There are also conflicts regarding the value and interest of palm oil.

This thesis investigates the Swedish transformation for certified palm oil and how actors in the Swedish food market address this transformation to have certified palm oil in their production. The aim of this thesis is to explain enabling factors to address the governance gap of ethical sourcing in the food industry. A qualitative case study is conducted on important actors that are involved in this transformation. Interviews from each organization were analyzed in comparison with existing literature in the area of corporate social responsibility and collaboration theory.

Corporations have great impact on the natural environment, a matter of responsibility has shed light on a gap in governance. Corporations have to regulate their own business but smaller national food producers and retailers are not capable to address ethical sourcing of palm oil by themselves. Collaborative initiatives within the industry and even outside the industry involving external stakeholders i.e. Non-Governmental Organizations (NGO) has brought new hopes on resolutions for palm oil production.

Findings in this thesis are that collaboration within the industry is of high importance to the transformation of the industry. However industrial collaboration is not a solution, only a part of a resolution. External influence and a from other stakeholders such as NGOs and trade associations are needed when trying to resolve wicked problems. These kinds of collaboration take place in multi-stakeholder networks or initiatives are to prefer to fully understand and be a part of a resolution to wicked problems. Contrary to existing literature it is found that collaborative forms occur in different settings, industrial collaboration or with external stakeholders such as multi-stakeholder collaboration. Often these settings take place in a dialogue between all actors. Finding in this thesis is that both industrial collaboration and multi-stakeholder collaboration if of high importance to address governance gap in ethical sourcing.

Sammanfattning

Företag som verkar på en global marknad möter komplexa utmaningar och problem. Dessa komplexa flerdimensionella problem definieras som 'wicked problems'. Fattigdom, terrorism och miljöförstöring är exempel på wicked problems. Denna uppsats undersöker ett speciellt wicked problem; palmoljeproduktionen, ett allvarligt problem på grund av regnskogsskövling, olaglig beslagtagning av mark och svåra sociala konflikter. Företag har en stor inverkan på miljön som de verkar i vilket medför en diskussion om vem som bär ansvar för företagens agerande. Här belyses ofta en lucka i lagstiftningen när det gäller företagens miljöpåverkan. Företag måste idag reglera sin egen verksamhet inom sociala och miljömässiga aspekter gällande palmolja. Dock har inte mindre livsmedelsproducenter och återförsäljare resurser nog att genomföra detta. Samarbetsinitiativ inom branschen och även utanför branschen som involverar externa intressenter, det vill säga icke vinstdrivande organisationer, har medfört nya förhoppningar om dellösningar för den komplexa produktionen av palmolja.

Uppsatsen belyser en fallstudie om hur betydande aktörer på den svenska livsmedelsmarknaden arbetar för en omvandling till certifierad palmolja i sin produktion. Syftet med uppsatsen är att förklara möjliggörandefaktorer för arbete med ursprungskontroll gällande socialt ansvarstagande inom livsmedelsindustrin. En kvalitativ fallstudie med intervjuer är genomförd med aktörer på den svenska livsmedelsmarknaden. Intervjuerna analyserades i relation med befintlig litteratur kring socialt ansvarstagande och företagssamarbeten.

Slutsatserna av denna uppsats är att samarbete mellan olika livsmedelsföretag är av stor vikt för att förändra marknaden. Dock är företagssamarbeten inte den enda lösningen. Samarbete med andra aktörer utanför livsmedelsbranschen är avgörande. Dessa aktörer kan vara icke vinstdrivande eller ideella organisationer. Samarbeten mellan dessa parter kan benämnas som ett flerpartssamarbete och viktiga för att slutligen kunna nå en lösning på komplexa problem. Befintlig litteratur inom samarbeten mellan företag och andra organisationer skiljer inte på dessa typer av samarbetsformer. Dock visar fallstudien om certifierad palmolja att samarbeten skiljer sig åt. Samarbeten kan ske inom branschen, men också med externa aktörer utanför branschen. Båda dessa typer av samarbeten är av betydelse när det gäller att arbeta med socialt ansvarstagande på en global marknad. Ofta är dessa samarbeten utformade som en dialog mellan inblandade aktörer. Företagssamarbeten och flerpartsamarbete är av stor vikt för den svenska marknaden gällande reglering och ursprungskontroll av produkter.

Abbreviations

CSR	Corporate Social Responsibility
CSV	Create Shared Values
CSPO	Certified Sustainable Palm Oil
LI	The Swedish Food Federation
MNC	Multinational Corporation
MSC	Multi-Stakeholder Collaboration
MSD	Multi-Stakeholder Dialogue
MSI	Multi-Stakeholder Initiative
MSN	Multi-Stakeholder Network
NGO	Non-Governmental Organization
NPO	Non-Profit Organization
RSPO	Roundtable of Sustainable Palm Oil
SNF	Swedish Society for Nature Conservation
TBL	Triple Bottom Line

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1 Introduction

This introductory chapter provides an understanding of the problem statement for this thesis. It starts with an introduction of the main concepts in the selected literature and further specifies the empirical problem and finally the particular research area by presenting purpose and research question for this thesis.

In today's globalized world, the multi-dimensional problem for corporations concern with global challenges such as earth's limited natural resources (Monshipouri *et al.,* 2003; Waddel *et al.,* 2006; Rockstrom *et al.,* 2009). Global challenges like these could be considered so-called wicked problems. The term wicked problem is often seen in contexts of environmental degradation, terrorism and poverty (Camillus, 2008; Dentoni *et al.*, 2012). Wicked problems normally occur in a social context, where it has diverting views and perceptions of responsibility. *"Wicked problems, refer to issues which are highly complex, have innumerable and undefined causes, and are difficult to understand and frame"* (Dentoni *et al.* 2012, 2). According to Camillus (2008) no right answer can solve wicked problems, these problems need to be managed. Because of corporations' footprint on society, businesses are one of the major influences in the process that have led to today's social, economic and environmental problems regarding sustainable development (Belz & Peattie, 2012; Porter & Kramer, 2011; Albareda 2008). Hence, corporations need to redesign their business models that not only create values for themselves, but also for the society.

Due to gaps in governance of business responsibility, corporates have taken on a role as self-regulators (Scherer & Palazzo, 2011; Utting, 2005). This role change of the regulator when corporations go further than legal requirement is one of the key aspects of corporate social responsibility, (**CSR**) (McWilliams & Siegel, 2001). Within the concept of self-regulation in corporate responsibility issues, the triple bottom line concept has evolved in importance (Cronin et al. 2010). The triple bottom line, denoted (**TBL**), includes three key values that are given equal importance: social value, environmental value and economic value (Elkington, 1998). Traditional business models have focused on economic aspects of business conducted for a limited set of stakeholders. Recent evolving business models include a wider set of stakeholders with a long-term perspective on TBL value creation. Furthermore, when corporations act globally they are referred multinational corporations (**MNC**). Due to their large impact on environment and society, corporations have evolved into political actors, providing society with services beyond what can be explained by a short-term financial bottom line (Scherer & Palazzo, 2011). CSR has therefore been extended to integrate a political approach (*ibid.*). There is a need for new practice and research to define the new role for these corporations, as MNC has taken this new economic and political approach.

Corporations acting on a global market are facing challenges with complex problems. With lack of proper resolutions for these corporations, great interest has been put into initiatives including external stakeholders like non-governmental organizations (**NGO**). External stakeholders in network-formed dialogues have opened a new field of research on multi-stakeholder initiatives, (**MSI**) (Nidumolu *et al.* 2014). These initiatives often have common approaches and goals. One of these is to address ethical sourcing in the participating stakeholders' CSR-work (Roberts, 2003). Ethical sourcing aims to tackle complex issues in production to avoid bad reputation for corporations. A complex problem regarding ethical sourcing for corporations in the food industry is the production of palm oil such as

deforestation and land grabbing. However, palm oil is one of the world's most important vegetable oil, used as a base component in many products such as biscuits, margarines and lipsticks (www, WWF, 1, 2014). The main reason why palm oil is preferred to other vegetable oils, such as rapeseed and sunflower oil, is that palm trees currently are more efficient to grow and has a great persistence to go rancid.

1.1 Problem background

Since palm oil is used in different kinds of products the oil is of high importance for the producing countries (www, worldgrowth, 2011), but also for the Swedish market. However there is a backside of 'the golden crop', palm oil. The TBL approach is used to describe the complexity of palm oil production and shows the huge problematic of it. Figure 1 illustrates the economic, environmental and social challenges with palm oil production.
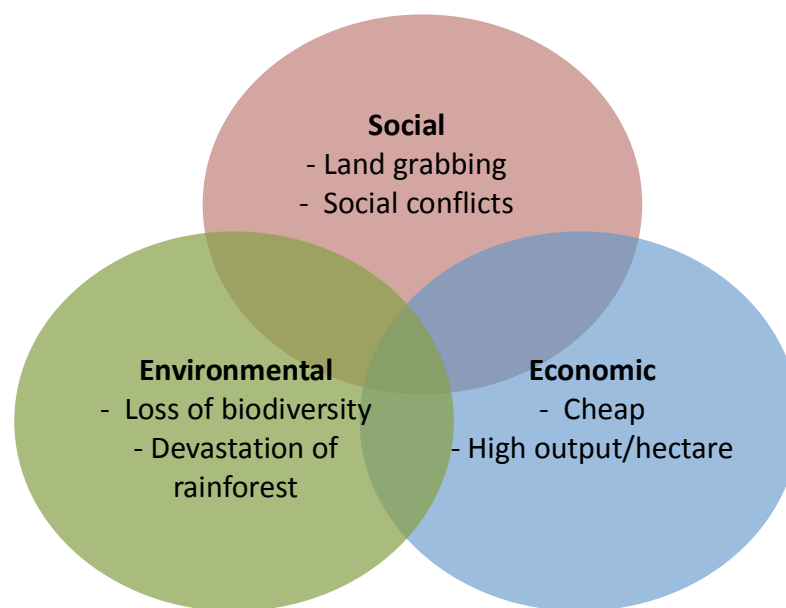
Figure 1. Palm oil challenges with a Triple Bottom Line approach (Own interpretation).

The palm oil supply chain is long and complex (see Appendix 1). Palm oil tree as a crop is not bad, it is the massive production that is negative in many dimensions (www, WWF, 1, 2014). Each year 1.3 million hectares of the rainforest is overcut, this represent a surface of half Belgium (www, Naturskyddsforeningen, 2, 2014). One of the greatest challenges with palm oil production is the devastation of rainforest. Rainforest including primary vegetation are cut down in order to give room for new palm tree plantations (Khöne, 2014). This has a great impact on the biodiversity, since a lot of vegetation and animals disappear with deforestation. One animal, which is specially threatened by humans' act in rainforests, is the orangutan. In addition, deforestation has critical effects to the planet since it increases greenhouse gas emissions, soil degradation, and water pollution (www, Naturskyddsforeningen, 1, 2014). Also, lots of chemicals are used in the production of palm oil to reduce the risk of parasites.

From an economical aspect, the production of palm oil is of high importance for the economical and rural development in both Indonesia and Malaysia. Compared to other vegetable oils such as sunflower- and rapeseed oil the output is higher per hectare for palm oil. Therefore, the palm oil is also cheap to produce compared to other vegetable oils since

less hectare of land need to be used. Palm oil is also hard to replace with other oils because of it technical aspects. In Indonesia, palm oil is the most exported product in the agriculture industry. Over 41 percent of the population in Indonesia has palm oil production as main occupation (www, worldgrowth, 2011). Production of palm oil brings around two-thirds of a rural household's income (*ibid.*). In contrary to the positive economic aspects, palm oil plantations are supplied with severe social problems. There is a conflict between local producers together with small-scale producers against MNC. Local rural production eliminates and conflicts between landowner and farmers are common in the conversion from rural land to palm oil plantations (Khöne, 2014). Land grabbing is common, since the government owns the land and the legal systems are weak in these countries. This conflict has escalated in violence between the rural people and the government due to absent documentations about territory ownership. Human rights are not respected and several social conflicts occur in these areas (www, Naturskyddsforeningen, 2, 2014). In summary, the broad variety of challenges connected to palm oil production, highlights a situation that is characterized by its complexity and need a resolution quickly.

1.2 Problem

The conceptual nature of responsibility for MNC is described by Scherer & Pazzo (2011) in terms of political CSR. It refers to CSR commitment and multi-stakeholder initiative (**MSI**) addressing complex problems when legal requirements or enforcements are low. NGOs set pressure on corporations for taking responsibility, for example in palm oil related issues. Collaborative initiatives between NGOs and corporations have been identified in purpose to help corporations act responsibly. In MSIs, participants represent several groups of interest connected to the production and distribution, NGOs and business. In the agri-food industry MSI have been examined in the last years (Dentoni & Peterson, 2011). Adopting a multi-collaborative approach requires governance structure that enables particular parts to overcome collaborative difficulties. However, there are risks with multi-stakeholder collaboration (**MSC**), especially for corporations in the same industry (Peloza & Falkenberg, 2009) and there are risks associated to lack of structure and unclear goals.

Regarding the palm oil, there are global actors that produce and distribute palm oil though stakeholders of different size and influence are involved (Gerasimchuk & Yam Koh, 2013). Because of their smaller size, Swedish retailers and producers have limited influence on palm oil production on the global stage. The Swedish market represent around 0. 2197 percent[1] of the global market regarding consumption of palm oil (*ibid.*). However, Swedish food producers and retailers have increased their awareness about the issues related to palm oil (www, Svd, 2014). This awareness has received attention in global media (www,Gov.UK, 2014; www, Thejakartapost, 2014; www, Theguardian, 2014) and therefore is Swedish food industry of great interest. A contributing factor to this is the new regulation from the 13th of December 2014, that food producers in Europe must declare what kind of vegetable fat the products consists of (www, Europarl, 2014). This thesis focuses on how the Swedish food producers and retailers address CSR regarding palm oil production. The Swedish Food Federation (**LI**) with member from food producers have started an initiative called 'Swedish initiative to certified palm oil'. The initiative states that only certified palm oil from

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[1] Total consumption of palm oil 2012: 53 700 000 tons (Gerasimchuk & Yam Koh, 2013, 3)
Swedish consumption of palm oil 2012: 118 000 tons (*ibid.*,18)
Swedish market of the global market: 118 000 / 53 700 000 = 0.002197 (0.2197 percent)

Roundtable of Sustainable Palm Oil[2] (**RSPO)** principles and criteria (*ibid.*) is to be used from year 2015 (www, Livsmedelsforetagen, 1, 2014). Therefore, the problem concerns the Swedish producers and retailers addressing a worldwide and complex problem with an approach of CSR to address ethical sourcing.

1.3 Aim

The aim of this thesis is to explain key enabling factors to address the governance gap of ethical sourcing in today's globalized economy. This thesis problematizes, on the basis of CSR and collaboration theory, interdependencies in multi-stakeholder collaboration when the collaboration intends to improve the CSR-work. The thesis focuses on how the Swedish food industry tackles the complex problem of palm oil production. The research question used is the following:

- How does the Swedish food industry collaborate to address governance gap the in palm oil production?

1.4 Delimitations

The thesis tries to address the global problem of palm oil production. However, the case of certified palm oil in this thesis is constrained to the Swedish food industry under the umbrella of RSPO. This study does consider if RSPO is a good certification or not. Since this thesis explores a phenomenon data will change over time. This thesis' case comes with the caveat that one collaborative initiative is studied and usually cannot represent others. Naturally, this thesis only takes chosen literature (see references) into account. As corporations may quickly change their strategies this thesis lacks the long-time perspective. Therefore this thesis is a snapshot in time. Corporations are considered as equal in their responsibility manner, not taking into account the structure of ownership. Other delimitations are health aspects and ethical aspects such as certification of unethical products. In addition, the case study is limited to one representative of each organization or stakeholder group, which may not entirely cover the organization's viewpoint or understanding. Therefore there are empirical delimitations since only one person per organization has participated in this project. This phenomenon is a global problem, but this thesis focuses on the Swedish approach. Informants are carefully selected and regarded as experts of their field within the organization or stakeholder group. However, conclusions may offer future insights in the field and also provides the reader a deep understanding of the case of certified palm oil.

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[2] Roundtable of Sustainable Palm oil (RSPO) is global non-profit organization that unites different actors on the palm oil market, from producers to retailers (www, RSPO, 1). RSPO is based in the principle and criteria (see Appendix 2). Their vision and mission is to transform the palm oil industry to a more sustainable production of palm oil (*ibid.*).

1.5 Outline

This thesis has the following structure: Chapter 1 provides an introduction and description of the problem area. The aim and research question are also described. The research question contains a guideline for the interviews and the analysis. Chapter 2 provides the theoretical framework and literature review. Chapter 3 explains the method used and discusses ethical aspects of this thesis. Chapter 4 provides empirical findings, i.e. summaries of the interviews. In chapter 5 the empirical findings are analyzed using the theoretical framework. Chapter 6 discusses the empirical findings with earlier studies. Finally, chapter 7 briefly summarizes the problem of palm oil production, provides the findings of this thesis and gives suggestions for future research.

2 Literature review and theoretical framework

Chapter 2 provides a deeper understanding of the problem area of multi-stakeholder collaboration. With a starting point in business-society relations, a review of existing and relevant literature is provided. The review starts with the concept of corporate social responsibility, stakeholder theory and multi-stakeholder theory. Important concepts are illustrated in figures for an easier understanding and application. In the end, a conceptual framework in short presented.

2.1 A wicked problem

The term 'wicked' was originally introduced in 1973 by Rittel & Webber. In a landmark article it was concluded that there is a world of social planning problems that cannot be treated successfully in traditional linear models. Unresolved problems were identified in contrast to 'tame' problems and were further to be called wicked problems. In the beginning the adoption of the wicked problem was aimed for a micro-level perspective but the concept has today gradually been applied to wider social and economic policy problems (Rittel & Webber, 1973). Also Camillus (2008) agrees upon wicked problem as an undefined expression of a difficult issue that cannot be solved by traditional resolutions (*ibid.*). The term wicked problem is often seen in contexts of environmental degradation, terrorism, and poverty (Camillus, 2008; Dentoni *et al.*, 2012). Also Peterson (2009) gives a definition: *"wicked problem': complex, ill-defined, messy and unsolvable in any traditional sense"* (71). Later on Waddock (2012) gives a definition of wicked problems as a complex problem often hard to resolve. Problem faced today are more complicated as globalization and issues of sustainability increases in dignity (*ibid.*).

No person or single institution is able to dictate a solution by themselves. A wicked problem could therefore be approached from cross-section stakeholders and authorities. For wicked problems stakeholder networks are of great use. Stakeholder network theory offers a systematic view on the complex situation (Peloza & Falkenberg, 2009). According to Waddock (2012, 128), *"the best path to addressing wicked problems is that collaborative, dialogic, and inherently democratic process which brings the relevant actors together in dialogue"*. A resolution requires leadership dispersed among the multiple groups. On behalf of several ways of problem definitions and problem solutions, some actors will always be left unsatisfied. Furthermore Waddock (2012) claims that multi-stakeholder interactions can bring insights into causes and potential resolutions for wicked problems. However, dealing with wicked problems requires a new way of thinking. Problems cannot be solved with the same mental frame that created the problem. Wicked problems cannot be solved without collective action within societal groups, creation of controversy among stakeholders with the same common values and goals. Thus the importance of involving different stakeholders, such as actors from civil society, is important (Dentoni *et al.* 2012). According to Hamann *et al.* (2011) some parts of a wicked problem may be solved in collaboration with others and when creating efficiencies in the value chain. However, the authors highlight the importance of transparency in the value chain.

As mentioned, wicked problem can be defined in several ways, but some characteristics can be a useful tool to provide insights in order to determine whether a problem is wicked or not. According to Conklin (2006) there are some defining characteristics of wicked problem:

- The problem is not recognized until the formulation of a solution
- Wicked problems have no given rules
- There is no right or wrong solution to a wicked problem
- Every wicked problem is unique
- A solution to a wicked problem cannot be generalized and there is no given solution to a wicked problem

The Australian Government produced paper, *Tackling Wicked Problems: A Public Policy Problem,* has made a profound analysis of the term wicked problems. It states: *"Wicked problems require innovative, comprehensive solutions that can be modified in the light of experience and on-the-ground feedback."* (Australian Public Service Commission, 2007, 1). One of the problems discussed as a wicked problem is that of climate change. The problem has been associated with numerous failures in decision making, where citizens on a grass root level are causing environmental damage, but have low impact on policies. There is a lack of global planning which increases scaremongering by naïve idealist.

The reason labeling complex problems with the term wicked problem, is associated with the understanding of the fact that it cannot be solved by traditional thinking (Hulme, 2009). To handle a wicked problem there is a need for alternative behaviors and mindsets. Therefore, many wicked problems involve the public interest and multiple stakeholders. Dealing successfully with wicked problems demands a resolution process for participants, see Figure 2. This process has often a long-term perspective rather than a short-term perspective. There is a need for reframing problems, often from moving from a specific definition of a problem definition to an abstract higher level where it is more likely to finds common grounds (Waddock, 2012).

Diversity➜ Complexity⬇	Single party	Multiple party each having only some of the relevant knowledge	Multiple parties, conflicting in value/interest
Both problem and solution known	Tame problem 1	2	3
Problem known, solution not known (relationship between cause and effect unclear)	4	5	Wicked problem 6
Neither problem nor solution known	7	Wicked problem 8	Very wicked problem 9

Figure 2. Chart of wicked problem solutions (Head & Alford, 2010, 10).

The chart above is showing different parties having an understanding of a wicked problem and the degree of complexity for finding resolutions. On one hand, the complexity of the problem is shown, divided into type *1*, *2* and *3*, and on the other hand the diversity of the

problem is shown as well as the involvement of different parties, from a single party to multiple parties and multiple parties conflicting in values (Head & Alford, 2008).

According to Roberts (2000), wicked problems can be handled in *three* generic different ways. The first is *authoritative strategies*, this means that few, but powerful stakeholders go together and handle the situation. These stakeholders have high authority and deep understanding of the situation. An example of this is a CEO, who can decide which direction the company will take to get advantage with this that fewer stakeholders involved means direction and faster decisions. However, there is a disadvantage in having few stakeholders involved as unilateral perspective could cause wrong decisions. *Competitive strategies,* this strategy is common in business society, but also in politics. Companies compete with each other to get higher market share and make more profit than the competitor. A large numbers of wicked problems have been handled with this strategy, relying on market forces to regulate problems. *Collaborative strategie*s, advantages of collaborations are many, one of them is outsourcing by reducing costs, but also to reducing risks. Share of knowledge between stakeholders create more value in the final product. Collaboration might be less advantageous with more people involved and therefore more opinions taking into account. Other critical aspects are stakeholder dialogue turning into a debate with a bad outcome along with collaboration being time consuming.

2.2 The concept of Corporate Social Responsibility

The concept corporate social responsibility (CSR) has been widely adopted in business and examples of CSR actions have the common ground of going beyond legal requirements (McWilliams & Siegel, 2001; Roberts 2003). As a consequence of governance gaps in businesses' ethical sourcing, self-regulative actions have been predominantly applied (Utting, 2005, Scherer & Palazzo, 2011). The concept is based on self-regulation and voluntary compliance (Zadek, 2001, a). CSR has been an adopted term in business for a long time, but still has no universally definition of the concept been broadly accepted (Whitehouse, 2006). Extensive criticism has reached the concept of CSR since the concept is fairly vague (Andriof & Waddock, 2002). Even though no universally definition of the concept is known, some common ground must be fulfilled. Corporations invest in activities that are not required from the law. In other words do corporations make profit, but also take responsibility towards society. Corporations need to take responsibility to society and to the natural environment.

Dahlsrud (2008) has analyzed a large number of CSR definitions, and gives five common dimensions of the definition of CSR. Three of these five dimensions origin from the triple bottom line (TBL) concept by Elkington (1998) and are frequently used as; the social, economic and environmental aspects giving equal importance. The two other dimensions are stakeholder involvement and voluntariness (Dahlsrud, 2008). CSR is describing a phenomenon and does not give corporations any guidelines in creating a strategy, which is desirable by corporations (Dahlsrud, 2008). CSR initiatives could concern human rights, recycling, bating pollutions and support local business, but the ground values for business is to do 'good'. Since the market today has become more global, MNC trade has increased the interest of accountability and transparency (Jamali & Mirshak, 2007). To manage the accountability and transparency in business, corporations work with different stakeholders both close and to the periphery of the corporation to understand external demands and interests. The principle of shared values lies upon creating financial value, as well as creating values for the society (Porter & Kramer, 2011). Corporations must bring business and the society together to develop social responsibility. "*Shared value creation focuses on*

identifying and expanding the connection between societal and business development" (*ibid.,* 66).

Working with CSR in corporations creates values for the society but also for the business in a local and global level (McElhaney, 2008). One of the key factors when working with CSR is to run a 'good' business. To run a good business with the goal to create profit is not possible if the corporations want to create reliable values for the business and society (Porter & Kramer, 2011). Working with CSR in business improves better corporate reputation and enhances brand value. Porter & Kramer (2011) agree that by acting responsibly in business can 'create shared values'. The core concept of 'create shared value' is to create *"economic values by creating social value"* (*ibid.,* 76). However, CSR also creates values for business and society at large. According to McElhaney (2008), CSR can be performed on different levels, from a company level to a global level. In Figure 3, the landscape of CSR is described, from company level to world level. At each of these levels, there are different types of contributions.

World	Transform multiple industries			Take responsibility for our full impact (social, environmental and economic)
Industry	Transform an industry		Develop codes of conduct for the industry	Take responsibility for adjacent industries
	Be beacon to others	Innovate and demonstrates restorative business practices	Build strong coalitions to effect and enforce them	Take responsibility for global conditions (climate change, global interdependence etc.)
Community	Be a good neighbour	Support local communities (philanthropy, direct programmes, employee matching & volunt´ring.)	Influence the industry indirectly, by example	
	Give something back / Provide access to tools/products			
Company	Run a good business / Disaster relief	Reduce waste, consumption and emissions		
	Company	*Community*	*Industry*	*World*

Figure 3. The landscape of Corporate Social responsibility by McElhaney (2008, 23).

On the company level the corporations are running good businesses. In the community level corporations are giving something back to the surrounding society and are acting responsibly. On company and community level, corporations focus on a local surrounding level, taking responsibility in the area they act in. Industry level refers to a wider perspective. In this level, corporations' CSR work focuses on doing well and might even affect other corporations to do good as well. Examples of this can be implementation of code of conduct and building strong

coalitions with other actors within the industry. The final level is the world level, business take responsibility for the whole business and is more associated with sustainability issues like climate change for example. Corporations also take their full responsibility of their impact on economic, environmental and social performance. MNC are closely connected to global processes and development, they are main actors that cause these complex problems. Corporations are therefore expected to solve these problems (Roloff, 2008, b).

Ethical sourcing is a term used to address complex problems, wicked problems, regarding CSR (Roberts, 2003). These initiatives are highly important for business since ethical sourcing is one of the key drivers to avoid risk in the corporate reputation. There is no unique definition of ethical sourcing, but according to Roberts (2003) *"The use of ethical sourcing code of conducts, which guarantee that the products sourced by a company meet specific environmental and social standards"* (159). Due to corporations' strategies to outsource parts or the whole production, corporate codes of conduct have a more important role in the supply chain. Ethical sourcing has therefore been promoted as one solution for business to manage supply chain issues such as social responsibility (Roberts, 2003).

Since NGOs have an important role as stakeholder, corporations know they have to increase their work with environmental and social issues (Roberts, 2003). There has been a shift from shareholders' perspective with profit making in mind for business to NGOs highlighting the environmental and social issues connected to the corporation. Media and NGOs have an important role in these issues and have a high importance for business in general. However, Media's interest for social responsibility comes occasionally and therefore NGOs have a more important role. Roberts, (2003) states on ethical sourcing initiatives are more likely to be implemented by external stakeholders' pressure on corporations. Still it is important that pressure on corporations connects with the core value and the strategic work with environmental and social performance. Corporations need to have a good reputation to sustain business both in a short and long-term perspective.

According to (Utting, 2005; Scherer & Palazzo, 2011) self-regulation has become more and more important for corporations. Self-regulation includes codes of conduct, transparency and stakeholder engagement. CSR has been adopted within self-regulation to minimize the social and environmental risk with the business activity (Albareda, 2008). However Albareda (*ibid.*) argues that a new way of regulation has emerged. The reason is that corporation has started to collaborate with NGOs (Utting, 2005). The term self-regulation can therefore be developed with the term co-regulation. *"Co-regulation and multi-stakeholder partnerships reinforce the vision of CSR as a political and governance approach based on democratic mechanisms within business organizations"* (*ibid.*, 437). Co-regulation is a process that is more connected with stakeholder involvement.

Today, private business and especially multinational corporations (MNCs) act in developing economies and have become important actors with a influential role in the society (Scherer & Palazzo, 2011). Therefore, the concept of CSR has gained in importance in different levels from local to world level (Albareda 2008). MNCs have increased their power in countries they act in since they have influenced the government and have cause political problems. Therefore, the concept of political CSR has evolved. According to Husted & Allen (2006), corporations can only work fully with CSR if they have political power. With political power, corporations can manage CSR strategically. Corporations become parts of problems that the government had responsibilities for alone. Collaboration between business, public actors, society actors are more common since NGOs put pressure on MNCs (Scherer & Palazzo, 2011). In a globalized world, private business is political because of two reasons. First is the

increased power from business in a society, which means social responsibility in the area, the business acts in. Secondly, business has extended duties and therefore corporations are expected to take their responsibilities solving these problems (*ibid.*).

In order to handle these problems collaboration between civil society and the public government has increased. In other words, corporations have a dialogue with different stakeholders. Since governments are not always willing or able to regulate current issues of social and environmental aspects the importance in governance form of multi-stakeholder initiatives (MSI) has increased (Mena & Palazzo, 2012). These MSIs have a critical and vital role to fulfill in countries when regulation of laws is insufficient and the legal enforcement is weak. According to Mena & Palazzo (2012), there is a shift from national governance to more global governance, where corporations have become more of political actors.

2.3 Stakeholder theory

Within the literature, the concept of CSR often includes a stakeholder perspective (Freeman, 1984). By stakeholder, definition means actors that have insight and a change to affect business in close relationship with the corporation. Modern research continues to explain stakeholders as something necessary and inevitably for actors that affect or are affected by any organization. Rainey (2006) also claims that involved actors within an organization cannot be neutral. Stakeholders can be a group of organizations, one organization, or individual people. In literature, stakeholders as a definition cannot be separated from stakeholder theory. Stakeholder theory has the intention to identify which stakeholder group requires most attention from the connective company (Mitchell *et al.*, 1997). The central idea of the stakeholder theory is that the success of a corporation links tight to how well the central corporation succeeds to communicate with its stakeholder (Freeman, 1984).

Stakeholder theory further divides into three different directions; normative, descriptive and instrumental (Donaldson & Peterson, 1995). The normative direction implicates an identification of stakeholders according to the company interest and in opposite direction, if the corporation is interested in the stakeholder. A descriptive direction provides an understanding in concepts and language to make an understanding of the organization. The instrumental direction links the corporate performance as a result of stakeholder management and interlinks to the stakeholder management process. Roloff (2008, a) defines stakeholder theory as "*Stakeholder management is a systematic approach to organize the relationship between business and soci- ety" (ibid., 246, a).* In the early stage of stakeholder theory, the necessary part of interdependence and reciprocal information exchange between actors was predominant. A certain kind of question needs partners' expertise to actually be solved, therefore a wide range of expertise was coveted and provided within the stakeholder network (Andriof & Waddock, 2002). Stakeholder theory is often illustrated as a network that connects the central corporation with its stakeholders. Premises for this business structure are collaborative networks of actors. There are limits for stakeholder theory when describing a certain kind of organization (Roloff, 2008, a). The term does not explain what is happening in multi-stakeholder networks (**MSN**).

From a corporate perspective different groups are of varying importance (Dowling, 2001). Though all stakeholders influence the company and are therefore important. A separation of stakeholder groups is useful, showing on which of these groups that are of most importance. Dowling (2001) divided the stakeholder model into four different groups, see Figure 4.

Roberts (2003) argue that this figure is of high importance when it comes to CSR, since these groups are influenced by CSR.
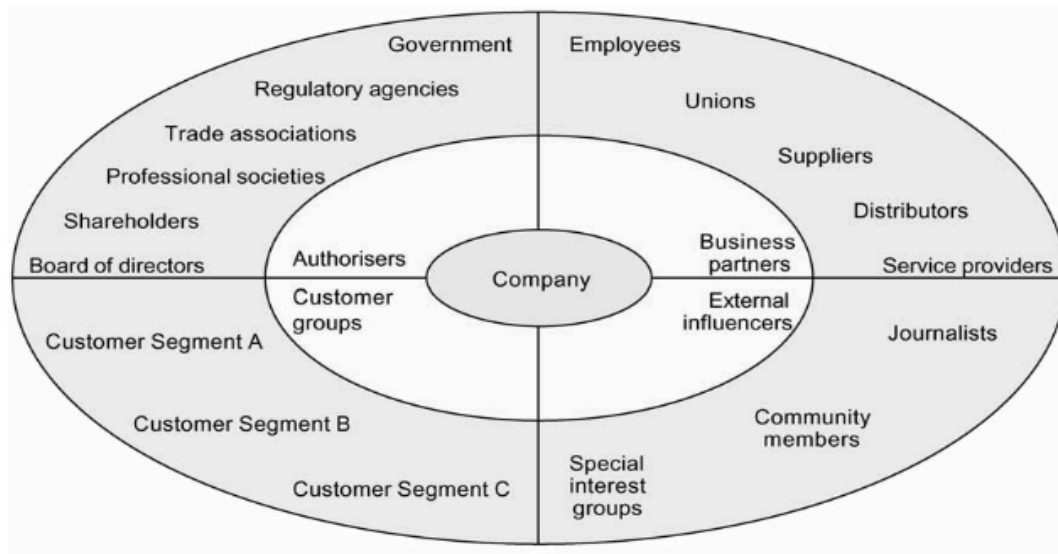
Figure 4. Stakeholder groups (Robert, 2003, 162, interpretation of Dowling´s stakeholder model, 2001, 33).

Authorities exist both in the company but also outside the company. Inside this group there can be board members that influence the business. Outside groups can be trade associations that does not influence directly, but set normative guidelines for the business. However, *authorities* may set limits for the company since this group also can be regulatory agencies. The group also provides authority since they set regulations and general rules which actions are carried out. *Business partners* directly affect the company since these are influence day-to-day activities. This group is the most visible type of stakeholder since these actors are of high importance for a company. Reputation can be carried out by different actors in this group but also enhance other stakeholders' reputation. In this group, actors such as suppliers, employees, retailers, and service providers are included. Dowling (2001) states that the employees are the most important actors since they work for the company and greatly influence the reputation. Roberts (2003) states that this group can be seen as a business partners and therefore have an effect on the company's CSR. *External influence*s are of high importance since this group can affect the company in many ways. This group is particularly actors that have high interest in the company regarding protection of their values. In general, media is the most important actor, influencing on business. Roberts (2003) argues that NGOs have a high influence regarding company's CSR-work and therefore these particular stakeholders are of importance. *Customer groups* are divided into several segments since customers have different needs and behaviors.

All these four stakeholder groups are big and have a high impact on the corporation. Some of these groups are more or less important for the company. According to Dowling (2001), only two of these groups are of greater importance, and these groups are the business/financial and customer groups. However, these other groups might not be ignored as influential. The author further states that there are two more groups of importance, options leaders and stakeholder conflicts but these groups are more difficult to affect. Robert (2003, 163) mentions, "*Stakeholder expectations of companies can include a high level of social and environmental performance.*" Therefore, it is important to include all actors into the company's CSR approach.

Literature on stakeholder theory seems to put the corporation into center of attention (Roloff, 2008, a). It is thereby assumed that corporation managers apply stakeholder management when analyzing its environment, communication with stakeholder groups and collaborate if desirable. However, business practice seems to behave different, managers are not experts on stakeholder interaction. Despite participants' importance for the network's success, managers only have partial control of the process (*ibid.*). Multiple influences from several stakeholders indicate that stakeholder theory has limits. There are better forms to explain and include multiple actors such as the multi stakeholder theory, which will be explained below.

2.4 Multi-stakeholder association

As standards of CSR and other ethical and social responsibilities have evolved and become essential element in business strategy, attention has now been brought how to extend the CSR work. Although individual corporations have set their rules for behavior, corporations struggle to seek new opportunities. Standards of CSR tend to involve a group of actors (Fransen & Kolk, 2007). Collaborative actions by NGOs and business associations, representing several corporations and even sometimes governmental organizations are common. In recent years, emergence has been progressed for multi-stakeholder collaborations (MSC). Within the MSC, a consensus in building and sharing experience led to higher efficiencies and synergy effects. There is a large variety of definitions on relationships that occur between partners inside an industry and between an industry and a nonprofit organization (NPO). Some definitions include 'partnerships', 'collaborative groups', 'inter-organizational arrangements', 'social alliances' and 'cross-sector partnerships' (Sloan & Oliver, 2013). Difficulties in defining these arrangements are well known and discussed by several authors, among them Selsky & Parker (2005).

Table 1 below illustrates authors that have discussed different types of relationship between actors in organizations. These terms are used in different combinations and in different context. According to Selsky & Parker (2005), this is typical for a new and evolving academic research field

Table 1 Definitions of relationship between actors

Term	Author example
Inter-organizational arrangements	Mandell & Steelman, 2003
Social alliances	Berger *et al.*, 2004
Multi-stakeholder dialogue	Calton & Payne, 2004
Cross-sector social partnerships	Selsky & Parker, 2005; 2010
Collaborative groups	Bryson *et al.*, 2006
Multi-stakeholder standards	Fransen & Kolk, 2007
Multi-stakeholder network	Roloff, 2008, a
Partnership	Seitanidi & Crane, 2009; Tomlinson, 2005
Multi-stakeholder Initiative	Mena & Palazzo, 2012
Multi-stakeholder governance	Fransen, 2012

Selsky & Parker (2005) defines a MSC as a NGO-business relationship, NGO-government relationship, business-government relationship or a trisected relationship where all participants coexist. The term 'multi-stakeholder partnerships' is defined as a formalized arrangement in which organizations from different sectors (private, public & non-governmental) have committed to jointly collaborate in mutually beneficial ways, accomplishing goals they could never achieve alone (Sloan & Olivier, 2013).

Three basic premises are identified from multi-stakeholder partnership. First the diversity of partners; opposite to strategic alliances where business partners seek economical and relational benefits, multi-stakeholder partnerships often include private and public corporations, and public governmental organs as well as nonprofit organizations (Bryson *et al.,* 2006). The second premise is that organizations together can achieve goals that otherwise could not accomplish independently (Mandell & Steelman, 2003). Thirdly, partnership aims several benefits, a win-win situation, a synergetic outcome that gives 'collaborative advantage' to partners (Selsky & Parker, 2010).

Although great numbers of literature have focused on collaboration between two actors, the corporation and the NGO, little attention has been brought to multiple collaboration between several corporations and NGOs (Peloza & Falkenberg, 2009). Peloza & Falkenberg (2009), have studied collaboration between MNCs and NGOs. Collaborative arrangement can be divided into four quadrants. From a focused contribution where one corporate actor collaborates with one NGO - to a collaboration where one NGO collaborates with multiple corporations and then vice versa to a communal contribution where multiple corporations collaborate with multiple NGOs. In the fourth quadrant, collaborations are appropriate for 'meta problems' (Selsky & Parker, 2005). Meta problems require multi-institutional collaborative efforts with stakeholders, such as forums, partnerships and negotiations for having a social impact. Peloza & Falkenberg (2009) give example on successful multi-stakeholder partnerships, see Appendix 3. The Fair labor association is controlling over 20 apparel manufacturers (Nike, Eddie Bauer etc.) and dozens of NGOs (*ibid.*).

The heterogeneity of stakeholders participating in a sustainability alliance has effect on important insights into the mission of the alliance and type of information shared among partners. One type of heterogeneity is to include the broadest possible heterogeneity of stakeholders. The second type of alliance has less heterogeneity within the MSI. Public development actors as NGOs mainly drive them. The third type is mainly business driven where partners either have organization in supply chain partnerships or joint CSR-initiatives (Dentoni & Peterson, 2011).

2.4.1 Industrial collaboration

Within an emerging global business market, a new rapidly growing technological development requires a concerned development process. Both suppliers and retailers seek to make long-term commitments in developing business, a phenomenon that is also reflected in the growing interest of cooperative relationship in academic research (Holm *et al.* 1999). Long-lasting relationship between suppliers and customer retail has strong implications for strategy (*ibid.*). Also Gouthier & Schmied (2003) claim that a close relationship with customers is said to be a valuable resource. Most businesses are involved in a set of relationships. Corporations are both connected directly and indirectly to these networks. In this dyadic relationship, interdependence and value creation is bearing. Norman & Ramirez (1993) even speaks about a value-creation system where corporations in different constellations co-produce value.

There is an extensive body of literature on inter-organizational collaborations. These cooperative constellations often focus on market-oriented relationships more likely than corporate economic strategy and strategic alliances. There are also different forms of collaborative leadership with application of sustainability, more specifically corporate social responsibility and stakeholder engagement (Murray *et al.*, 2010). Murray *et al.* (2010) expands considerations of collaborations into CSR and sustainability from the predominant

economic domain. The authors conclude that the concept of CSR contains a wide range of involved issues of relationships between a company's action and involved stakeholders affected by the company (*ibid.*). There are a number of terms that describe this phenomenon, for example partnership, cooperation, alliance and coalition. The common goal is the collaborative arrangement. There is also a frequent use of the term partnership that could refer to a more formal or quasi-legal arrangement or an actual formed partnership. A clear example of this is the Public Private Partnership (PPP) Governments are unwilling to finance public investments and therefore look to private sectors to fund public services (Waddell *et al.*, 2006). Collaboration is often associated with large MSIs, public-private partnerships combining strengths in multiple issues and parties but it can also just be focused on a single issue with just two actors (Murray *et al.*, 2010). Industrial collaboration is according to Dowling's (2001) study a collaboration-taking place between business partners, associated in one division of stakeholder group. A homogeneous part of the stakeholder setting has its special implications. Pure industrial collaborations with an association by only business partners do rarely appear. This is close to be perceived as cartel or an intrusive collaboration competition laws. In this case MSIs are more common and allows a complete dialogue to take place.

2.4.2 Multi- stakeholder network

The participation in a MSN is a high investment, but also a time consuming one (Roloff, 2008, b). Therefore, these MSNs pay off in a long-term perspective because of complex issues. In a MSN approach, actors often have similar issues and are therefore more willing to cooperate. The concept of multi-stakeholder is more issue driven compared to the organization-centric approach (Svedsen & Laberge, 2005). Svedsen & Laberge (2005) and Roloff (2008, a) argue for the limits regarding stakeholder theory. The stakeholder theory approach has a more organizational approach, see Figure 5.
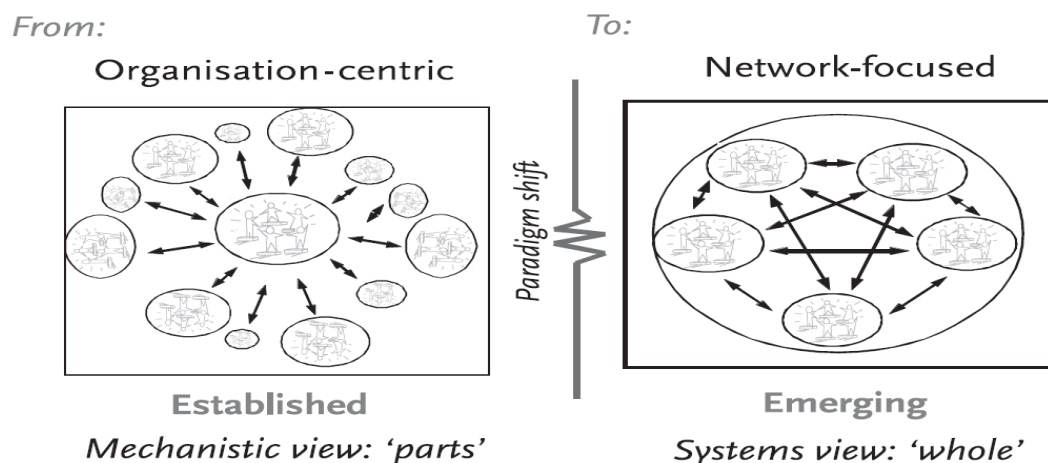
Figure 5. The paradigm shift (Svedsen & Laberge, 2005, 97).

Figure 5 above demonstrates the shifts from organization-centric to network-focused approach. In the organization-centric approach, the company has a central role in the process and has full control over the system. In this approach, corporations focus on encouraging reputation and reducing risk by identifying conducts and misconduct (Roloff, 2008, a). In a network-focused approach, the company has no control over the entire system therefore companies are depending on other experiences. System thinking has a central role in a MSN. These kinds of networks are built on trust, mutual understanding and each actor knows this. A

network creates opportunities to learn from each other's history, but networks are also uncontrollable and unpredictable from a system perspective. However, in a network-focused approach, stakeholders have an issue-driven focus, for example a problem that concerns several stakeholders. Roloff (2008, a) argues that this issue-driven approach with several stakeholders has certain values in a society and could become political actors in a society. The interaction between society and business increase in MSNs.

A MSN could expand beyond national boundaries mostly because the participation is based on voluntary basis and actions are agreed with the participants. Since a MSN is quite complex with several stakeholders and companies a neutral definition is needed. Roloff's (2008, a) definition of a MSN is: *"Multi-stakeholder networks are networks in which actors from civil society, business and governmental institutions come together in order to find a common approach to an issue that affects them all"* (238). The important thing when multi-stakeholder participate in a network is that companies, society and government are participants and not the leaders or initiates, everyone has the same role.

2.4.3 Multi-stakeholder dialogue

NGOs, customers and organizations are partially engaged in specific issues or have specific interest in contributing in a dialogue and lobbying (Payne & Calton, 2004). For that reason, complex wicked problems require stakeholder theory that is geared more towards a multi-stakeholder approach. A Multi-stakeholder dialogue (**MSD**) is designed to create strengthened trust between stakeholders, based on a discussion about environmental and CSR issues (*ibid.)*. This dialogue is also based on the importance of achieving equity and accountability. In these dialogues, different stakeholders are involved, both business but also local NGOs and interest groups. Hemmati (2002) highlight that all stakeholders in a MSD must have the same power and create mutual benefits for all actors. An example of MSD of high profile is the UN Commission on Sustainable Development. Utting (2005) deliberates in MSI social aspects are centered. Dialogue, for example is one important unifying factor. Participants are also recommended to agree in the beginning of the process on how to make decisions in the dialogue. Consensus is the preferred method as it generates both solutions and commitments by all participants (Svedsen & Laberge, 2005).

There are both benefits and challenges with MSD. Common for authors as Hemmati, (2002); Calton & Payne, (2003); Payne & Calton, (2004) is agreement on that a well-developed discussion facilitates resolving complexities in problems and increases chances to identify key issues for resolutions. A well-developed dialogue between stakeholders contributes understanding and sharing of experiences and knowledge. At the same time there are also challenges commonly shared in a MSD, the collaborative setting is complex and problematic and is often forced into taking on a political role. The process requires time and resources and can therefore often be perceived as slow (Hemmati, 2002; Calton & Payne, 2003; Payne & Calton, 2004). All these characteristic approaches to a stakeholder dialogue can both be perceived in industrial collaborations and in MSI. Even though there are both benefits and challenges with MSD, this kind of collaboration still has an important role creating collaboration that may give rise to problem resolutions. There is no unique approach to a MSD. In the startup of a MSD the importance of a common goal is needed as an understanding of the issues. Hemmati (2002) highlights the aim of the MSD, involvements from all stakeholders, communication between the stakeholder to develop the network partnership and finally the importance of democracy and participation throughout the process.

2.5 Governance and legitimacy

Within an industry categorized by high competitiveness it is inevitable to discuss the power relationships within industry networks. Waddell *et al.,* (2006) offer their perspectives on benefits or disadvantages to take the first step in an unexplored strategic movement. Especially regarding responsibility in business and the constant debate if it pays off, according to (Zadek, 2001, b). Foundations of responsibility are subject to underlying market dynamics, like other types of business performances. These dynamics can both amplify and undermine responsible behavior. Responsibility dynamics do not merely involve businesses, but can also engage non-market actors, civil society organizations and public organizations bodies. Collaboration between these organizations has driven some of the most important practices of scaling up responsible business (Zadek, 2001, b).

Sloan & Oliver (2013) discuss how multi-stakeholder organizations interrelation works out taking into account partners' different sizes and asymmetric distribution of power. The authors claim that it is a matter of trust that keeps the multi-stakeholder organization together. Critical emotional incidents unite members and are important points of departure when members get to know each other better and the act for a crisis. This is valuable for future project (Seitandi & Crane, 2009).

In a responsible group setting behavior, actors have different roles and backgrounds. In particular it could be possible to notion NGO's with a different role as political actors (Fransen & Kolk, 2007). The political aspect offers two ways of portraying benefits of multi-stakeholder gatherings. First, a company together with a NGO or/and together with a trade union and representative for the corporation's industry engage critics in business behavior that leads to try to engage in improvements. The function could be likened to a watchdog. The second benefit is the meeting with groups of different background and the justification of references and reciprocal learning (*ibid.*; Zadek, 2001, b). MSD interaction is not only by the natural quality of the involved stakeholder, it also heavily depends on stakeholder involvement. Collaboration in itself could be interpreted in many different forms. It engages from a single activist's initiative to engage in a dialogue to a broader customer. It is clear that the latter the form of dialogue is, the closer to a 'true' collaboration it is (Zadek, 2001, b).

Membership, inclusiveness and governance in MSIs are of great importance. The inclusiveness of different stakeholder group can differ considerably (Mena & Palazzo, 2012). One broad approach to inclusiveness could be explained as the 'true' stakeholder involvement and on the other hand extend the more narrow approach, which gives a consultant approach

2.6 Challenges and critique of Multi-stakeholders collaboration

A multi-party collaboration offers opportunities as well as risks. One of the most significant risks is associated with freeriding (Peloza & Falkenberg, 2009). This risk is greater when corporations compete in the same industry. The definition of free-riding is that one actor does not contribute to a project and still receives beneficial outcomes from that project. Problems with freeriding occur when more than one corporation is involved and when other corporations contribute enough by itself (*ibid.*). In the greater extent, companies would not participate enough in a collaborative network. NGO's rarely free-ride in MSC (*ibid.*). Corporate image man be damaged if the corporate communication is not enacted. This case of free-riding is a form of greenwashing (Ottman, 2011).

Even though multi-stakeholder groups can be criticized and questioned, it is preferable in comparison to other collaborative efforts (Fransen & Kolk, 2007). The governance structure and ambition is to sustain equal decision power among business and social stakeholders. From a comparative analysis of different MSIs, literature tends to rely on monitoring outcomes by professional audit companies. Although authors miss the chance of dividing auditing expertise on every special participant, which would be more in line with the philosophy of multi-stakeholder involvement. However, monitoring is still unusual in multi-stakeholder settings today (Fransen & Kolk, 2007). Possible explanations are that implementation measurements negatively affect stakeholder participation from developing-country stakeholders (*ibid.*). In general, it is not always clear that multi-stakeholder standards are in their operations. There is a tendency where not to differentiate and/or define these concepts in the practice of multi-stakeholder gatherings (*ibid.*). Collaboration between NGO's and private actors is generally considered important agenda setters in their fields. Bitzer & Glasbergen (2015) state that positive and critical assessment of partnerships coexists, some problems in the global value chain can be solved but may also create new problems. One discussed issue is the inconclusiveness. Often value chain partnerships are developed ad hoc and in incremental ways (*ibid.*). Some initiatives compete or overlap each other with could cause confusion for customers and producers and other involved stakeholders, even though partnerships increase the knowledge and understanding. They also bring important, largely exploratory experiences with uncertain outcomes (*ibid.*). In some cases, business-driven programmers seem to have their cake and eat it too: they prefer external support by engaging in with offers from various stakeholder groups but without actually allowing these groups a central place in governance (Kolk, 2012).

2.7 In short terms - a conceptual framework

In this chapter all key concepts from theory are described. Each concept is mentioned in company with what theory it corresponds to and a short description of the main content. Finally, also main author representing each theory is presented.

Table 2 extracts major theoretical concepts used in purpose to explain MSIs and industrial collaboration. The theoretical framework first describes the term of wicked problem. A multi-complex issue is referred as a wicked problem (Camillus, 2008) Wicked problem also requires an alternative solution compared with traditional thinking (Waddock, 2012; Roberts 2000). The corporate social landscape is created and predominantly used by McElhaney's (2008). This landscape explains a corporation's international involvement and activities in different levels, from an industry level to a global level. Self-regulation and shared values are concepts that often appears in the CSR-field and shed lights on the unique governance

structure of own initiative. As MNCs grow bigger and cross-national borders, corporate challenges increase in complexity. When MNCs act and behave as powerful institutions decisions are perceived as politics affecting large groups of people, customers, producers and employees (Scherer & Palazzo, 2011). Governance structure of MNCs requires stakeholder dialogue with all participating stakeholders. Actors in the same industry, business partners, collaborate in an industrial collaboration form excluding external stakeholders. A dialogue with external stakeholders forms the MSI.

Table 2 The theoretical framework

TERM & THEORETICAL CONCEPT	DESCRIPTION	KEY-REFERENCES
Complex issues *Wicked problems*	*Wicked problems* require an alternative resolution compared to traditional thinking. Often perceived in a global context with an uneven distribution of resources.	Roberts, 2000 Hulme, 2009 Waddock, 2012
Corporate Social Responsibility (CSR) *Corporate social landscape* *Political CSR*	The *corporate social landscape* explains that CSR can be performed in different levels, from company to a global level. Due to governance gaps corporations act in a political way, *political CSR*.	Dahlsrud, 2008 McElhaney, 2008 Porter & Kramer, 2011 Scherer & Palazzo, 2011
Stakeholder *Stakeholder groups*	Connected actors have insight and veto to affect business close to the corporation. Dividing into different *stakeholder groups* makes it easier to find the most important stakeholders especially regarding CSR.	Dowling, (2001) Roberts, (2003)
Multi-stakeholder association *Industrial collaboration* *Multi-stakeholder network* *Multi- stakeholder dialogue*	The term of collaboration is used differently in different context. Within the same industry, stakeholder benefits on collaborating resolving complex issues, *industrial collaboration*. *Multi-stakeholder network* sets the centric company in a network context. *Multi- stakeholder dialogue* is the collaborative intermediary between actors, with aim to create trust and discussion in common issues. Multi-stakeholder dialogue exists within industrial collaboration as well.	Hemmati. 2002 Calton & Payne, 2003 Payne & Calton, 2004 Svedsen & Laberge, 2005 Roloff, 2008, a & b Murray *et al.*, 2010)

The conceptual framework presented above intends to summarize and provide main concepts from the literature review. The conceptual framework is also perceived as a guide for the case analysis.

3 Method

In this chapter, an understanding of choices related to the research of this project is provided. The method chapter will ensure an understanding of the research process in purpose to make it transparent and avoid distortion. In this way, the external validity increases and credits the conducted qualitative study.

3.1 Choice of research design

With respect to previous research within the subject area of political CSR and ethical sourcing, this research has adopted a qualitative scientific approach. According to the research field of multi-stakeholder network and CSR, the qualitative approach allows a deeper interpretive understanding for this research (Robson, 2011). It allows the study to interpret informants and observe its surroundings. With an addictive process, this research tests some realistic statements and assumptions though its primary focus is to investigate with an interpretive, grounded theory approach. In this particular field of study, creation of sustainable alliances, alliance partners would be allowed to further explore conditions for their beliefs, attitudes and behaviors with grounded theory (Dentoni & Peterson, 2011). In this case, the interpretive focus has been on conceptualizing an understanding of how multi-stakeholder association addresses wicked problems. In qualitative research, techniques that focus on analysis of visual observations are common (*ibid.*) which in this research was the foundation of the data collection. The data collection consists of secondary literature and primary data in forms of interviews. The secondary data is literature regarding the complexity of palm oil but also existing literature based in collaboration and CSR theory. Data collection was divided in several phases. The first phase was to find out what keywords that were connected to this thesis. Keywords were thereafter used to search information in different databases such as J-store, Primo and Google Scholar. The keywords were collaboration, corporate social responsibility, industrial collaboration, multi-stakeholder collaboration, palm oil and wicked problem. In the second phase, these key words were combined with each other.

3.2 Choice of theoretical framework

This project has an empirically driven approach, it assumes perspectives of corporations as political actors in a global context where corporations need to collaborate in order to address complex issues. These collaborative approaches require a governance structure tackling challenges and risks that occur in collaborative settings. In this chapter, description of the theoretical framework is presented and justified according to existing background literature. In this case, the issue regards palm oil production. The issue is complex and many different actors are involved in the process. In this thesis the definition, wicked problem is used. The reason to define complex and global problem with wicked problems is from a theoretical perspective. Hence this approach requires a new way of thinking, since wicked problems cannot be resolved, only managed (Dentoni *et al.* 2012).

The Corporate Social Responsibility landscape by McElhaney (2008) was used to explain corporations' CSR approaches to address the specific case and gave the explanation how the corporations address complex problems. The Corporate Social Responsibility landscape gives an overview of how corporations enact CSR at both a local and global level, this landscape

illustrates a wide range of CSR activities. Since many of the empirical challenges are located in poor countries with low standards and weak legal enforcements, corporations that buy or use palm oil have been considered as political actors. This new global scenario motivates the use of theoretical contribution from Roberts, (2003); Roloff, (2008, b); Scherer & Palazzo (2011).

In the field of CSR, stakeholder theory has developed into an important aspect of governance for understanding power distribution in decision-making. Actors that are connected to the corporation of interest have a large impact on important strategic issues (Freeman, 1984), but also in issues regarding responsibility and corporate impact. In order to make a change, all stakeholders have to approve and act according to agreements. In relation to this study, it is important to bring in perspectives of contemporary stakeholder theory. Informants representing corporations where all involved with palm oil production and distribution are surrounded by stakeholders affecting business decision. Recently has there been a shift in stakeholder research. From letting the central corporation act in the web of stakeholders, the central corporations are let to be portrayed as one actor among others (Svedsen & Laberge, 2005). This model pictures how actors in the case are connected to each other in palm oil related issues. A conceptual model of multi-stakeholder network therefore serves as central concept for the case study. The Dowling (2001) model has therefore been adopted to visualize different stakeholder groups. As the case study is placed within the same industry, the concept of industry collaboration is used. It is thereby important to separate the two concepts of multi-stakeholder associations where industrial collaborations do not involve external stakeholders from other divisions according to Dowling's (2001) model. In the context of multi-stakeholder initiatives are NGOs important external actors. In the section of multi-stakeholder dialogue, a conceptual framework on how dialogues work is presented. In this theory all actors are connected to the industry and collaborate in certain issues that are difficult to resolve by single actors. As the literature uses both terms company and corporation in the same purpose, this thesis therefore use both concepts.

3.3 Empirical approach

A case study was chosen to be designed depending on how much the researcher allows the conceptual framework to 'bound' and focus it (Miles & Huberman, 1994). In this thesis, a conceptual framework is extracted and is closely tied to the analysis of the primary data. Tying the study close to the theoretical framework limits the margin of error and human misinterpretation of the informants. Increasing the transparency also increases trustworthiness of the study (Lincoln & Guba, 1985).

The case study aimed to explore how collaboration within an industry could improve the perceived value of the corporate social responsibility. Typically, in case-based studies, theoretical samplings are used to reflect phenomena within investigation (Eisenhardt, 1989). Within this study, an in-depth qualitative study was conducted. Primary data in this study was gathered through interviews with managers in different position at selected corporations and organizations. The interview guide is semi-structured and allows informants to respond freely about the questions. The semi-structured interview has an interview guide as servers as foundation of topics to be covered (Robson, 2011). The interview guide first offers some informal question about the informant such as background information. When taking into account for example the number of years the person has been active in the corporation, expectations of knowledge about the corporation increases that possibly gives some indications of results and analysis.

The interview guide is structured to address the aim of research. In order to investigate informants' opinions, questions related to the theoretical framework were used. The structure of questions relates to the "cone" of research area (Robson, 2011). It starts of in a broad picture and problem background of case study. Later on questions related to aim of research are presented and addressed with corresponding questions. See interview template in Appendix 4. All the informants received the interview template before the meeting, in purpose for preparation. However were none of the interviewed persons anonymous which might affect the result. The interview template was based on the chosen literature and the aim in this project (Yin, 2003).

3.3.1 Semi-structured interviews

Interviews can take place both in face-to-face but also by telephone or with other interaction techniques (Robson, 2011). The face-to-face interview has several benefits, such as the personal contact that is established and informant's gesticulation with face and physical actions. These physical moves can be perceived as complements to oral answers (*ibid.*). Face-to-face interviews are preferred, but have limitations as time-consuming, which is tightly connected with financial costs. Geographical location is also one important factor adding to face-to-face interviews, a long distance could make a face-to-face interview impossible. In this study face-to-face interviews were preferred, but in two of the cases this was not suitable for the informants because of time and location constraints. In this cases telephone interview was used. Telephone interviews has been more accepted as method since these are cost-effective and can access all people around the world (*ibid.*), however will the personal contact be missed. Robson (*ibid.*) suggests that audio recording can be used when it is possible and in this project audio recording has therefore been used in all the interviews.

Questions asked regarded the organization's perception of the situation of palm oil production today, see Appendix 4. Further it was asked what approach the organization had to palm oil production and certified palm oil. If the organization had an agenda or CSR plan to improve the picture of responsibility regarding palm oil that information was noted. Particular information about challenges and benefits within collaboration with other organizations was desired. In different ways and with personalized questions for each of the organizations, useful answers were collected. The informants were allowed to freely express feelings and interpretations about the strategy implementation process. These facial expressions and emotional expressions were also taken into account for the analysis. Transcripts from interviews were focused on interpretation and the foundation of conclusion. Transcripts were sent out to informants for validation.

3.3.2 Triangulation and validation

Analysis used for data sample is the narrative approach (Bruner, 1991) with elements of grounded theory analysis (Strauss & Corbin, 1990). The purpose of this thesis was to give a picture of how corporations act in relation with established theories on how multi-stakeholder networks. However, new discoveries during the research process have been added to the literature, addressing a theoretical gap regarding stakeholder networks including or excluding external stakeholders. Informants rephrasing a story interpret collected data. When interpreting research results, a triangulation method was used. Robson (2011) advocates triangulation methods in forming knowledge in purpose to build a greater picture of the situation and in relation to background information. All material that was provided from data collection was analyzed together with published material according to the theoretical

framework. Triangulation methods validate information when combining sources of information. Research material was freely interpreted in order not to involve prejudices based on information from earlier studies or earlier published data. This approach also relates to this very evolving field of knowledge and information, where corporations' opinions could change according to the fast moving media attention palm oil kept lately. The narrative analysis allowed interpreting the material that informants had communicated. Narrative analysis is considered by Miles & Huberman, (1994) to give a broad perspective and a deeper understanding of the interviews. The method is easy to apply but it could in the other hand result in an unclear analysis of the results. Because of the large amount of data that were collected, structures were created to sort data and collect information in packages that were more convenient to handle. The interviewed person validated the data from the interview. Validation of data is of high importance to confirm the data and give the interviewed person a second chance to add or remove data.

3.3.3 Unit of analysis

Food industry is of great interest as a presumption for modern food consumption but also harmful with a high social and environmental impact. The case of certified palm oil illustrates a particular complex problem within food production. Several actors have their influence and veto in palm oil production. Palm oil is a profitable crop and gives high incentives for farmers to abandon the traditional small-scale agriculture and associate to one of the big palm oil plantations. Meanwhile is the demand on vegetable oil huge and the palm oil meets the requirements of being cost-effective and easy to distribute. Palm oil production has increased greatly the last decades and therefore backsides of the production have increased as well. The backside of the production is the huge land impact that production brings. Also social issues as employment regulations and social standards come along large-scale production. The industry of palm oil has brought countries to a higher economic standard and has become inseparable actors in the vegetable oil market. The complexity of palm oil production brings the wicked problem up to discussion. It is a political as well as social and environmental complexity within this business that cannot consider one single solution. All stakeholders that have their interest in this industry need to jointly collaborate and seek for common interest and possibilities beyond the standard business strategies. Therefore, in the analysis of data, a stakeholder model from Dowling (2001) is adopted. This model has further been translated with Svedsen & Laberges' (2005) paradigm shift in stakeholder involvement, that the common ground is the central part of collaboration. In the project, the common ground is the palm oil. Research on collaboration shows that a joint effort often predominates an effort from a single corporation (Albareda, 2008). In literature, different kind of collaborative strategies have been discussed. In the case of certified palm oil, actors of varying interest and purpose are present and therefore require a collaboration that allows and encourage multiple input and different points of view. However, in this case the Swedish market is studied and how these actors are acting regarding the complexity of palm oil in an approach of CSR. The Swedish food industry has been chosen since there has been a lot attention about palm oil from corporations and NGO's. In Swedish media, there has been a lot of attention regarding the palm oil and the transformation to a more sustainable palm oil (www, Livsmedelsforetagen, 1, 2014; www, Supermiljobloggen, 2014; www, DN, 2014; www, Svd, 2014). However, in non-Swedish media this topic also received attention (www, Gov.UK, 2014; www, Thejakartapost, 2014; www, Theguardian, 2014).

3.3.4 Choice of interviews

As the study is conducted in Sweden and within the Swedish market, interviews were held with organizations on the Swedish market connected to palm oil. The interviewed person had connection with CSR and high knowledge about palm oil issues. Information from NGO's was collected from experts on rainforest and palm oil issues. The interviews were held in Swedish.

Corporations have been chosen because of their membership in RSPO, which is the organization that certificates palm oil on criteria's the RSPO has stated. The organization of RSPO is a multi-stakeholder collaboration that consists of multi-national corporations, non-governmental organizations, producers and processors. Membership in RSPO is to be regarded as a standpoint that corporations are dealing with the issue of palm oil. All chosen corporations act on the Swedish market and therefore these corporations have become competitors, compete for the same customer groups. Many of the selected actors have made press releases about their concern of the palm oil issue and therefore they have devalued understanding of palm oil. None of these corporations own palm oil plantations, but have palm oil in their products. Two of the chosen corporations are food retailers and were included to provide a greater knowledge of the issue from a sales point of view. The food producing corporations are selected by their membership in RSPO but also because of their knowledge about palm oil. Food producers are also closely connected with the food retailer. To understand the whole picture of the issue two NGOs has been selected, Greenpeace and WWF. These NGOs act worldwide but have solids positions in Sweden and they also have made clear statements about palm oil. The NGOs has the same goal about palm oil, but different approaches to tackle the issue. One trade association, the Swedish Food Federation (**LI**) was chosen since this organization made a press release that all their members is going to a more sustainable palm oil (www, Livsmedelsforetagen, 1, 2014). The trade association also has an important role regarding the food producers in Sweden.

Each of the interviewed persons has an in depth understanding of issues related to palm oil, but has different roles in each of the organization. Some of the informants such as interviews with Greenpeace and WWF represent non-profit organization and therefore have a more progressive approach regarding palm oil. The other informants are profit-driven actors and these informants offer a business oriented perspective regarding the palm oil issue. The Swedish food federation is a trade organization and therefore represents a mix between profit and industrial long-terms interests. Since the informants are not anonymous represents their organizations, the empirical result is based on both the interviews but also at the organizational statements from secondary sources. All these stakeholders were interviewed to get a better understanding of collaborating efforts that have been made about the palm oil issue in Sweden. According to Roberts (2003), both NGOs and trade associations have an important role in multi-stakeholder collaboration. Table 3 offers an overview of the organizations and interviewed persons.

Table 3 Interviewed informants.

Organization	Person and function	Interview	Transcript	Validate
Axfood	Åsa Domeij, *Head of sustainability*	2014-11-10	2014-12-10	---
Coop	Anneli Bylund, *Sustainability strategies and health*	2014-12-02	2014-12-10	2015-01-07
Greenpeace	Erika Bjureby, *Political Advisor on Forests and Climate at Greenpeace Nordic*	2014-12-01	2014-12-09	2015-01-14
Findus	Annelie Selander, *Marketing and Innovation Director*	2014-12-04	2014-12-04	2014-12-04
Lantmännen	Maria Carty, *Head of sustainability (temporary)*	2014-11-18	2014-12-10	2014-12-10
The Swedish Food Federation, (**LI**)	Johan Anell, *Responsible for sustainability and CSR*	2014-11-06	2014-12-10	2014-12-10
Orkla Foods	Elna Hallgard, *Regulatory affairs and environmental manager*	2014-12-08	2014-12-10	2015-01-13
WWF	Lena Tham, *Business collaboration*	2014-11-26	2014-12-09	2015-01-26

In the table 3, above all interviews are presented. The majority of interviews were conducted in physical meetings, face to face. Some exceptions, however, was prominent. The interview with Findus was in a text-based form, by email. This simplified form of interview has been taken in consideration since this interview might not conduct the same depth of knowledge as the other interviews. The interview with Orkla Food was a phone interview, which has also been taking into account in the analysis of the data. Regarding validation all informants except for Axfood have validated the summary of the interviews, this has been taken in consideration in this thesis. In this thesis corporations have different structure of ownership though operations regarding sustainability issues are considered equal. In the case of certified palm oil all corporations are seen in a business perspective and therefore have the same responsibilities. Some of the corporations act on a global market, but in this case they are portrayed from a Swedish perspective and how they act on the Swedish market.

3.3.5 Quality of studies

Studies of multi-stakeholder initiatives and this particular form of collaborations have been a popular subject for research for the latest decades (Dentoni & Peterson, 2011; Peloza & Falkenberg, 2009). References have been managed with great respect to previous researchers' findings and so are quotations. The rich empirical material offers a multitude of

interpretations of the data. A social constructive approach is taken when, narrative process is guided by interviews transcripts and secondary data. The quality the research process has therefore been improved with triangulation and comparison of data throng out the research process. Regarding case studies, informants have been given degrees of freedom to explain freely in accordance with the written questionnaire, see Appendix 4. Nearby all informants have validated the written interview summary and thereby declared that they stand behind the information. These actions have been made to avoid misunderstandings.

Within case studies, there is great challenge to frame 'social reality'. Though there is no obvious truth but there can be more than one credible truth about the reality, social studies are also hard to generalize (Robson, 2011). Flyvberg (2006) criticizes established critic of case studies and claims that it is a very useful method in social science. One of the most common critics Flyvberg received was following; *"According to the conventional view, a case and a case study cannot be of value in and of themselves; they need to be linked to hypotheses, following the well-known hypothetico-deductive model of explanation"* (*ibid.*, 220). Flyvberg (*ibid.*) argues that the case study represents a context-dependent knowledge that is very much desirable in social science. Research on learning reveals the necessity of making informants develop from rule-based beginners to experts. Further, the author argues that interviews, studies of human affairs only seem to exist in context- dependent- knowledge discourses. In this study the reliability has been maintained by letting descriptions been served as basis for the narrative analysis. Giving informant the opportunity to validate results increases the reliability.

3.4 Ethical consideration

Kvale (1996) mentions three ethical issues that must been taken into consideration; confidentiality, informed consent and consequences for the interviewee. In the thesis all informants were informed about the purpose and subject of study, also participation was voluntary. Therefore, the informants had their right not to answer some of the questions and a validation from the interviews was send to confirm the text. Information was provided that the thesis will be published. All informants and their organizations are presented by name in order to keep the research transparent. Matter of transparency is important when discussing CSR (Eisenhardt, 1989). The transparency might affect the data since the informants are not totally free to express their opinions. All informants were consent on participating and were informed about the purpose of the research, which is of high importance according to Robson (2011). It is important to evaluate the sources in this research and pay attention to avoid generalization from nearby research fields, differences between industries and countries are taken into consideration (*ibid.*).

The topic of the case study is connected with ethical aspects such as human rights, labor, violence and rights of livelihoods. Informants in this project are concerned about the palm oil situation and therefore the reader might get a different view from other cases regarding the topic. This thesis is based on a business perspective and the results reflect that. Information about this topic must be seen as an ethical consideration since the information is changing over time. Figures such as the Swedish consumption of palm oil and the social conflict are changing, therefore this thesis is a snapshot in period. In this case, of certified palm oil there can be a discussion regarding certification systems. However in this case study there is no discussion whether the certification system, RSPO, is good or not.

4 Empirics - the sustainable palm oil initiative

In this chapter, empirical findings are presented. Earlier studies in this area are presented in Appendix 3, giving an introduction and examples on empirical contribution in this field of research. Findings of this case study are mainly based on personal interviews with informants but also secondary supplements material is used as annual reports. Information about each of the informant's organizations can be found in Appendix 5. First, the Swedish food trade association is presented followed by food producers, food retailers and NGOs.

4.1 Swedish Food Federation (LI)

LI as a trade association cannot require members to act in a certain way, though members agree on a common agenda (pers. com., Anell 2014). Some issues are of big interest; palm oil is among them together with sourcing of ingredients or packaging issues. Sourcing of products and where it originates from is of high importance. It is LI who is the founder of 'Swedish initiative for sustainable palm oil', a decision taken from the board, and the members that all are in the board. From the beginning the intention was that each member corporation should sign this commitment, but now this is not the case. There was a difficult situation with signing the commitment, administrative issues that was unknown from the beginning. Information is anchored at member companies and the company owner has commitment to sign any agreements, even agreements on palm oil, according to Anell (pers. com., 2014). The retail industry has been participating in this initiative in one meeting. The intention was to make them join our agreements. But as they all had their own strategies in this issue, their opinion was that this initiative moved too slowly.

Members of the trade association find trust and engagement in LI, especially when they collaboratively communicate in issues regarding corporate responsibility, then all members are competitive neutral (pers. com., Anell, 2014). Naturally some companies perceive corporate responsibility as a competitive advantage and work diligently with sustainability issues. The real change takes place in the corporations without any significant involvement of LI. Some members feel that they walk alone and do not need to collaborate within a trade association. There is no competitive advantage when issues related to food waste are discussed. In a marketing context mostly targeted to customers, an aspect of competition can be applied.

According to Anell (pers. com., 2014) there are several motivating factors in working with these issues such as palm oil. It is all complex production chains reaching from producer to customer. If there is lack of agreements or consensus among other actors in the supply chain, no results will be seen. The situation could be labeled as a stakeholder agreement where all parties take responsibility for its own division in the chain. According to Anell (pers. com., 2014), *"taking responsibility in the palm issue is not only for making good business, it is also necessary to contain a safe production in the future. If nothing is done, the opportunity to have palm oil in products in future will disappear."* There is always an economical variable to count on in this context.

LI collaborate with RSPO, which is an organization created by the biggest food production companies, and NGOs. The organization is huge and moves slowly but is more transparent according to Anell (pers. com., 2014). LI's members work hard on transform into sustainable

palm oil and it is about companies' ambition to adapt to a certified standard, many of them are on a good way, according to Anell (pers. com., 2014). In this case, of industry collaboration there are no risks. One possible case could occur if a company signs an agreement in purpose to fulfill requirements but fails. In that case, an independent evaluation could harm that company's confidence. Now in this case, LI is all responsible for its members' behavior. It is important to be transparent and honest about how far work progresses have come so far. There is no risk with sharing strategic information; all information is discussed in general terms.

4.2 Lantmännen

Lantmännen use palm oil in some food products such as baking products and cake dry mixes. According to Carty (pers. com., 2014) the organization has had a policy regarding palm oil since 2007. 100% of all palm oil used in food products has been certified according to Greenpalm Book & Claims since 2010. The next target is to buy 100% Certified and traceable palm oil, according to RSPO Segregated by the end of 2015.

Lantmännen has three different strategies to tackle the issue with palm oil in food production depending on the conditions. The first is to exchange palm oil into other oils. Second alternative is to achieve the level of segregated palm oil by RSPO in the production. Thirdly is to have a dialogue with each actor that is involved in the supply chain. Carty (pers. com., 2014) mentions that palm oil is an important product for Lantmännen since the palm oil has technical specialties that can be hard to replace due to different aspects. However, in some products palm oil has been replaced. Lantmännen has a code of conduct regarding corporate responsibility, 'taking responsibility from field to fork'. This responsibility can be addressed from two perspectives. The first perspective is to take responsibility from what the organization does, followed by their code of conduct. The second perspective is an continuous product development so that better alternatives can be offered to customers. In the energy sector, Lantmännen offers ethanol produced from grain, which is a sustainable alternative to gasoline. These two perspectives together are Lantmännen are continuously integrated in all businesses (pers. com., Carty, 2014).

Palm oil production has many negative aspects, for example insufficient human rights, human health, land grabbing and environmental impact. All of these aspects have important roles in the decision-making regarding certified palm oil. Lantmännen knows that demand on palm oil increases and they must therefore demand certified palm oil even though they are small actors in the global market. *If we and others demand certified palm oil it is an important signal on the market for a shift more sustainable palm oil"* (pers. com., Carty, 2014). Palm oil issues are hard to communicate to stakeholders since it has a bad reputation, therefore collaboration initiatives in the food industry is of high importance. The industry is dependent on each other, therefore collaboration is important, to act in a broad level. According to Carty (pers. com., 2014) NGOs have an important role in the development of more sustainable palm oil. For example WWF's scorecard on palm oil gives an understanding for the global picture on the situation and incentives on how to work with palm oil issues.

Lantmännen has meetings with both WWF and Greenpeace to learn their standpoints but also to share knowledge. When it comes to implementing boycott of palm oil, Lantmännen is critical about it since it will prevent global demand on certified palm oil. Sweden is a small actor on the global market but it is still important trying to make a shift in the market to

sustainable palm oil. It is important to have a dialogue with producers and customers in issues about certified palm oil.

Swedish food retailer have made a statement that they will go further in the palm oil issue compared to LI´s members, which is good, because these actors will be driving the palm oil dialogue. Collaboration with the industry is good since everyone has an important role in this collaboration and dialogue. Carty (pers. com., 2014) claims, *"All actors have different strategies, but we all want to reach the same goal"*. What signals Swedish food industries communicate to their stakeholders are important, showing that the industry wants a shift in the market to certified palm oil.

4.3 Orkla Foods

Palm oil is a product Orkla Foods is concerned about. Hallgard (pers. com., 2014) explains that the primary alternative is to exchange palm oil into another vegetable oil or try to guarantee that the palm oil is certified. Orkla Foods aims to reach the highest level of certification, full traceability to plantations. Orkla Foods group has a common palm oil policy that started last year and continues on the next year. Orkla Foods is heading for full transparency in palm oils, with high level of sustainability. Replacing palm oil highly depends on what oil palm oil they exchange to. According to Hallgard *"Rapeseed oil suites local environment better when we are surrounded by them, long transports is not needed and the nutrition values are much better"* (pers. com., 2014) In some cases these substitutes are easy choices but palm oil consists of a high level of saturated fat. Shea oil is also a substitute in that case but a high production of Shea oil could also cause devastation of rainforest. It is difficult to relate in these issues, people in countries of production need to support themselves.

The major problem in palm oil production occurs from devastation of rainforests. The major problem for Orkla Foods is to find sustainable palm oil to put into its production, but it is hard to get from suppliers (pers. com., Hallgard, 2014). Orkla Foods does not import palm oil as commodity, they buy suitable products that fit their production, and these products often contain palm oil. For example can fats for baking products contain palm oil. Orkla Foods clearly states to its suppliers that they want a substitute for palm oil or palm oil ingredients that are certified, preferably segregated palm oil. However, have supplies problems imparting segregated palm oil. Karlshamn offer different oil products of different qualities.

Orkla Foods is a member of LI and member in the group especially focusing on palm oil issues. All members support initiatives from LI. There is also a role for the palm oil group to organize seminars and discussions and unite as group in discussions with WWF and Greenpeace. Orkla Foods is going to collaborate with third party organizations who can guarantee that Orkla Foods's work is sustainable. Before year 2015 all palm oil in production should be certified with full traceability to plantation and before 2017 all products will be guaranteed segregated palm oil (pers. com., Hallgard, 2014).

Members in LI have common goals but they do not collaborate on strategies to get there. It is clear that all members in LI have agreed upon a policy about commitments to adapt to certified palm oil, but the outcome from LI is a compromise. Then it is up for each participant to formulate the approach and invite collaborators to consult this transformation. The biggest difference lies in whether to exchange palm oil into another oil or keep the palm oil but only use certified oil.

Dialogues with other actors are often held per telephone due to geographical barriers. Main benefits of collaboration are to be united and therefore have a greater impact on decisions corresponding suppliers (pers. com., Hallgard, 2014). There are no disadvantages in collaboration. In some cases actors could possibly disagree but this is not the case in the palm oil issue. Further, no risks have been discovered within collaboration. Members chose what information to share, no strategic or vulnerable information are shared in this collaboration. Some companies have a more developed strategy in these issues; there is no problem for them to advance before others in the trade association. According to Hallgard (pers. com., 2014) some companies can use it as a competitive advantage.

Primary alternative for Orkla Foods is to exchange palm oil into another oil. Is it also stated in the corporate policy that ingredients will be environmental friendly or acceptable in a nutrition perspective. Orkla Foods did a main shift of oil ingredient in the year 2011, big quantities of palm oil were exchanged into other types of vegetable oils. For example in all French fries, palm oil was exchanged into a special type of rapeseed oil. Consequences were that Orkla Foods had to pay extra to the local treatment plant in order for them to take care of the oil waste.

The greatest challenge appears now, according to Hallgard (pers. com., 2014). Until now, policies have been set for all companies, now it time to realize them. In public procurements, palm oil is of great interest. Requirements have looked different depending on which wholesaler and what environmental requirement standards they adapt. The new European marking policy has also enlightened the palm oil issue for consumers even more.

4.4 Findus

Findus' ambition is to have segregated palm oil in production under year 2015 and now all palm oil has Greenpalm level. The palm oil has benefits and therefore might be hard to replace in some products. Since the palm oil production has huge impact on the environment will Findus go beyond RSPOs' standards with additions of standard. This additions standard will take place under 2017 and will include that no rainforest deforestation, important rainforest must be protected, protection of peat land and respect of the humans right regarding the global laws and the International Labor Organizations convention 169 (pers. com., Selander, 2014).

There is important for Findus to push into a sustainable future in a long-term perspective in all areas they are involved in. "Our process to a more sustainable future has come quite long, but still there are much to do, there is a process that will be develop always" (pers. com., Selander, 2014). The company works a lot with different stakeholder, both internal and externally with their code of conduct. One of the biggest challenges is to push the development in right direction. However, there is a balance between the customers, retailer and suppliers. High demands at the suppliers might lead to that the customers will not receive their products.

The issue regarding palm is that it is spread in many different areas and therefore is hard to tackle the situation. This issue cannot be tackle from only one perspective because it involves many actors. Even though palm oil is important oil for many food produces and therefore the global demand has increased, with a 'backside' that the biodiversity has decreased, social conflict with rural people and deforestation. However the palm oil has characteristics that makes it hard to replace the palm oil, characteristics such as taste and technical benefits. *"Findus goal is to minimize the use of palm oil according to their nutrition policy"* mentions

Selander (pers. com., 2014). Findus primary goal with vegetable oil is to replace palm oil with healthier oil, such raps- and sunflower oil.

Selander (pers. com., 2014) highlights that the palm oil issue is too complex to tackle alone and therefore collaboration is needed. However, there are some negative aspects with these kinds of collaboration such as different view of the issue, different knowledge and many actors that are involved. Even though Findus is small actors they try to influence the standards and directive that are developed, there are of high importance to influents the new directives. Findus is active in different networks that are involved in palm oil issue. There is a sharing of knowledge in this network, to understand what way the issue is going. In the network, there are also governments involved to understand what these actors' stands. These networks involve actors such as LI, other big food producers and NGOs'. There is a dialogue in these networks to share experience, and knowledge. There is tricky to tackle these kinds of dialogue since the Swedish law about competitions is a obstacle.

4.5 Axfood

The major problem with the raw material, palm oil, is that Axfood does not by oil, they buy products that include palm oil. *"We buy cookies, not oil"* (pers. com., Domeij, 2014). Therefore, sets retail business high pressures on the Swedish food industry, Axfood could switch producer if they are not delivered certified palm oil in their products. Axfood aims to have the level of identity preserved and mass balance according to RSPO guidelines. One reason to have identity preserved is that it is easier to explain content for consumers. Since Axfood has switched from palm oil to other oils, they have received criticism from WWF. However, there is still important for Axfood to take responsibility for palm oil, since western industries can make a change. The poor women in Africa do not care about if the palm is certified or not, and therefore it would be tragic if Axfood abandoned palm oil production, hence it is possible to make a change.

There has been an extensive discussion whether Axfood should have labels about certified palm oil on their own produced products or not. The reason is that palm oil has strong negative associations from consumers, regardless the particular type of palm oil. There is a risk that consumers switch products to others not containing palm oil. Mostly consumers are confused about palm oil, but get a better understanding about certified palm oil after contact with Axfood. Domeij (pers. com., 2014) finds this aspect interesting *"If we use the Greenpalm-label, will consumer buy the products or not, since palm oil has a negative association?"* The Greenpalm label has another approach than KRAV, and therefore is hard to know if the Greenpalm-label will provide more profit or not. There is a risk with this label that consumers will make a boycott of products instead.

One of the biggest issues with palm oil production is the expansion of consumption. Palm oil has become a more important oil product for many countries (pers. com., Domeij, 2014). Problems are not attached the product 'palm oil', it is the great and fast expansion and the big usage of palm oil as ingredients produced by multinational companies that is the main problem. Since the demand of palm oil has increased, rainforests have suffered much. Devastation of the rainforest increase very fast when meeting the world demand. However is palm oil better in itself compared to rapeseed oil or sunflower oil, since the farmer can produce less raps- and sunflower oil per hectare. Many products that include vegetable oil often originate from palm oil, therefore has palm oil been exchanged with other oils (pers. com., Domeij, 2014). According to Domeij there is still a problem, what if other oils are

worse than palm oil, there is too little knowledge about other oils such as coconut oil. "*If we have a sustainable palm oil production, then we will have a lot of benefits in both environmental and social aspects*." Another reason to keep palm oil in production is the technical characteristics, if the palm oil will be replaced or exchanged, the result is another product.

The purpose of collaboration with an NGO such as WWF is to share knowledge. Axfood is well informed about WWF's standpoints and opinion in palm oil related issues (pers. com., Domeij, 2014). Also has the entire business deep relationship and knowledge about what other organizations know and their standpoints in this subject. Axfood share the same visions and opinions that WWF passes. The main difference is that Axfood needs to consider the market. In some cases, Axfood have to take away products including palm oil because of negative consumer experiences. From now on Axfood ask their suppliers about if they use palm oil or if they consider exchanging the palm oil into another oil. Axfood knows that WWF is very suspicious to a manner where WWF want Axfood to continue use palm oil, but certified.

Axfood is a member of RSPO and it is important to act according organizations' and other stakeholders' opinions. Domeij states: "It *is hard to fully know about the traceability on palm oil because we have not studied it by our own.*" (pers. com., Domeij, 2014) Axfood does not dare to have an opinion about if RSPO is trustworthy or not. RSPO is the only alternative for us today. When Axfood has fully succeeded to implement RSPOs criteria they want to further develop this work. There is truth behind Greenpeace's critique but they have not understood that we buy cookies and not palm oil.

The most important issue for industry collaboration is to place the discussion on the same level of knowledge. Levels of knowledge are still very unequal. Small Swedish food retailers have not the same knowledge in palm oil related issues as the bigger actors have. They need to be educated, and that is a major challenge. In this moment Axfood are several steps away from palm oil plantations, bigger actors such as Unilever has direct control over the palm oil production and can regulate the production better. Axfood is a small player on the market and therefore collaborations facilitate putting pressure on producers.

There are many benefits with an industrial collaboration. According to Domeij (pers. com., 2014) several actors in retail have the same products for sale. Arguing with wholesalers alone could be tougher and more expensive when letting a side production get through. There are some advantages in being first mover but when trying to reform great problems, it is better if larger parts of the industry move in the same direction, and there is no backhand side of this dilemma. The competitive situation is not a problem. Axfood holds a dialogue with retail business and with wholesalers and with LI directly. LI has a strategy but that is formulated to slowly. The dialogue with producers is of most importance. In practical terms the dialogue with LI consist of regular meetings while dialogue with producers consists of individual meetings. Axfood could have signed a document of principles together with LI but in that case was Axfood forced to leave its high commitment on the palm oil issue and that could give wrong signals that retail industry steps away from its first principles (*ibid.*). This fact is hard to communicate, according to Axfood. The retail business want to do more but the industry as trade association needs to have all members along the way. Therefore is it more likely that their common goal does not reach the same heights as the retail business. LI does not want to ignore its members and therefore the process is hard to solve.

4.6 Coop

When Coop talks about corporate social responsibility is that a part of their corporate responsibility. The certified palm oil is one way to take the first responsibility since RSPO has principle and criteria for the certified plantations. Coop takes their responsibility through RSPO and want to go further. *"We hope that the standards by RSPO will be higher before 2017 or that there are complementary standards to add" (pers. com., Bylund, 2014).* RSPO is a first step to a more sustainable palm oil, since it ensures human rights and palm oil production gives labor vacancies. Therefore has Coop chosen to keep the palm oil and not replace it. The demand for sustainable palm oil in the Swedish market can support a more sustainable production. However is it problematic to communicate this to customers, since there is a complex issue and there is no support in this communication from NGOs.

Problems regarding palm oil production consist in environmental and social aspects. However can these aspects not only be handled by Coop, there is a need for collaboration. From Coop's perspective, there is an intense debate in Swedish market between consumers and company, whether to keep palm oil in products or replace it. However has Coop made statements regarding this discussion, they keep palm oil since consequences are unknown if Coop abandons palm oil. It is important that Sweden and Europe demand certified palm oil so the production of certified and more sustainable palm oil will increase. However must big palm oil producers take their responsibility, otherwise it is impossible to make a change.

Coop's policy is to reach segregated palm oil under 2015, but Bylund (pers. com., 2014) mention that a lot of work remains. The process to buy Green Palm certificate (Book & Claim) that cover our use of palm oil in Coop's own brands was manageable, but to go to physical segregated palm oil in Coop's own brands has shown to be more complicated and taken more time than they estimated. Bylund (pers. com., 2014) states that something must be done, involving all actors to handle the situation. However are there obstacles regarding the process, companies do not believe that RSPO is enough. For now the best solution for Coop is to remain with the RSPO and use the certification schemes in their regime. In the future, they will evaluate if, there will be a need for higher sustainable requirements. Another way of making the process faster is that Swedish actors collaborate to affect RSPO in right direction. Sweden is a small country and imports small amounts of palm oil, but if the Swedish food industry has clear statements about palm oil, then we can affect RSPO to develop their work.

Coop has a dialogue with WWF, Greenpeace and Swedish Society for Nature Conservation (SNF). Bylund states: *"The problem has been that all these three NGOs´ have different approaches to tackle the palm oil issue."* (pers. com., Bylund, 2014) This makes it difficult to know what to do and therefore there has been a dialogue between Coop, ICA, Axfood and the NGO´s to get a better knowledge and understanding about the situation. This dialogue has resulted in a statement that ICA, Coop and Axfood aims to have segregated palm oil in their own produced food products for 2015. One important thing about these dialogues are that they never have a discussion about business, such as retailers. They support each other in the process for more sustainable palm oil, but there are different strategies to tackle the issue.

Bylund (pers. com., 2014) mentions that initiative by LI to reach sustainable palm oil by 2015 is a low set target. To reach sustainable palm oil can be the lowest level, Book & Claim. Coop's goal is to reach 100 percent segregated palm oil in 2015 and LI's members' goal is to reach much as possible of segregated palm oil. These two approaches mismatch, therefore have Coop, ICA and Axfood made their own initiative. However, Bylund (pers. com., 2014) mention that there is a dialogue between Coop and LI since they are in the same industry and

we all want to be a part of a more sustainable business. Coops mission is to not increase the use of palm oil in future, all palm oil should be at least segregated. This mission is in the same line with RSPO, NGOs and the consumers. Coop believes that use of palm oil will not increase in their products since food producers switch to other oils, but Coop is one important actor buying the certified palm oil. If Coop stops to buy certified palm oil, there is a risk that these plantations will disappear and be replaced by 'bad' palm oil plantations. This statement is strongly connected with Coop's corporate strategies.

NGOs have an important role since they have lot of knowledge. They are also willing to support companies in their process. Even though NGOs might have different approaches, they still want to reach the same goal. Therefore have all actors an important role in this process. Sweden is a small actor on a global market, therefore the dialogue is of high importance. However in this dialogue there is a negative aspect, time. Actors have different ambitions and therefore these ambitions will take various long time. Collaboration with Axfood and ICA is important since they have the same ambitions (pers. com., Bylund, 2014). This collaboration makes it easier for companies to push the food producers into right direction.

4.7 Greenpeace

Regarding issues with palm oil production, Greenpeace demands same standards by all companies, but might be more specific in particular cases depending on the business actor's type of products/services (pers. com., Bjureby 2014). Last year, Greenpeace launched a new international campaign regarding 'bad' palm oil. Bjureby (*ibid.*) explains that Greenpeace Sweden had a campaign about palm oil against the chocolate producer Cloetta. The main reason for this campaign was Cloetta failed to respond to Greenpeace's recommendations according the use of palm oil and failed to clean up their supply chain. As a result of the campaign, Cloetta listened to Greenpeace's demands and acted accordingly. One causing factor of success in this campaign was the additional push from consumers. Bjureby (*ibid.*) further states that consumers have a great impact regarding ethical codes in corporate business.

Greenpeace aims to have an open and transparent dialogue regarding negative aspect of palm oil, it is often a general discussion when Greenpeace explains why a specific company need to create a new policy regarding palm oil. The policy should aim to break the connection between the palm oil production and deforestation of rainforests and peat lands (pers. com., Bjureby, 2014). There are additional demands but primarily Greenpeace want to influence corporations to 'clean up' in their supply chains and stop buying palm oil from contested producers. When companies buy palm oil from these kinds of producers they support deforestation of rainforests and lesion of human rights. *"We cannot have Swedish companies supporting these kind of terrifying activates"* (*ibid.*). Further Bjureby states that Greenpeace not support a boycott in a short-term perspective. Greenpeace is not against palm oil, they are against 'bad' palm oil and therefore they want to see a shift in the market to a better produced palm oil, and which is not linked to rainforest and peatland destruction and the violations of indigenous peoples rights. The companies also need to show exactly where the palm oil comes from, all the way down to plantation level. Therefore wants Greenpeace the industry to achieve higher demands further than RSPO, as RSPO is not good enough. Bjureby (*ibid.*) mentions that the Swedish industry hides behind RSPO, that they do not take their full responsibility. Greenpeace are aware that the process to shift to responsible palm oil might take time due to the complex situation, but RSPO has tried now for 10 years, and not come

much closer in dealing with the problem. This is why Greenpeace demands companies to go beyond RSPO. They will also watch carefully the companies that have adopted a new policy, and if they do not deliver better palm oil as promised, there will new official campaigns. We have though seen as start of a shift in the market both locally and globally, and the industry has now a bigger opportunity to buy better palm oil.

Greenpeace has been involved in processes pressuring companies to buy responsible palm oil, but usually negotiate with the companies before going live with a public campaign. However, the organization will not go into any partnership with the companies, as it aims to remain independent. Bjureby (pers. com., 2014) mentions that WWF has an important role in working more closely with the companies, such as the Swedish retailers and their common platform for palm oil, and that the NGO is important for this process. In some cases companies tries to put NGOs against each other, but Greenpeace and WWF are not against each other. They have same goals, but different strategies for going there. (*ibid.*).

Regarding a boycott of palm oil Bjureby (pers. com., 2014) explains that Greenpeace try to work for a change within the palm oil industry since the palm oil production is important for the small-scale producers. However if the development of palm oil will increase and continue such as seen in Peru and Congo, a reduction of palm oil must happen to ensure that areas do not open up for new palm oil plantations. New plantations will have huge impact on the environment. Palm oil has a higher impact on the environment compared to other oils such as rapeseed oil. This is mainly because of the exploited land it grows on. Palm oil is produced on land from rainforests where deforestation of rainforest has a high impact on the environment. Even if palm oil is certified, it does not mean that it is responsibly sourced and sustainable in the true sense of the word (*ibid.*).

4.8 WWF

WWF is one of the founders of RSPO and is an active member of this organization. Tham (pers. com., 2014) mentions there are many problems associated with the expansion of palm oil production. The rapid expansion of oil palm plantations has led to deforestation of rainforests and human rights conflicts including displacement of local communities because of the demand for palm oil. There are several social conflicts related to palm oil plantations and sometimes these conflicts have even resulted in people being killed. One of the key drivers is the continuous increase in demand and the profitability of palm oil. Palm oil companies are mostly not very transparent and production countries are also struggling with corruption. WWF has therefore an important role to fill, to communicate with all stakeholders in the palm oil supply chain, from producers to consumers and highlight these issues and try to make a change in the market.

According to RSPOs' principles and criteria the members must act in a responsible way, but sometimes business ignore these rules. All business must fallow these rules otherwise they are excluded from RSPO. Therefore, there are sometimes conflicts between members, RSPO and the government. *"Which actors set the rules, RSPO or the government in the business act in?"* (pers. com., Tham, 2014). It is important to remember that RSPO is a consensus-process and therefore RSPO is not the only solution to this problem. A code of conduct is in demand in the industry. WWF has received lot of critics from other NGOs' since they collaborate with private business. However WWF has set very clear baselines and minimum requirements and if a voluntary standard like RSPO does not meet these requirements, WWF will consider to step out. WWF can also revoke their collaboration with business if they do not meet their

minimum requirements. RSPO has also started to demand more from their members. According to Tham (*ibid.*) has RSPO started to exclude actors that not fulfill the principles and criteria for RSPO. According principle and criteria's, the respective companies put up a plan on how to: a) Shall gradually certify their plantations. b) Gradually ensure that all palm oil used is certified.

The Swedish companies scored quite well in the 2013 WWF's scorecard on palm oil. Many retailers and food producers currently work hard to live up to their palm oil policies. Tham (*ibid.*) also stresses that the Swedish market is small in a global perspective, but corporations find the Swedish market quite interesting since many things happens relativity at an early stage. Swedish and European food industry has therefore an important role, to lead a shift in the market to a more sustainable palm oil.

WWF does not believe in boycott, oil palm is by far the most productive of all vegetable oil plants currently in production and palm oil is an important source of calories for billions of people and also important for economic development in many developing countries. WWF urges companies:

- To become members of RSPO
- Commit to source 100 % certified palm oil from mass balance or preferably a segregated supply chain at the latest 2015
- Be transparent about their palm oil use
- Consumers can contribute to a more sustainable development by asking retailers and food companies to use only segregated palm oil
- Reducing waste of food

"We as consumers need to learn about paying the real price for what goods actually cost". *"We cannot push the entire problem to the poor people and then shout about that we need to rescue the orangutan, I do not think that is serious"* (pers. com., Tham, 2014).

Further Tham states that business must take their responsibility, even if they are small actors on a global market. The poor women in India cannot pay for the certified palm oil. One of the biggest challenges is now to make a shift in the Swedish market to achieve a segregated supply chain for palm oil products for increased transparency but indirectly also to decrease market of illegal and unsustainable product. Tham (*ibid.*) understands that this is a complex problem for business and therefore encourages Swedish industry and retail to collaborate and formulate common policies for combined pressure up the supply chain. It is hard as a single company to demand segregated certified palm oil from global actors, but if there is, a common requirement from several actors demand will be more powerful.

5 Analysis

In this chapter, the empirical finding will be analyzed with the literature. The structure follows the theoretical framework. Firstly, it is analyzed if the palm oil issue is a wicked problem. Followed by corporate social responsibility, how the food industry address this concept. Industrial collaboration in the food industry and finally multi-stakeholder forms in the food industry.

This analysis follows the structure of Robert's (2003) adaption of Dowling's (2001) figure of stakeholder influence, see Figure 6. Within the MSI all participants could be categorized in what purpose, they influence the MSI. Both food retailer corporations and food producers have a *business partner* purpose driven focus. NGO is Greenpeace and WWF have *external influence* and expertise in this issue. LI could be perceived as *authorities* on the left hand side in Robert's figure. LI is a trade organization driven by its members. However has LI an influence on its members even though its business purpose is not economical due to the organization form as non-profit organization.
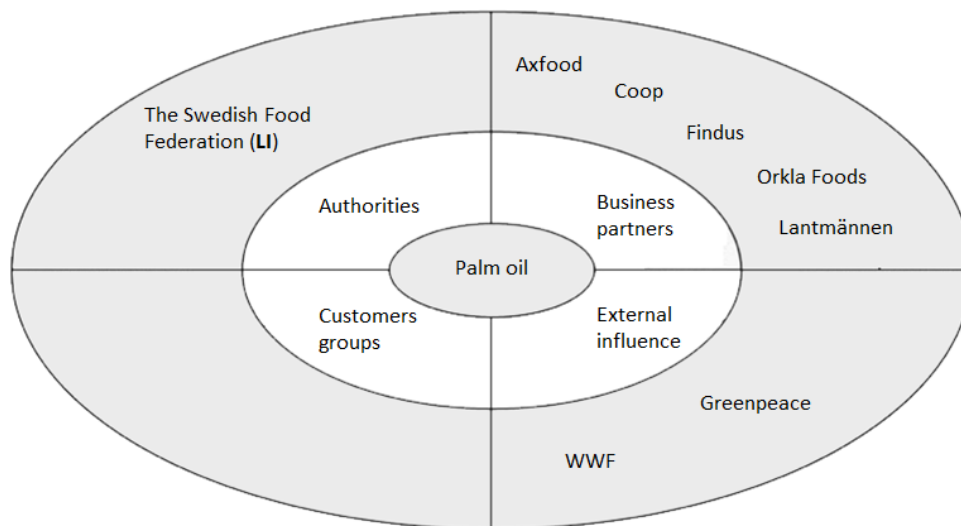

Figure 6. Corporate stakeholder groups in the case of certified palm oil.

All these actors have an interest in issues related to palm oil production. In this thesis it has been assumed that even if the Swedish market is small compared to the global market, the Swedish action has an impact on the global market. This assumption has been responded in media such as www,Gov.UK, 2014; www, Thejakartapost, 2014; www, Theguardian, 2014. This assumption has also been supported by the *external influence, which* deliberates on global attention on the Swedish market. All informants could agree on challenges in palm oil production as a complex problem.

5.1 Palm oil as a wicked problem

According to Head & Alford's chart of wicked problems, (2010, 10) the level of complexity starts with the easier to solve problem where both problem and solutions are known. Followed by when problem is known but solutions are not, further in the level when neither problem

nor solution is known. In combination according to this model is the idea of involved parties presented. In the 'easy to solve' problem phase is a single party represented and follows of multiple parties where information does not fully succeed to reach all participants. At last, multiple parties conflicting in values/interest are seen. Therefore is the palm oil issue considered as a wicked problem since the issue has multiple parties and the problem is known, but there is no solution known, Figure 7.

Diversity ➔ Complexity ⬇	Single party	Multiple party each having only some of the relevant knowledge	Multiple parties, conflicting in value/interest
Both problem and solution known	Tame problem 1	2	3
Problem known, solution not known (relationship between cause and effect unclear)	4	5	Wicked problem 6
Neither problem nor solution known	7	Wicked problem 8	Very wicked problem 9

Figure 7. Palm oil issue as a wicked problem in chart of wicked problem solutions (Head & Alford, 2010, 10).

All informants and participants in this study are aware of the severe situation of palm oil production and argue that the palm oil is a complex issue. Business partners know about the high beneficial outcome palm oil production entails due to the increasing demand, but on the other hand devastation of rainforest, diminishing of biodiversity and social conflicts for people in these areas is crucial and deterrent. On these premises, palm oil production could be perceived as a wicked problem. These characteristics make the wicked problem to be placed in square number six, see Figure 7. Where there are multiple parties involved and all or majority of them know that there is a problem to solve but the solution is not known, as the very definition of a wicked problem.

Between business partners there is no conflict seen in values or interests, moreover companies have different strategies to tackle the issue with palm oil production. From a multi-stakeholder perspective, there is 'conflict' in value and interest. The external influence and business partners have different approaches about the issues with palm oil production.

According to Robert (2000) a wicked problem can be handled in three generic ways. In the case of certified palm oil this issue has been tackled by *collaborative strategies*. The business partners understand the complexity of palm oil. They also understand that they are small actors on a global market and therefore need to collaborate within the industry. Hulme (2009) mentions that wicked problems need to be tackled by alternative behaviors and mindsets. One

of these behaviors is mentioned by one of that external influence, WWF. Tham (pers. com., 2014) states that customers must stop to throw away the products that include palm oil. If customers increase their waste of palm oil, the consumption of palm oil will increase.

5.2 Food industry addresses corporate social responsibility

All informants have adopted the concept of corporate social responsibility, presumably interpreted and defined in their own way of unique definition (Whitehouse, 2006). However, the CSR concept a part of on the TBL-model by Elkington (1998) where corporations use the three dimensions of social, environmental and economic perspectives. These dimensions or aspects can be applied both on a local and global level, but on also on how much responsibility companies are willing to take. According to Dahlsrud (2008), these dimensions are part of CSR, but also stakeholder involvement is a part of CSR. Since palm oil issues in this thesis are referred as a wicked problem there is a need of new way of thinking. The literature highlights that CSR is a way to address governance gap and self-regulation (Utting, 2005, Scherer & Palazzo, 2011). Albareda (2008) highlights that the concept of CSR is of high importance in business. Therefore the empirical findings are analyzed according to McElhaney's (2008, 23) *Landscape of corporate social responsibility*. In what position the business partners are placed according to what level of responsibility they take, see Figure 8.

Figure 8. Business partners CSR-work in McElhaney (2008, 23) landscape of Corporate Social Responsibility.

Business partners are perceived to be placed in the level of *industry* by transform an industry and develop code of conduct for the industry in the landscape of CSR. There is a transformation in the industry since the Swedish industry actors collaborate. McElhaney (2008) argues that companies in this level take responsibility for their business by affecting other actors by doing well. In this research actors influence each other since the corporations collaborate, but also attract the same ambition, creating a more sustainable palm oil production. Common to all business partners is that no actor independently own palm oil plantations. In this sense are information from plantations mediated through wholesalers and retailers of palm oil. Transparency and supply chain sourcing could therefore only be secondary information and set corporate responsibility dependent on these premises. According to Robert (2003) ethical sourcing is a term to address complex problem, in this case of certified palm oil, wicked problem. Business partners in this case do not act in the world level in McElhaney´s CSR landscape, not by self-regulation. Roberts (2003) mentions that *"The use of ethical sourcing code of conducts, which guarantee that the products sourced by a company meet specific environmental and social standards"* (159). Since the palm oil production is complex containing both social and environmental issues it is a crucial need for the business partners to address ethical sourcing.

The business partners feel committed to take responsibility in a social, environmental and economic dimension, therefore they join the MSI, RSPO. The business partners push in the right direction in order to improve the development of certified palm oil. Porter & Kramer (2011) state that the common goal to act responsibly is not profit driven, more that the business wants to create values for the society. In this point of view business partners both address self-regulation and co-regulation. As Albareda (2008) mentions the corporation's self-regulation has been developed to include co-regulation. However, according to Bjureby (pers. com., 2014) might business partners avoid these issues since they are hiding behind RSPO and therefore do not take their full responsibility. Bjureby (pers. com., 2014) finds this solution a first step, but policies must be operated in practice and not only on paper. There are divided opinions regarding business oriented setup in this issue. Critics have questioned if business partners do the right thing. The process to produce more sustainable palm oil is slow (*ibid.*) when legal regulation is absent, it is up to business address the governance gap (Scherer & Palazzo, 2011). According to Tham at WWF (pers. com., 2014) are business partners on a good way and WWF supports companies in their processes. However Tham (*ibid.*) points on that business partners must be more transparent against each other and make actions of their policies, which also Bjureby (pers. com., 2014) agrees up on. Tham (pers. com., 2014) also states that even if the Swedish market is small compared to a global perspective, is the Swedish market interesting from a business point of view. Actions are taken on a relative early stage on the Swedish market and therefore global business observes the Swedish market.

In the case of certified palm oil have all business partners' awareness about the situation regarding palm oil, all companies have developed a code of conduct regarding corporate social responsibility in palm oil related issues. Albareda (2008) mentions code of conduct as a part of self-regulation. Therefore, the business partner's code of conducts to a more sustainable palm oil can be seen as an enabling factor to address the governance gap. In the case of certified palm oil have two decisive alternatives appeared among business partners. Acting aligns with corporate responsibility, promoting fair production of palm oil in a sustainable way, or replace/boycott palm oil in production. Making decisions of boycotting palm oil could be perceived as not acting responsibly and therefore be deprived of the right of working align CSR. In this case can it be questionable if corporations take full responsibility regarding palm oil issues, since if they might replace the palm oil. Hallgard (pers. com., 2014)

states "*Rapeseed oil suites local environment better when we are surrounded by them, long transports is not needed and the nutrition values are much better*". This results in a replacement of palm oil into other oils in products occasionally. Still it is important to point out that one of the major reasons replacing palm oil is because of the negative consumer pressure. Domeij (pers. com., 2014 and Bylund (pers. com., 2014) point out that consumers have strong negative connections about the palm oil production and palm oil generally. Communication with customers about sustainable produced palm oil is therefore difficult. Domeij (pers. com., 2014) says "*If we use the Green palm-label, will consumer buy the products or not, since palm oil has a negative association?*" and Bylund (pers. com., 2014) has the same approach. If the palm oil will be replaced with other oils, business partners will not take their full responsibility regarding the palm oil issues. Tham (pers. com., 2014) highlight this as well; "*We cannot push the entire problem to the poor people and then shout about that we need to rescue the orangutan, I do not think that is serious*" (*ibid*.).

5.3 Industrial collaboration in the food industry

As mentioned in the introduction of this chapter, this analysis has been structured according to Roberts's stakeholder groups with inspiration from Dowling 2001. According to Roberts (2003), has a company different set of stakeholders divided into four major groups, see Figure 9. One of these groups is '*business partners*', which include an industry. These actors, involved in the same industry have almost the same interest and might be competitors. There is a difference between industrial collaboration and multi-stakeholder collaboration (MSC). The difference is mainly based in the involvement of stakeholders. MSC involves actors from business partners, authorities, external influence and also customers groups.
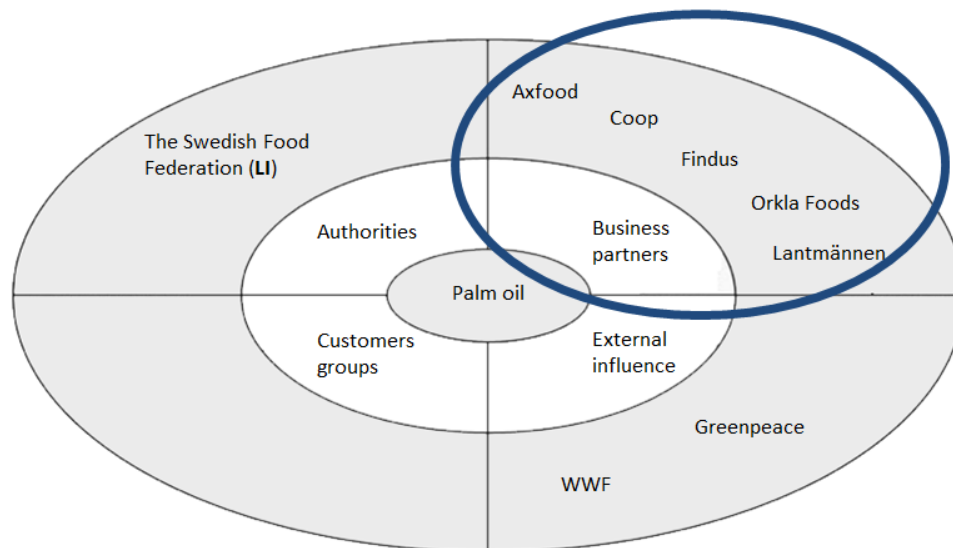
Figure 9. Industrial collaboration stakeholder groups in the case of certified palm oil.

However states Roberts (2000) that tackling wicked problems with a collaborative setting of stakeholders is one way to resolution. The author also highlights that collaboration between competitors entails high risks such as the heavily time consuming process might lead to a bad outcome. Thereby does participating in collaboration, since there is a sharing of knowledge and a sharing of risks see mostly benefits. Collaboration can be formed in different approaches such as partnership, alliances and coalitions (Murray *et al*., 2010). Moreover could a dialogue between actors in the same industry resolve common issues as environmental and social threats. In the case of certified palm oil, a dialogue is held between

industries. Domeij (pers. com., 2014) mentions that this dialogue is based on common knowledge about the issue and that the corporation knows about benefits by being the first mover, but this issue is too complex to tackle by themselves, which all business partners agree up on. As business partners, authorities and external influence agree on that the collaborative setting is the best governance structure resolving complex problem, enabling factors are important to note. Roloff (2008, a) explains the most important enabling factor in a collaborative setting is to have the same goal. Carty (pers. com., 2014) mentions, *"All actors have different strategies, but we all want to reach the same goal."*

Collaboration in the Swedish food industry is expressed in a dialogue where actors concern for the palm oil issue, but also share experiences. Actors have naturally different stakes in the dialogue (Payne & Calton, 2004). However can this industrial dialogue are divided into several groups. One of these is the dialogue between Axfood and Coop. Bylund at Coop (pers. com., 2014) states that this collaboration started since the NGOs had different approaches regarding the palm oil issue. This dialogue had an outcome in retailer Coop, Axfood and ICA made an agreement about a policy regarding a more sustainable palm oil in their own produced products. In this dialogue actors support each other but also respect differences between their own strategies. In the dialogue between Coop, Axfood, Orkla Foods, Findus and Lantmännen a wider dialogue is established with different strategies and in some cases different knowledge and ambitions. The dialogue takes place with another approach when including the trade organization LI. Hemmati (2002) consider the power distribution and actors' influence as a dependency. Further, as Svedsen & Laberge (2005) deliberates that consensus is very important in agreements on solutions and commitments. Retailers and food producers hold a dialogue since they are affected by each other's business. If Coop has high ambitions about certified palm oil, then Lantmännen might need to have the same ambition or negotiate about this decision. Domeij (pers. com., 2014) point out that if food producers not accept their request, they might replace that food producer with another. *"We buy cookies, not oil"* mentions Domeij (pers. com., 2014) and therefore is this dialogue of high importance for the industry having the same ambitions and similar goals.

Roberts (2000) states that collaboration is needed to tackle a wicked problem such as palm oil and therefore are an industrial collaboration important, but a wider collaboration is needed. According to Dowling (2001) is an improvement involving more than corporate stakeholders and more actors than just business partners/industries, it involves actors such as trade associations and special interest groups. To tackle ethical sourcing has NGOs been highlighted and have a more important role from a company perspective (Roberts, 2003). Adopting by ethical sourcing creates a better and wider understanding about environmental and social issues. In the case of certified palm oil has the Swedish food industry high respect and trust for the multi-stakeholder initiative RSPO. According to Bylund (pers. com., 2014) is there a resignation on how to tackle palm oil issues in Sweden, therefore is contact with RSPO and NGOs needed.

Another important actor is the trade organization LI. Since they have developed the 'Swedish initiative for sustainable palm oil' they represent their members in the Swedish food industry. Therefore, an industrial collaboration needs to be extended into a multi-stakeholder perspective to tackle the issues of palm oil from a Swedish food market perspective. Industrial collaboration is not enough since actors are too small on the global markets, highlights (pers. com, 2014) and Selander (pers. com., 2014).

5.4 Multi-stakeholder forms in the food industry

A multi-stakeholder network establishes when several actors are involved and have a more network focused approach (Svedsen & Laberge, 2005). The focus is on a common goal or issue rather than one particular corporation. Since MSN can be both formal and informal these network can be expressed in different ways and have different approaches. In the case of certified palm oil the MSI has a network approach since all actors have the same goals, a more 'sustainable' palm oil. The palm oil case is a wicked problem and as Robert (2000) mention can a complex problem address resolutions when business collaborate. The Swedish food industry does understand this issue as global and complex, therefore a need for collaboration addressing the gap of governance responsibility has appeared. Other organizations such as Greenpeace, WWF and LI have therefore an important role in this collaboration. The food industry cannot handle the situation by their own and NGOs have both knowledge and connections in palm oil related issues. LI is of high importance since they represent their members that act on the Swedish market. Robert (2003, 264) sates that *"The potential of such multi-stakeholder initiatives, particularly for hav- ing specific qualities related to creating a 'dialogue across the corporate boundary' "*. The Swedish food industry is therefore to be perceived as creator of a MSI grounded in a network. According to Dowling (2001) are all actors of high importance from a company perspective. One finding in this case study is that the customer group is problematic to involve due to lack of information about customers behavior and splitted views on the palm oil problem in comparison to a corporate perspective. Some of the actors mention in the case study that customers have another approach about palm oil than the company. The thesis also claims that it is hard to engage customers since some of them have strong opinions about palm oil that are heavily negative associated.

However Robert (2003) mentions that CSR has an important role of this perspective and might therefore be a central part in the company. Also, Svedsen & Laberge (2005) and Roloff (2008, b) state that a MSI is more issue driven rather than organization-centric. A shift has therefore transformed the organization centric model into a network-focused approach, better picturing networks tackling governance gaps when addressing CSR. In the MSC and in the case of certified palm oil is a multi-stakeholder dialogue (MSD) present. Hemmati, 2002; Calton & Payne, 2003; Payne & Calton, 2004, argue that there are challenges with these kinds of collaborations. It requires time, is a slow process and might also have a political approach. In this case of certified palm oil the each actor represent themselves in a dialogue, except LI since they represent all members. All retailers and food producers mention benefits by participating in this network and dialogue. Hallgard (pers. com., 2014) mentions that there are no disadvantages to participate in this dialogue, since actors have the same problem agenda. However Selander (pers. com., 2014) mentions that there might be some issues regarding this dialogue since every actor has there problem perspective and also that many actors involved in the dialogue and network. No critique is put to collaboration in itself but in the empirical case of certified palm oil do Greenpeace and WWF agree on this. However wants WWF to see more collaboration between retailers and food producers. Tham (pers. com., 2014) states that the food industry can collaborate even more to tackle the palm oil issue.

In the MSI have both retailers and the food producer's similar ambitions and goals regarding palm oil. The ambition and goal is to have a more certified palm oil such as segregated palm oil or replace palm oil. However the trade association LI that represent both the food producers in this case, but also other Swedish food producers does not have the same ambitions and goal. One reason could be that LI also represent smaller actors that not might

have the knowledge regarding the palm oil production. LI has therefore an important role in this dialogue, trying to meet retailers' and food producers' goal and ambitions. Anell (pers. com., 2014) states that LI tried to make an agreement with retailers, but these actors would not stand by the 'Swedish initiative for sustainable palm oil' since this initiative moved to slow. There is a MSC because of all actors are aware about the issue and want to take action regarding the palm oil. As Bylund (pers. com., 2014) mentions are Swedish actor's too small acting on the global market regarding social issues in the palm oil production. There are also of high importance that the whole industry as such acts together. *"We hope that the standards by RSPO will be higher before year 2017 or that there are complementary standards to add"* (pers. com., Bylund, 2014). All actors had awareness that RSPO might not be the only solution but as Carty (pers. com., 2014) states must there be some kind of respect to the palm oil business, since there is also a problem of infrastructure regarding palm oil. Having segregated palm oil in production demands high technological infrastructure to increase the traceability. Bjureby (pers. com., 2014) further express that the food industry 'hides' behind arguments about actors operate on different levels of ambition. Bjureby (*ibid.*) also expresses a demand of a common platform and policy from the industry regarding to palm oil. Collaboration is good and of high importance but now must these efforts on paper become reality.

In the case of certified palm oil business partners, external influence and authorities made a point that RSPO has a very important role to play. All actors want to take responsibility regarding the palm oil issue, but some of the actors are afraid that RSPO is not enough. Informants from Axfood, Coop, Lantmännen, Greenpeace and WWF points out that RSPO is a first step and the development of a 'better' certification is needed. However as Carty (pers. com., 2014) says *"If we and others demand certified palm oil is it an important signal on the market for a shift to more sustainable palm oil."* The Swedish market can push the global market into the right direction and demand more certified palm oil. Therefore, collaboration is an enabling key factor to address ethical sourcing.

6 Discussion

This chapter provides a discussion about the case study in relation to earlier studies. The research question was - *How does the food industry collaborate to address the governance gap in palm oil production with an approach of CSR?* These findings are now discussed in this chapter.

6.1 Regulation to address governance gap

Findings in the case of certified palm oil suggest that enabling factors to address governance gap in ethical sourcing by the case companies (Axfood, Coop, Findus, Lantmännen, Orkla Foods) are collaboration in the industry, but also with authorities (LI) and external influence (Greenpeace, WWF). Industrial collaboration is highlighted by Dowling, 2001; Roberts, 2003, where it is categorized as collaboration among business partners. In extension it has also been seen that multi-stakeholder collaboration (MSC) is important in resolutions of wicked problems (Waddell, 2012). Different MSC forms are also submitted by Svedsen & Laberge, 2005; Roloff, 2008, b; Peloza & Falkenberg, 2009; Dentoni & Peterson, 2011.

It is seen that Swedish industrial collaboration initiatives have appeared before, for example the 'health claims labelling' on food products. (Asp & Bryngelson, 2007). This initiative shows that the industry has taken advantage of collaborating in complex issues affecting many people in a situation where Swedish food industry is perceived to have big influence. The case of certified palm oil has certain similarities with the health claims initiative. Its fundamental principles are based on self-regulation. As discussed earlier, self-regulation mainly appear in a market where state legal governance require less responsibility compared to corporations' voluntary acting's (Albareda, 2008). Industrial collaboration in the case of certified palm oil can be seen as self-regulation. According to Roberts (2003) CSR take place when corporations take on higher responsibility than required by the law, thus setting higher standards than required. All business partners in this case study of certified palm oil claimed their understanding of the issues with palm oil production. However they also claimed that they are too small to act on a global market. Business partners had a work plan intended to bring solutions or part of solutions within this issue. Albareda (2008) claims that self-regulation is not enough. This has also been obtained in the case study of certified palm oil. However Albareda (2008) mentions that the term 'self-regulation' might be extended with 'co-regulation' since this term is more connected to a process that involves different stakeholders. Therefore, MSC in the case study can be seen as co-regulation. All business partners are therefore members of RSPO and follow minimum required guideline provided by RSPO. Complex issues require a collaborative set of actors, acting through co-regulation, in contrast to self-regulation. Jamali & Mirshak (2007) state that corporations have become more transparent when working with CSR. Roberts (2003) argues that ethical sourcing increase the transparency and could be parts for resolutions on wicked problems.

The literature highlights that these kinds of multi-stakeholder initiatives (MSI) are able to tackle sustainability issues (Dentoni & Peterson, 2011). Therefore, these kinds of initiatives are of high importance as an enabling factor to address the governance gap with CSR in the case of certified palm oil. This goes in the same line as Albareda (2008), that self-regulation is not enough, therefore co-regulation is created. Self-regulation extended through co-regulation and collaborative networks enables ethical sourcing in complex productions and industries.

Business partners in the case study are too small to address the governance gap and therefore the industry must join a global MSI. This global initiative, RSPO can be seen as a co-regulation. However, co-regulations are only a part of resolutions to a wicked problem. Therefore the corporations still need to work with self-regulation side by side of the collaboration. This is highlighted by the NGOs in the study that corporations must go further than RSPO. RSPO is a part of a resolution to the palm oil production issue, but not the only resolution since a MSI might be a slow process since it involves many and different actors. This majority of business partners interviewed have the awareness that they are too small in the global palm oil market to make difference. Hence, they seek a broader co-regulation.

6.2 Collaborative approaches within stakeholder initiatives

In literature on stakeholder arrangement it is important mentioning the evolution of collaborative forms. Findings in the literature on stakeholder arrangement show that strategic alliances have evolved from a limited number of participants to a large number of participants. With a transformation to a larger number of participants the literature on stakeholder agreements shows on how corporations aim to collaborate. From acting as smaller strategic alliances, accepting formal agreements (Mandell & Steelman, 2003; Selsky & Parker, 2005) actors were bounded to each other in a limited number of participants. Later on, literature has evolved including a large number of participants such as cross-sector partnerships (Selsky & Parker, 2010); Multi-stakeholder networks (Roloff, 2008, b); Multi-stakeholder initiatives (Mena & Palazzo, 2012). These types of networks are of an open characteristic, transparent, with an open source attitude and take place in a dialogue. It is thereby seen that NGOs have a more important role today than before (Utting, 2005; Dentoni & Peterson, 2011.

The case of certified palm oil supports this scenario, where business partners involve NGOs in the process to sustainable palm oil. NGO's participation contributes with knowledge and problem solving insights due to the different activity purpose. NGO involvement is clearly shown in example cases in background empirics. Both Dentoni & Peterson (2011) and Peloza & Falkenberg (2009) have given examples of multi-stakeholder initiatives (MSI) with participation of minimum one NGO, which is of high importance.

This collaborative evolution supports the theory of a shift in stakeholder perspective. Svedsen & Laberge, (2005) show on how focus has shifted from a business centric model of stakeholder theory into a network focused model adapting a system view of stakeholder participation. This network approach rather put an issue driven centric discussion according to (Roloff, 2008, b). In the case of certified palm oil the palm oil is centric of discussion in the multi-stakeholder network (MSN). Roloff's (2008, a) definition of a MSN is: *"Multi-stakeholder networks are networks in which actors from civil society, business and governmental institutions come together in order to find a common approach to an issue that affects them all"* (238). Crucial for this new view on stakeholder interpretation is networks' ability to address wicked problems. Waddell *et al.,* (2013) further states that when operating in a network context, a shift in relationship occurs and creates an innovative environment, predominantly in wicked problem resolutions. However, in the case study of palm oil the concept of a network and initiative has been similar since both involves a dialogue with the same actors. Bitzer & Glasbergen (2015) highlight both positive and critical aspects of collaboration, with a warning that it may also create new problems. Some initiatives compete or overlap each other which could cause confusion for consumers and producers and other involved stakeholders. Therefore industrial collaboration is important not to overlap each

other especially regarding CSR since the goal is not to make profit of CSR. In the case of certified palm oil there is a critical aspect regarding the industrial collaboration since each actor has different ambitions. Some of the business partners might replace the palm oil and some other is going to make a transformation on the market to certified palm oil.

According to Dowling (2001) and Roberts (2003) all stakeholders have an important role regarding the corporate perspective. Roberts (*ibid.*) further argues that all stakeholder groups have high influence in the company's CSR-work. In this study there has been confirmed that business partners, authorities and external actors have high influence in corporations' work regarding the issues about palm oil production. However, there is a gap regarding the stakeholder groups of customers. In the literature, this group is fairly discussed and left behind. Excluding the customer group could result in barriers tackling wicked problems when not taking all stakeholders into account. In previous literature, there have been other initiatives in Sweden such as health claims in the labelling and marketing of food products (Asp & Bryngelson, 2007). This initiative has similarities with the case of certified palm oil that the industry collaborates to make a transformation. The health claims and labelling in food products has also a gap with the customer group, that the industry has not involve this group thru the whole process.

According to Waddock (2012), all stakeholders have important roles in tackling wicked problems. When a large customer group has a different opinion of what palm oil problem conducts of, difficulties appear inviting them. Both Dowling (2001) and Roberts (2003) highlight that customers have an important role from a corporation's perspective and therefore there is a need to a dialogue with these groups as well. According to Dahlsrud (2008) collaboration is needed between all stakeholders. Roberts (2000) states that a single company cannot solve a wicked problem by themselves. In the case study have food retailers and food producers concluded that they are too small acting alone on the global market tackling palm oil issues.

Findings have shown on collaboration in settings with homogeneous actors. Roberts (2003) shows in the figure on stakeholder groups on how actors allocate according to interest similarities. Research shows on how business-partners part up in collaborative settings. Industrial collaboration is therefore important to associate with collaboration within the industry including actors with same business purpose. It is shown that industrial collaborations are platforms for corporations to assemble and allocate knowledge about issues of interest excluding external influences. An important finding is illustrated in this context. Literature gives no delicate or detailed difference of collaborative initiatives accepting internal or external stakeholders. In reality is collaboration within the same industry among business partners with similar business purpose difficult to achieve due to competition law. But in the case of CSR issues, when non-strategic business practices are discussed, industrial collaboration is seen. To address CSR into business with the goal to make profit is not an opportunity (Porter & Kramer, 2011). Industrial collaboration is of high importance in a long-term perspective, which can be obtained in landscape of corporate social responsibility by McElhaney (2008). Therefore, one key enabling factor addressing the governance gap is illustrated as industrial collaboration since this kind of collaboration transforms an industry and build strong coalitions. Transforming an industry without having the industry united can be problematic. This scenario is highlighted in the case study of certified palm oil since business partners are too small transforming the industry by them and therefore industrial collaboration comes as an alternative.

Separating industrial collaboration from collaboration with external influence, a MSI, has several important implications. There is an explanatory value in separating these two concepts when describing the number of actors involved and their roles and business purpose. In an industrial collaboration such as in the case of certified palm oil, there is an informal collaboration in the industry, where all business partners have a dialogue about a certain issue. It was seen that business partners preferred to discuss issues related to palm oil with equalities, competitors. As problematized before, the matter of collaboration with a competitor is not an obstacle in this case. Informants claimed that only beneficial outcomes were related to the industrial collaboration and no sensitive information was shared. Thereby no cause of concern is needed when discussing risks of cartels and illegal collaborations. Benefits of practicing industrial collaboration are to unite a common aim from the industry and thereby meet external influence as NGOs, customers, and authorities. In the case of certified palm oil, there is a discussion if the NGOs represent the customer group. Since the NGOs' members consist of both corporations and customers. However, NGOs have their own ambitions and therefore represents themselves, with different purpose from corporations and customers. Then, in an extended setting, business partners involve external stakeholders and transform the discussion into a MSI. Swedish food producers and retailers have beside the industrial collaboration a membership in RSPO and a steadily evolving dialogue with NGOs as Greenpeace and WWF.

Outcome from the case study of certified palm oil differ hereby from the two collaborative forms described in the literature. Industrial collaboration in the case of certified palm oil intend to create a shift in the market, the Swedish food market demands certified palm oil. In an informal collaboration no formal commitment is needed to one another and therefore no legal conflicts are seen. However lack of external influences such as NGO's or authorities prevents collaboration to progress, according to Robert's (2003) model. Findings show that industrial collaborations, when including external actors, collaborative initiatives are more likely to succeed in resolutions. Also Porter & Kramer (2011) put a notion about that business partners are unlikely to succeed with CSR if the purpose is business driven, they therefore need to collaborate with external stakeholders. This statement further adds relevance to the analysis of industrial collaboration as a not sufficient alternative for wicked problem resolution. As Waddell (*et al.*, 2013) mentions, networks offer benefits in tackling wicked problem since it provides a dialogue with wider knowledge inviting other actors.

As industrial collaborations are not capable of resolving wicked problems, MSIs are emphasized to offer discussions that are more relevant. This is highlighted by Waddock (2012), that all stakeholders have an important role, not only the industry. To take full responsibility in a world level a transformation of multiple industries is needed (McElhaney, 2008). In the multi-stakeholder setting, all participants contribute in their particular interest area of knowledge and experience (Roloff, 2008, b; Svedsen & Laberge, 2005). This is perceived as one motivational factor for corporations to join collaborative initiatives. This discussion goes in same line as Albareda (2008) with co-regulation, that corporations join a MSI to address governance gap. Often these kinds of MSI have a dialogue with multi-stakeholder, which also has been confirmed in the case of certified palm oil. Hemmati, (2002); Calton & Payne, (2003); Payne & Calton, (2004) all agree that a well-developed dialogue facilitates resolving complexities in problems and increases chances to identify key issues for resolutions. According to the authors (*ibid.*) a dialogue has several negative implications, such as time and resource consuming. Hemmati (2002) mention that multi-stakeholder dialogue requires a common ground of perception of the problem. However in the dialogue between the business partners there is no negative aspect. This can be explained by that business partners do not know how to tackle the palm oil issues, and therefore time and

resources constraints are perceived less important. This case study has investigated the Swedish food industry that consists of actors that are relatively small compare to the global market. However, there are a few food retailers acting on the market. In comparison with other cases, Svedsen & Laberge (2005) show on MNCs collaboration in MSI. These MNCs are capable to act as initiators in these collaborations because they are big on the global market (Dentoni & Peterson, 2011). A dialogue between business partners, authorities and external influence is collaborative form to the governance gap with an approach of CSR within the case of certified palm oil. Each of these actors has an important role to fill since they have different knowledge and experience Therefore collaboration within the industry, external influence and authorities such as WWF, Greenpeace and LI are of high importance to address a wicked problem.

7 Conclusions

This last concluding chapter describes how the aim was achieved in the thesis. It further summarizes the problem of palm oil production and gives findings of this thesis. At last suggestions for future studies are presented.

Palm oil production has to its intense progress brought severe problems to local areas. These problems consist of social conflict as land grabbing, loss of diversity and devastation of rainforest. In economic terms, palm oil is cheap to produce and has a relatively high output per hectare, hereby a conflict in values and interest exists. This multi-dimensional characteristic of the problem is a perfect example of a so-called wicked problem. A wicked problem, by its very nature, cannot be solved only managed. The core of this particular wicked problem and many similar problems in the food industry are gaps in governance of ethical sourcing. Corporations have therefore taken on a self-regulatory role regarding taking responsibility for production, in this thesis also referred as corporate social responsibility, CSR.

The key finding of this thesis is that this has been done, not only by self-regulation but also through co-regulation. Self-regulation is the predominantly process for corporations taking responsibility for production. For a wicked problem, this is not enough: Co-regulation is needed in addition to self-regulation. Various forms of collaborations represent key enabling factors to address the governance gap of ethical sourcing.

In the case of certified palm oil, this thesis found that collaborative forms should be separated into industrial collaboration and multi-stakeholder collaboration. Industrial collaboration is to be seen as self-regulation and multi-stakeholder collaboration as co-regulation. Note that the collaborative forms are not separated in the literature used in this thesis. The benefit of identifying the different collaborative forms is to identify where the collaboration mainly occurs and gets defined. However, both industrial collaboration and multi-stakeholder collaboration are needed and considered as key enabling factors addressing the governance gap in ethical sourcing. Industrial collaboration has been seen to unite actors in the same industry, contributing to a shared agenda and transform into certified palm oil in production. However in larger settings, involving the entire industry in a multi-stakeholder setting is to be preferred adapting a wide dialogue with NGO's and authorities. This kind of multi-stakeholder collaboration has therefore been created to share knowledge and experience to find resolutions. Industrial- and multi-stakeholder collaboration is therefore to be considered as key enabling factors addressing the governance gap in ethical sourcing. These collaborative settings in the food industry take place in dialogues and networks between the actors. Since multi-stakeholder collaborations exist in large networks, a dialogue beyond corporations' boundaries occurs.

A suggestion for further research is to conduct a longitudinal study of how this initiative develops. This thesis was conducted during a limited time perspective and gives a snapshot in time on a longer process. It would also be interesting to investigate motives and experience of each stakeholder groups in detail. Research on several co-regulatory initiatives could be topic for future research.

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Appendix 1: Supply chain map of palm oil

Palm oil is a product used in many products such as lipstick and cookies (www, WWF, 1, 2014). The supply chain of palm oil is quite complex and long, which can be seen in the picture below.
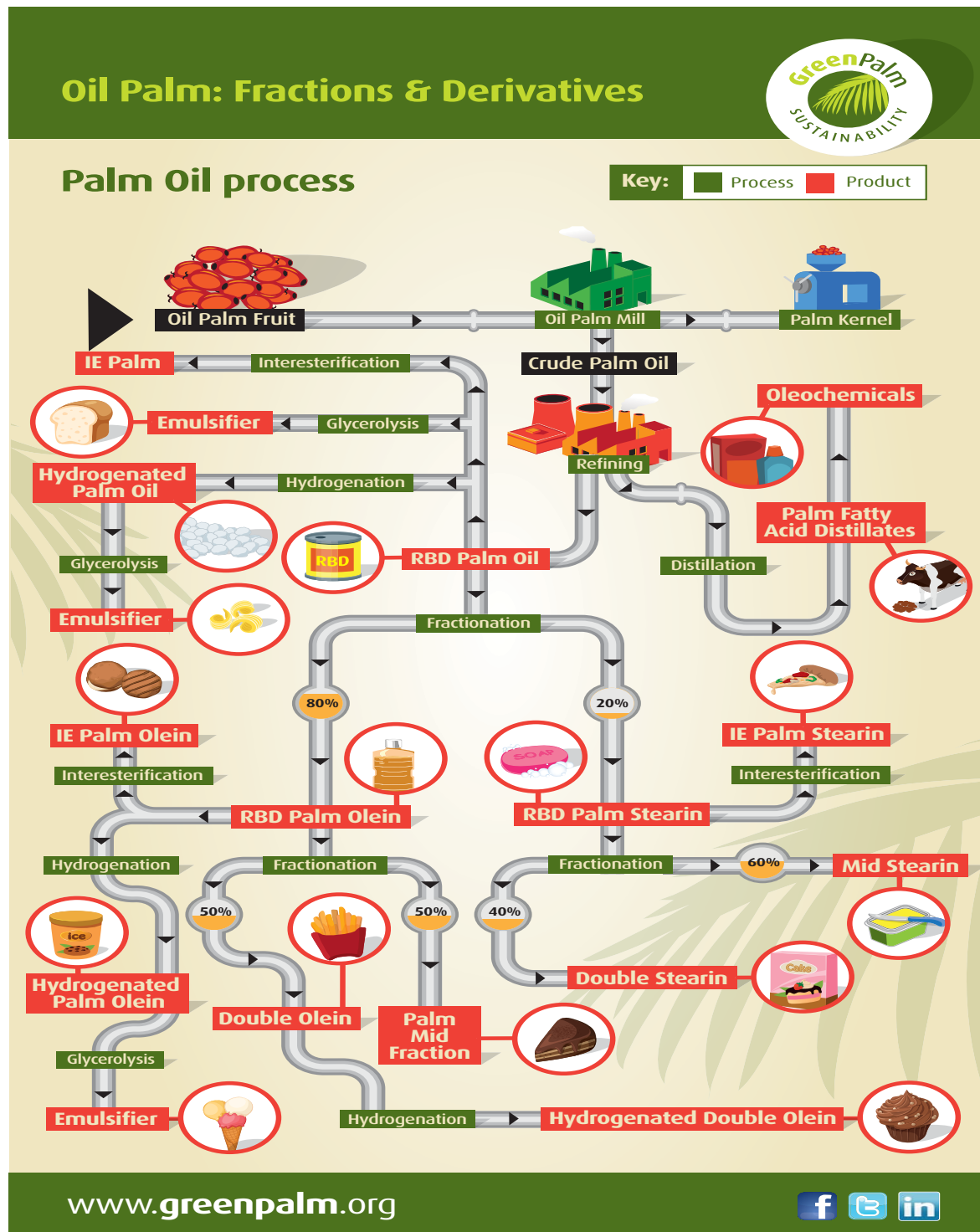
The picture illustrates that palm oil can take many different forms and therefore it is used in a lot of products (www, greenpalm, 2014).

Appendix 2: Roundtable on sustainable palm oil and certification

In year 2001 WWF had the initiative to explore the possibilities for a Roundtable discussion on sustainable palm oil. The result was at first informal meetings with Aarhus united UK, Migros, Malaysian palm oil association and Unilever together with WWF in year 2002. These organizations constituted themselves as the Organizing Committee to organize the first Roundtable meeting and to establish the foundation of the organizational and governance structure of RSPO. In the first RSPO meeting in Kuala Lumpur, Malaysia, 2003, 200 participants attended from 16 countries. One year later in 2004, 47 organizations have signed the Statement of Intent, which is a non-legally binding support for the roundtable process (www, RSPO, 1, 2014). Later in 2004 Roundtable on Sustainable Palm Oil was formally established. The seat of the association is in Zurich, Switzerland and the secretariat is based in Kuala Lumpur and with Liaison office in Jakarta, Indonesia (www, RSPO, 1, 2014). The central part of RSPO is the credibility and transparency (www, RSPO, 2, 2014). These two terms are based in both the principle and criteria and the supply chain certification.

There are four different ways to work with supply chain certification (www, RSPO, 3, 2014) and by their received the Greenpalm label. It is important to remember that RSPO Certified Sustainable Palm Oil (**CSPO**) certification scheme is quite new, 2008, and the cost for segregation of palm oil high since there must be a spate flow of palm oil. The system is complex and therefore it takes time. However there are four different levels/certification of sustainable palm oil form CSPO. These four different certifications have been developing to facilitate the system to sale sustainable palm oil.

- Book and Claim
- Mass balance
- Segregated
- Identity preserved

All of these four levels are approved by RSPO but have different approaches in sustainable palm oil. The similar approach is that these ways is the common ground in ´principles and criteria´ document.

Book and Claim is manage by Green Palm how has strong connection with RSPO. However the core idea with this certification is to support the producer of palm oil to produce sustainable palm oil. The certification does not mean that business buy sustainable palm oil, they only support the development of sustainable palm oil. According to WWF, (www, WWF, 2, 2013) this certification is quite easy since it is more of a *´purely paper-based process´(p.20)*. It requires that the palm oil producer's check how much palm of how was no certified and then they sell *Book and Claim* certification for this volume.

Mass balance is a mix between certified palm oil and uncertified palm oil, but the record is to have much as possible certified palm oil in the tank (*ibid*.). When the companies buys the palm oil they can buy only the certified part, and therefore have a more sustainable palm oil in their products. This certification is also quite cheap since the palm oil does not need to be separate from the uncertified palm oil.

Segregated refer to sustainable palm oil, but the palm oil is mixed from different sustainable plantations. The mixing is from multiple certified plantations is keep in a spate flow and CSPO keep the palm oil separated from the uncertified palm oil threw the whole supply chain. Therefore the end-user obtains 100 percent certified palm oil.

Identify preserved palm oil is quite similar to the *Segregated* certification, but the difference are about the transparency. In *Identity preserved* the sustainable palm oil can be sourced to the plantations, there are full transparency in the supply chain. The sustainable palm oil is traceable to the individual planation. Both *Segregated* and *Identify preserved* is managed by UTZ-CERTIFIED according to CSPO.

RSPO has eight different criteria used for the grower to get certified. Each of these criteria will be catchall explained in the text below, but there are a lot more information both these criteria and also indicators/guidance defined by RSPO. All information is from the same source, www, RSPO, 4, 2014).

All these eight criterias must be fulfilled to get the certification from RSPO. Commitment to transparency for the millers and growers is to provide information about the production regarding environmental, social and league issues and also follow the ethical codes and give relevant information about requirements to stakeholders. Other important parts of this criterion are documentations about management and have these documents in public. The second criteria compliance with applicable laws and regulations demonstrates the right to use land must be legitimately by local people. Theses local people can demonstrate that they have customary, legal or users right to the land. Commitment to long-term and financial viability is the third criteria and are about long-term perspective. The palm oil plantation is managed in a long-term perspective by the top management. Use of appropriate best practices by grower and millers refers to that the operation producers are documented, monitored and consistently implemented. Practices to maintain the quality of groundwater and minimize the erosion. Pesticides are used in a way that do not harm environmental or human health. All the workers, staff, smallholders and contract workers are well trained to know what risk pesticides has to health and environmental.

Environmental responsibility and conservation of natural resources and biodiversity refer to mill management and aspects of plantation. The mill management demonstrates the positive and negative aspects are identified but also include continual improvement. One of these aspects is the conservation about the habits. If the plantation or mill affect the habits this must be documented and managed to best ensure or enhanced. Reduction of waste and recycle of waste and manage in a good way and the renewable are optimized. To use fire for replanting or preparing land is avoided. Plant to reduce greenhouse gases and pollution are implemented, developed and monitored. The sixthly criteria responsible consideration of employees and of individuals and communities affected by growers and millers. Aspects regarding social impacts are identified and negative aspects are planned to mitigate. The positive impacts are promoted and demonstrate continual development. There are methods that allow transparency in both communication and consulting between miller, local communities or other affected parties. Documentation of dealing with complaints and grievances are implemented and accepted by all parties. If there are any negotiations concerning compensation for legal, user right or customary these are documentation dealt through a system that enables local people, communities and other stakeholders to express their views. Workers and employees are pay and conditions meet at least industry and legal minimum. The employers respect the right of join and form trade unions. Children are not

exploited and employed. Discriminations based on religion, raze, caste and sexual orientation or union membership is prohibited. Human rights are respected and trafficking is not allowed. Growers and millers deal fairly with smallholders and are transparent in the business and contribution from grower and millers to local development are appropriate.

Second last, responsible development of new plantation. Social and environmental impact assessment is undertaken and prior when expanding planation or stabling new ones. When stabling of new planting information about topographic information and soil survey are used for site planning. The result is implemented in plans and operations. Plantations since 2005 have not replaced forest that has high conservation values or even replaced primary forest also plantation in fragile soil are avoided. When new plantation is established fire must be avoided and also be designed to minimize the greenhouse gases. No new plantations are started on local people's land where it can be demonstrate that there are users right or legal. The last criteria, commitment to continual improvement in key areas of activity is for the growers and millers to review and regularly monitor their activities and develop these also implementation and actions plans for continual improvement in key operation.

Appendix 3: Earlier studies on multi-stakeholder initiatives

This appendix provides a brief summary of earlier studies on multi-stakeholder initiatives, both from a global and Swedish perspective.

Multinational collaboration initiatives
In the latest ten years have MNCs in the food and beverage sector formed and joined a certain number of partnerships with heterogeneous stakeholders. The main actors are MNC's like Nestlé, PepsiCo, Kraft and Unilever which all of them have a number of sub-sectors within their diversified brands do all participating in a large number of alliances that gives a broader picture focusing on environmental and social sustainability (Dentoni & Peterson, 2011). A few MNCs, including Nestlé, Kraft and Unilever, have been very active in founding or co-founding a number of multi-stakeholder alliances, demonstrating strategic intent to build core competence and leadership in tackling sustainability issues. However are differences seen in respective corporation about how the role of multi-stakeholder alliances within their sustainability strategy differ, some co-founds multi-stakeholder alliances mainly with competitors while others adopt a more integral "multi-stakeholder approach" exclusively participating in alliances with multiple stakeholders in all sustainability initiatives (Dentoni & Peterson, 2011).

Dentoni & Peterson, (2011) listed and investigated a large number of multi-stakeholder initiatives in the food sector and investigated the stakeholder interference among participants. One major discovery was that MNC's created weak ties with NGOs in network settings if they were not familiar with cooperating. In particular were weak ties found in the 4C Association and the Alliance for Water Stewardship. The 4 C Association consisted of Nestlé and Kraft, started to communicate in year 2002 with the NGO Oxfam and the German agency GTZ. This incentive was facilitated by Oxfam that had for a long time set pressure on corporations in order to make trade fair business. Oxfam had a long-lasting relationship with multi-stakeholder secretariat and partners, though making clear that this does not mean Oxfam endorsing MNCs' products, even though approved by the alliance's code of conduct. Also Oxfam only guaranteed participation if expectations regarding organizations and practices were satisfied. In the other initiative, the alliance for Water Stewardship, was Coca Cola the initiating actor for collaboration with WWF and the Nature Conservancy. Before the alliance was no record of communication between these stakeholders. In cases where corporations and NGO already had established contact stronger ties could be perceived between parties. Examples of initiatives with strong ties between actors are Consumer Good Forum (2010), the GAIN Business Alliance and World Initiative for Soy in Human Health (2010).

Networks offer benefits in tackling wicked problems in comparison to other traditional hierarchical organizational approaches (Waddell *et al.*, 2013). By being co-owned, a collaborative actor, big shift in power relationship has created mutual accountability and innovative environment. One type of this network is the GAN, Global Action Networks. GAN develops and organizes knowledge to address their specific wicked problem. One clear example is the Transparency International that can address inconveniences of corruption which is considered as a wicked problem (Waddell *et al.*, 2013).

Peloza and Falkenberg (2009) shows on different kind of multi-stakeholder settings where numbers of actors and governance structure set standards on how work could be conducted. It furthers gives example on a study on an Ecuadorian organization, The Chemical Care Initiative that is considered as a model of self-regulation and a multi-stakeholder initiative. In this initiative several companies and one NGO, Fundación Natura, exists. In this setting Peloza and Falkenberg found that this collaboration model can help ensuring a common platform for all firms signed on to Responsible Care. The formal collaboration with Fundación Natura was established some years after collaboration with other companies and NGO advisory, giving both sides the opportunity to establish trust and opportunity to recognize the value in an NGO partner highly focused in their industry. Though this collaboration is not suitable for all firms. Several limitations restrict maximum output from this kind of partnership. First, because of consisting relationship of multiple firms, gained benefits through industrial differentiation diminishes competitors. When multiple firms from the chemical industry claim participation in the Responsible Care Initiative they lose ability to distinguish their own firm from the other firms in the same industry. Involvement in such collaboration limits the ability of consumers to make purchases on socio- economic criteria (Peloza & Falkenberg, 2009).

Earlier research on the Swedish Food industry
From a Swedish approach there has been collaborative forms in the Swedish food industry. In 1990 there was an initiative to implement regulations or practices about certain claims regarding health and food products in Sweden (Asp & Bryngelson, 2007). This wetlabeling was a Code of Practice between the authorities within a dialogue. This rule or practices had the aim to developed differences roles to not apply medical products in the food products, in other words functional food. This means that no producers should not to claim that one product had specific health benefits. However this Code of Practice was 'replaced' in with the EU directive nr 1924/2006 (*ibid.*). Therefore the industrial support from The Swedish food federation and Swedish General Dealer (Svensk dagligvaruhandel) created a industrial support regarding the food industry. The purpose of this support is to increase the trust from the Swedish consumers regarding the trust for the food production. Create dialogues between the Swedish food actors and make it easier for consumer to choose healthy food. The common goal with this dialogue and support is too not errant the consumers regarding food products (*ibid.*).

Appendix 4: The interview guide

The interview guide was used to get answer regarding this project. The interview guide is semi-structured with open question so the informants could explain the answer in different ways.

Palm oil
- What are the biggest challenges regarding the palm oil?
        - Economically?
        - Environmentally?
        - Socially?
- To what extent do you use palm oil in your products?
- How does the organization tackle the problem with palm oil?
- Why is palm oil such a complex problem?

Corporate Social Responsibility
- What is the organization's definition of CSR?
- What does CSR mean for you and how do you operate with CSR?
- What is the biggest challenge with the CSR- work overall?

Industry Collaboration
- Why are you working towards a more sustainable palm oil production?
- Do you have any collaboration with other actors in the industry?
- Are there any benefits for the industry to collaborate in the case of palm oil?
- Are there any challenges for the industry to collaborate in the case of palm oil?

Multi-Stakeholder Network
- Is there any collaboration with other actors? Why?
- How is the dialogue between actors within and outside the industry established?

Motivation for multi-stakeholder collaboration
- What motivates you to collaborate with other actors in the industry?

Challenges of multi-stakeholder collaboration
- What is the biggest challenge with collaboration? How can these be resolved?
- What challenges are there in the dialogue between organizations?
- What is important to be able collaborating?

Future
- Is there a sustainable palm oil production? What solutions are required?

Appendix 5. - About the key-stakeholders

This appendix provides an understanding in background about each key-stakeholder. The background information provides a deeper understand of each key-stakeholder.

About LI

Swedish grocery production market consists of the trade organization Livsmedelsföretagen (LI). Livsmedelsföretagen represents its members in industry related issues. LI is a non-profit organization with approximately 850 members companies, small, large, local and international concerns amounting almost 50 000 employees (www, livsmedelsforetagen, 2, 2014). The organization's mission is to promote specific tasks within the industry, among them employment issues. This year Livsmedelsföretagen leads a project including all members of the organization to prevent conventional produced palm oil to be sold on the Swedish food production market. From year 2015 all product containing palm oil and has been produced in Sweden needs to exclusively contain certified palm oil. In this unique collaboration of competitive food production actors, this palm oil association requests an exception from the standard neoclassical competitive advantage theory. All competitors are struggling for the same goal by setting special demands on the business environment.

About Lantmännen

Lantmännen is one of the biggest actors of agriculture, machinery, energy and food production in Baltic region. Lantmännen is owned by 32 000 Swedish farmers and have 8 500 employees. In year 2013 turnover amounted to 33 802 MSEK (www, lantmannen.se). Lantmännen is a farming cooperative, target market is both international and domestic where Sweden provides the basis of business. Lantmännen keeps up the value chain in providing its mission of - taking responsibility from soil to table.

About Orkla Foods

Orkla Foods is a Norwegian group, established in the Nordic countries and all Baltic countries (www, Orklafood, 2014). The business is divided in different groups such as Orkla Foods in Sweden. Orkla Foods Sweden had a turnover that amounted to 4.8 billion SEK and has 1500 employees. Orkla Foods Sweden was established in January 2014 after a merger between Abba Seafood, Procordia and Frödinge (ibid). Some of Orkla Foods' brands are Abba, Kalles and Felix.

About Findus

Findus Sweden is a part of the Findus Group (www, Findus, 2014). In Europe is Findus one of the biggest frozen food companies. The Swedish part of Findus has a turnover around 2,2 billion Swedish crones and around 900 employees. Findus is marketing leading regarding frozen vegetables, fish and frozen meals.

About Axfood

Axfood is one of the three biggest grocery retailers in Sweden. The company was founded in year 2000 when a merger occurred by Hemköp, D&D dagligvaror and Spar Inn (www, Axfood, 2014). In the same year Axfood took place on the trade market. A consolidation of the organisation resulted in the corporates Willys, Hemköp, Axfood, Närlivs and Dagad. In 2003 Axfood introduced private brands in their corporations. Toady has Axfood a turnover on 37 522 MSEK (*ibid*). Axfood has in total 180 stores in Hemköp, 183 stores of Willys and 681 franchise stores of Tempo/Handlar'n/Direkten.

About Coop
Coop is a part of the KF Group, a grocery retail group (www, Coop, 2014). The company runs grocery trade in different kinds of retail chains such as Coop Extra and Coop Forum. Coop is one of the three biggest actor on the Swedish grocery market. Thier turnover amount to 32 SEK billion and has 7200 numbers of employees.

About Greenpeace
Greenpeace was established in 1971 in Canada. It is an independent and politically independent organization sponsored by fundings (www, Greenpeace, 2014). Thier goal is to expose environmental criminals, to change government and business when they fail to include an environmental perspective in their work. One slogan Greenpeace had was "When the last tree is cut, the last river poisoned, and the last fish dead, we will discover that we can't eat money…" (*ibid.,*). This slogan illustrates what the organization stands for. Greenpeace has 2.8 millions supporters all over the world and engage people every day to take action against environmental criminals.

About WWF
World Wide Fund For Nature (WWF) is an independent global conservation organization, founded in year 1961 (www, WWF, 2, 2014). With five millions of followers, WWF is one of the world's largest conservation organizations. WWF has projects in 100 countries all over the world and its work is characterized by interlinked collaborations between countries and organizations (*ibid.*). WWF is an unpolitic actor that has a network approach with national organizations that has the same agenda and ambitions as them. WWF works intensively on the palm oil issue and is one of the founders of the Roundtable on Sustainable Palm Oil – RSPO in year 2004. Later on, WWF also developed a tool for assessing and encouraging uptake of certified palm oil, Palm Oil Buyers Scorecard. The scorecard gives recommendations and guidelines on what actions a corporation should take when using palm oil in production (www, WWF, 3, 2014)