SHAKE YOUR STAKEHOLDER:

FIRMS LEADING ENGAGEMENT TO CO-CREATE SUSTAINABLE VALUE

ABSTRACT

While most extant scholarship has focused on how stakeholders influence firms, we propose that firms play a critical role in "shaking" stakeholders. Shaking stakeholders means to proactively initiate cooperation with those affected by a firm to alter awareness, behavior, and networks so as to catalyze change in society and the marketplace to reward co-created innovations in core operations of the firm that improve social and environmental impacts. Two previously underappreciated aspects of stakeholder relations are highlighted. First, the firm can be the entity that leads engagement that shakes stakeholders out of complacency. Second, firms can catalyze collaborative relationships to co-create sustainable value that is shared with stakeholders. We offer several cases to illustrate this strategy. While stakeholder shaking may be useful in any business environment, global ecological crises, societal problems, and governance failures heighten the need for firms to take action to bring about profound and systemic changes.

Keywords:

Sustainability, sustainability management, stakeholder theory, stakeholder engagement, stakeholders, sustainable value, systemic change, sustainable business

INTRODUCTION

Previous frameworks have outlined different types of firm-stakeholder interactions ranging from reactive to more proactive reciprocal dialogue, consultation and education. An approach that requires disruption of the status quo to co-create long-term sustainable value reveals an under-appreciated form of interaction. We extend on existing stakeholder engagement frameworks to describe how firms address significant societal and ecological crises and simultaneously generate greater benefits for owners if they leverage their unique ability to initiate cooperation by shaking stakeholders out of complacency.

Stakeholder theorists have long sought to characterize the relationships between a firm and entities within their operating environment. Original conceptualizations of stakeholder theory were based on the observation that firm performance, and the license to operate, are intertwined with stakeholders who can affect and are affected by the operations of the firm. As these theories developed, a rift opened between the normative perspective, which holds that interrelationships are governed by a moral purpose, and an instrumental perspective, according to which interrelationships are connected to the capacity of the firm to prioritize its own interests (Mainardes, Alves & Raposo, 2011). Decades earlier, Freeman (1984) had articulated the "end of the separation thesis" to describe how strategies for profit generation intertwine with value creation for all stakeholders beyond the immediate interests of owners (Freeman, Harrison, Wicks, Parmar & De Colle, 2010), thereby integrating the instrumental and normative perspectives. Building upon Freeman's original integrative perspective, where the instrumental and normative are inextricably intertwined, we propose firms can co-create sustainable value, that is, long-term beneficial outcomes to the natural environment, society, and the firm.

Sustainability management academics have posited that the core firm purpose is to formulate, implement, and evaluate environmental and socioeconomic decisions and action at the individual, organizational, and societal levels (Starik and Kanashiro, 2013). Firms are nested within a complex set of interrelationships with diverse stakeholders, whereby the environment is the primordial stakeholder (Driscoll and Starik, 2004). Sustainability management concerns not only sustaining the firm, but also considers how firms can sustain the systems within which they operate (Bansal and Song, 2017). When combined with an integrative stakeholder perspective, we argue that the sustainability management approach enables sustainable value creation extending beyond shared value (Porter and Kramer, 2006). Sustainable value creation prioritizes environmental sustainability through viable firm-led activities that simultaneously seek to advance positive change to address large-scale systemic issues such as climate change (Orr, 2014; Howard-Grenville, Buckle, Hoskins & George, 2014), preservation of biodiversity, water scarcity or the elimination of toxicity from production and consumption systems. A stakeholder perspective through a sustainability management lens seeks to understand how firms address systemic sustainability issues themselves and also how they interact with stakeholders to enable outcomes that prioritize the environment.

Hörisch, Freeman, and Schaltegger (2014) have identified mechanisms such as education, regulation, and sustainability-based value creation to overcome challenges in managing stakeholder relationships for sustainable development. Additionally, they identified specific challenges that are encountered when managing stakeholder relationships for sustainability. These challenges relate to the firm's capacity to orchestrate common purpose between stakeholders and to empower stakeholders to act as intermediaries for the

environment. Extending on this work, this paper questions how firms can act as the empowering agents to interact with stakeholders for the co-creation of sustainable value.

STAKEHOLDER INTERACTIONS FOR SUSTAINABLE VALUE CREATION

Existing theoretical models describe aspects of a complicated and changing universe of stakeholder relations. An additional dimension is revealed - and several observable phenomena are explained - if one considers that firms can act proactively in shaking stakeholders out of complacency and cooperating with them. This can disrupt the status quo in terms of the firms' business environments and their own operations to create conditions that reward investments in creating sustainable value. The concept of finding what externalities are material to a company's operations, calculating the impact of changes, and communicating intentions to stakeholders has been offered as the model of what companies do at the frontier of sustainability innovation (Eccles & Serafim, 2013). While this is a fair characterization of best practices, it underemphasizes the potential of leading stakeholder dialogue for ideating innovations, for identifying what is most material for ecosystems and society, and for co-creating market conditions that reward profound changes to core business operations: a strategy we call shaking stakeholders.

Stakeholder Interactions as Described in Existing Literature

Existing theoretical frameworks hold that a firm may be affected by – or, conversely, may affect –stakeholders. Both of these observations are valuable and true. However, the majority of studies have focused on how stakeholders influence the firm to change its practices, either through activism or by their own characteristics such as power and urgency

(Bansal & Roth, 2000; David, Bloom & Hillman, 2007; Frooman & Murrell, 2005; Gifford, 2010; Guay, Doh & Sinclair, 2004; Mitchell, Agle and Wood, 1997). Studies have demonstrated how stakeholders affect the firm, thereby influencing it to respond to societal and environmental issues, with the key influencing agents being external actors who use purchasing or supply power to influence and ultimately redirect the firm (Campbell, 2007). This may be to influence firms to adopt and implement CSR strategies or through punitive actions to punish firms whose products or operations create negative externalities. From this perspective, social movements (de Bakker & den Hond, 2007/2008; King, 2008), shareholder activists (Garanova & Ryan, 2014; Greenwood & Schor, 2009; Sjostrom, 2010), regulatory authorities and non-government organizations (Burchell & Cook, 2013; Guay et. al. 2004; Jonker & Nijhof, 2006) are the value-laden moral regulators who influence firm objectives to achieve optimal environmental and societal outcomes.

An important insight from these studies is that indirect or peripheral stakeholders and those with no direct contractual ties or resource dependencies can exert salient claims to influence firm activities (Eesley & Lenox, 2006; Godfrey, Merrill & Hansen, 2009). While these studies highlight relational effects between firms and indirect stakeholders, they tend to reinforce the view that the firm's interests are different, agnostic, or even opposed to those held by other stakeholders. These studies also reflect an assumption that firms will only adopt sustainable practices as a reaction to stakeholder action and conducive institutional settings rather than as a result of internal decisions to proactively develop such approaches (Aguilera & Jackson, 2003; Campbell, 2007.).

Even when the focus has been on the firm, it is disproportionately focused on a responsive or reactionary view of how firms respond to stakeholder pressures (Bundy,

Shropshire & Buchholtz, 2013; Laplume, Sonpar & Litz, 2008). When scholars have considered how a firm may be proactive, there has been an overemphasis on the instrumental view, with the firm being an exclusively utility maximizing machine negotiating a nexus of contractual relationships between various stakeholders (Easterbrook & Fischel, 1996) or undertaking Corporate Social Responsibility (CSR) by analyzing and mitigating the intermediary effects of stakeholder influence (Barnett, 2007).

Less obvious, although implied within the original Freeman (1984) definition, is the integrative approach, which considers instrumental and normative perspectives to be inextricably linked. Customers, owners, financiers, employees, and suppliers are the basic elements of any business model. Rather than seeing these stakeholders as unrelated entities separated from the firm, taking a value-creation view of stakeholder theory, or adopting the relational view of stakeholder theory (Freeman & Liedtka, 1997) it is impossible to view the firms' interests as unrelated to, or separate, from other stakeholders. Value creation and contracting are imbued with moral notions of autonomy, solidarity, and fairness – and thereby the normative is inherently intertwined with the instrumental (Freeman, 1994). Noland and Phillips (2010) contend this intertwining is consistent with an 'ethical strategist' approach whereby engaging stakeholders through respectful, open, honest, and multilateral communication is vital. It is also possible for the firm to be an initiator of interactions producing positive social and environmental outcomes. How firms seek to influence stakeholders for such means is largely under-examined in the literature except for in the field of sustainability management (Hörisch et al., 2014).

Sustainable Value Creation

Through such an integrative lens, firms have capacity to proactively engage with stakeholders—to shake them out of complacency so as to cooperatively innovate to create mutual benefits for the firm, society, and the environment. Firms can and do, on occasion, engage stakeholders proactively to address large-scale social and environmental issues. Firms may have a broader strategic role in affecting systemic change. As the business model of a firm is one of creating value for multiple stakeholders, the firm has a unique position to affect systemic transition. Just as these integrative studies have framed firms' value creating activities as intertwined with social and environmental value creation, we claim that firms are increasingly confronted with complex and persistent sustainability issues, whereby the social and environmental values related to firm efficiency are inherently intermingled. By being engaged in creating change, a firm can plan and deploy processes, products, and services that are both profit-generating for the company as well as consistent with an emerging new paradigm. Indeed, Friede, Busch, and Bassen (2015) conducted a comprehensive review of existing studies and concluded that empirical based studies demonstrate a positive correlation between Corporate Financial Performance and Environmental, Social and Governance performance.

Firm objectives are not always exclusively and myopically self-serving to the exclusion of all other concerns (Martin, 2002). Firms can and do take a stewardship role (Heuer, 2010; Segal, 2012) and there is increasing evidence that firms assume political actor functions where there is state failure (Matten & Crane, 2005) and that private firms may pursue a public role when they fulfil activities traditionally assigned to government (Scherer & Palazzo, 2011; Scherer, Palazzo and Matten, 2014). Waddock (2008) outlines an entire institutional framework that extends a firm's responsibilities to include stakeholders, societies, and sustainability that is partially derived from the impetus of firm-driven self-

regulation. A managerialist approach may be integrative; that is, simultaneously instrumental and normative, when the firm creates sustainable and long-term value with a broad array of stakeholders while addressing a social or environmental issue.

Firm objectives are not always and exclusively self-serving and they are increasingly confronted with complex sustainability issues, whereby the social and environmental values related to firm efficiency are inherently entangled. It is increasingly difficult, therefore, for a firm to act as the value-neutral optimizing machine mechanically interacting in dyadic negotiations with individual stakeholders—if this were ever the reality (Rowley, 1997). Contexts where social and environmental issues are considered alongside market opportunities could provide an opportunity for a firm to intentionally shake stakeholders out of complacency and to co-create solutions with them.

STAKEHOLDER SHAKING

Stakeholder shaking can best be understood by contrasting it with other engagement strategies. Below is a table that builds off of a comparison published by Morsing & Shultz (2006), adjusted to contrast stakeholder shaking with other engagement strategies. The bases of comparison are useful and appropriate, even if the engagement strategies in the original were referred to as communication strategies. Their leftmost column, symbolizing a strictly one way strategy of outbound communication to stakeholders with no effort to even collect feedback, is removed, since, practically by definition, this does not qualify as engagement. As labelled, our leftmost column represents what Morsing and Shultz (2006) have termed a Stakeholder Response strategy, in which reactions of stakeholders to outbound communication is at least measured and considered. The middle column in our table

represents a strategy in which stakeholders are included in the process of formulating company initiatives, or what Morsing and Shultz (2006) term a 'Stakeholder Involvement' strategy. The rightmost column represents stakeholder shaking. We retained all the bases of comparison and contrast, and added two additional rows at the bottom related to motivations and outcomes. As further elaborated upon below, the key distinguishing characteristics of stakeholder shaking include fundamentally changing the business environment such as to allow a business to eliminate harms to people and the environment and create regenerative solutions – in other words, to allow for sustainable value creation. After explaining the bases of comparison and contrasting stakeholder shaking, we will review illustrative examples and point out how they demonstrate aspects of stakeholder shaking.

Insert Table One here

Shaking a stakeholder means to inform and 'shake' stakeholders out of complacency – to solicit input and cooperation in altering their behavior, changing societal or market conditions, or shaking-up stakeholder relationships to stimulate adoption of sustainable practices. These features are all listed in the first three rows: open communication engaging networks of stakeholders (contrasted with limited consultation with interest group representatives), co-constructed changes to market conditions (as opposed to just company initiatives), and stimulating awareness and action on the part of stakeholders in response to issues of urgent global importance (again, such as to alter market conditions so as to allow the firm to create sustainable value). A key aspect of stakeholder shaking is taking the initiative – or embracing, in other words, a proactive rather than reactive role. However, more than that, as indicated in the next two rows, it is contrasted with other strategies by the firm proactively evaluating what systemic changes are needed and becoming an advocate for,

and initiator of, changes related to sustainability causes. Shaking involves improving social or environmental impacts of core firm functions that are not mandated by law; as indicated in the next row, third party organizations are invited to verify improvements. In other words, it is action directed towards altering a significant externality that constructively disrupts stakeholder attitudes, relations, and patterns of behavior. This is indicated by the first of the final two rows that we have added to the original table, labeled motivations: beyond simply advancing some goals beyond the firm's strictly defined self-interest, it advocates for systemic changes as co-equal priorities with the firm's own profitability. While the process unquestionably involves bidirectional stakeholder cooperation (as between co-equals), we use this term to describe contexts wherein the firm acts as a driver to coordinate cooperation between multiple stakeholders and across networks of stakeholders who otherwise may be unresponsive to the issue or unable to act on their own. The outcome of stakeholder shaking – the measure of success – is how much the firm can co-construct fundamental changes in market dynamics that allow the firm to function while verifiably eliminating social and environmental harms or redesigning products, services, or processes that are regenerative or neutral in terms of side effects.

To explicitly state the implications of stakeholder shaking: simply engaging in "business as usual" is not shaking it. Choosing a strategy of shattering complacency and of co-creating long-term mutual benefits – sustainable value – by eliminating negative externalities or boosting positive social or environmental impacts is shaking it. Just stating the intent to act with purpose in a mission statement is not sufficient. Specific objectives must be set, practices must be authentically implemented that alter market conditions and firm performance, and measurable social and environmental improvements related to core firm functions must be achieved, if a firm's strategy is to qualify as shaking stakeholders. Finally,

we emphasize that stakeholder shaking is oriented around externalities directly related to core operations of the business, but could extend well beyond the traditional boundaries of the firm, including its supply chains, waste streams, consumer behavior, and end of product life cycle. While specifics of how firms engage with stakeholders may differ depending on the context, industry, and the type of relationship, four elements of the strategy are generalizable and further discussed, related to the comparison table above, and illustrated with examples below.

1. Proactive engagement and cooperation with stakeholders

First, there are the obvious tactics that primarily involve communication: informing, educating, awareness-raising, and emotionally stimulating stakeholders. True, advertising can misinform and mislead (as in the case of cigarette advertising in the past), inspire appetites for wasteful consumption (e.g., promoting inefficient vehicles), or normalize unhealthy behavior (e.g., the fast food industry). However, a firm's advertising can just as well educate and raise consciousness about an issue and encourage adoption of sustainable products, services, and lifestyles, as will be discussed in greater detail in the following sections. When the firm takes the initiative to shake stakeholders out of complacency and to solicit input on cooperation in encouraging behaviors and consumption patterns that involve less harm to the consumer and possibly reduced negative externalities to society and the environment, they create and shift markets so that society, consumers, the environment, and – ultimately, if it plans well, the firm – can thrive in the long-term. This is evidenced by the experience of producers, builders, retailers, and marketers of goods and services in many sectors, from fair trade certified food and clothing to certified green construction and low emissions

transportation options (Hörisch, Freeman, & Schaltegger, 2014); these examples, plus those detailed below, illustrate all nine characteristics described in Table One.

Marks and Spencer (M&S), in launching its sustainability strategy known as Plan A, set forth two pillars of its strategy that essentially paraphrases two elements of the model of stakeholder shaking outlined above: "involve customers in Plan A; and, make Plan A how we do business" Wilson (2015). The development of the zero carbon store was an M&S initiative which led to a "whole of life design" meaning "all stakeholders including architects, designers, contractors, employees and community groups were involved in the consultations" according to Wilson and Beard (2014) and Wilson (2015). Here, shattering complacency and instigating cooperation went beyond the retail industry into the construction and design fields to enable and create innovation to further the cause of a sustainable built environment. This illustrates the firm going beyond what stakeholders may demand. It is proactive, to the point of asking for and advocating on behalf of previously unimagined sustainability solutions. This is an illustration of all nine of the characteristics in Table One. Finally, all employees are encouraged to share information about the Plan A with customers, families and friends (Wilson and Beard, 2014), which specifically illustrates the characteristic in the first row.

Similarly, Paul Polman is well known for having changed Unilever's strategic thinking from short term goals to long term vision though the implementation of the Sustainable Living Plan (SLP) which decouples economic growth from environmental impacts and perfectly illustrates the motivations behind stakeholder shaking.

Remaining features of Unilever's example illustrate all the remaining aspects of stakeholder shaking, especially proactively catalyzing profound changes in awareness and

actions on the part of stakeholders. A first stage in achieving Polman's vision was to "shake" investors by suspending earnings guidance and quarterly growth. Despite a consequent drop in the share price, the move was necessary so investors might understand that goals needed to be understood over longer timeframes (Trebilcock, 2015). Unilever shakes employees by attempting to link their sustainability values with their everyday work so they can connect with a higher purpose, but also see how this connects to economic value (Polman & Bhattacharya, 2016). This includes sustainability-related remuneration criteria for senior managers and creating strategic positions responsible for attaining the goals outlined in the SLP. Senior managers go through a 360-degree feedback process and benchmarking on their leadership capacity and then a Leadership 2020 course after which they are encouraged to mentor junior staff (Polman & Bhattacharya, 2016). According to one Unilever environmental manager "When I talk about the things we're doing with other employees and consumers, it ignites a passion and motivation that what we're doing makes a difference. That drives how we do business and in turn we find that this drives growth, mitigates risks, cuts costs, and increases trust" (Trebilcock, 2015, 39). Again, we see twin defining aspects of stakeholder shaking on display: shattering complacency and soliciting cooperation.

Similarly, Unilever's example illustrates the outcomes that stakeholder shaking strives to achieve. This is more than a stated objective; Unilever's "finance team has created a valuation tool that assesses the revenues, growth, and profit margin of products and brands against targets, and tracks supply-chain savings, capital expenditures, manufacturing avoided costs, and incremental turnover of goods associated with sustainability-led initiatives" (Polman & Bhattacharya, 2016, 38). Benefits from increased revenues are also directly tied back to an innovative incentive scheme through the "Small actions, big difference" fund which invested €16.5 million in 2015 in employee generated sustainability initiatives. This is

part of a range of "nudging" initiatives seeking to incentivize and reward employees to encourage them to become sustainability champions.

At Interface, employees likewise see their roles as part of a collective mission to save the world by changing the way businesses function vis-à-vis the natural environment (Anderson, 2009), illustrating that management has succeeded in communicating the motivations of stakeholder shaking. Regarding the emotional impact conveyed by the term "shaking stakeholders," Muller, Pfarrer, and Little (2014) developed a multi-level theory of collective empathy to explain how employees′ concerns can motivate a firm′s executives to engage in human needs that are unrelated to their own. Coupled with our concept of stakeholder shaking – to elicit, for example, employees′ collective empathy, this can help understand how a firm′s management can learn of new perspectives, with the firm serving as an "affective agent of potentially constructive social and environmental action" (p. 19). While, as discussed in the next section, firms' ability to change market rules and social norms is known, how firms engage with the emotions of societal and marketplace actors could be a fruitful area for further stakeholder theory research.

2. Forming or aligning with networks

Shaking stakeholders may also involve forming, or aligning with, networks of stakeholders (Selsky & Parker, 2005), as mentioned in the first row of the table, describing ideal communication, as well as the sixth, describing the corporate communication task. Companies now cooperate with a range of activist and Non-Governmental Organizations (NGOs) to, among other things, host, sponsor, or participate in forums to raise awareness of issues where stakeholder interests connect (Rondinelli & London. 2003). Networked

corporate social responsibility (CSR) governance and the idea of meta-governance through loosely coupled networks of networks have emerged in recent decades as ways to solve systemic global problems (Albareda & Waddock, forthcoming). Firms aligning with NGOs is one manifestation of this approach. They may actively approach NGOs such as the World Wildlife Fund (WWF) or the Rainforest Alliance to collaboratively develop and monitor best practice standards in relation to sustainable procurement of raw materials such as palm oil and soy (Hofstetter et,al., 2011). Walmart developed relationships with environmental non-profit organizations such as the Environmental Defense Fund for the purpose of coordinating activities to meet their zero-waste targets (Dauvergne & Lister, 2012). These last several examples illustrate what is conveyed in the seventh row of our table: how third parties can support and verify the leadership efforts of firms to achieve sustainability improvements.

Beyond aligning with networks, firms can also connect, align, and harmonize stakeholders into new networks of cooperation. This capacity is alluded to in the first five rows of our table, and especially in the sixth: the corporate communication task is to build relationships and align networks. This is illustrated by endeavors such as the Global Reporting Initiative (GRI), the SAP Product Stewardship network, and the integrated reporting movement, which are all sponsored or otherwise supported and engaged by companies (Waddock, 2008). Companies also have the potential to encourage stakeholders to engage in constructive conflict or conversation to exert pressure on systemic barriers. This can take the form of not only promoting campaigning or boycotting – it could simply mean leading an authentic dialogue around an issue, complete with disagreements, with organized opponents of the firm (Roloff, 2008). The delegation of authority and control of the final outcome is one of the managerial traits that has been found to stimulate creativity in an organization (Sonenshein, 2014), meaning this kind of conduct is consistent with the

enlightened self-interest of the firm. Such results are possible when firms authentically engage in dialogues with each other and their critics; an example of this, again, is the GRI – a self-described "multi-stakeholder network" that includes both firms and interest groups that have historically pointed out the failures of companies (Brown, De Jong, & Lessidrenska, 2009).

The experience of M&S illustrates the capacity – even the need – of a firm to not only stimulate awareness among stakeholders, but to catalyze and align new dynamics in networks of stakeholders (Wilson, 2015). Again, the development of the zero carbon store serves as an example of M&S shaking many different stakeholders. For example, during the construction phase, contractors were encouraged to produce in an energy efficient way that minimized waste which eventually led to M&S creating a "Sustainable Building Manual" and then a "Sustainable User Guide." M&S worked with local schools and universities so that students could learn about their innovations in terms of sustainable building design and construction. All staff were educated about the sustainable features of the building and encouraged to share this with their customers. Targets and achievements are shared with customers through informative signage to encourage awareness and engagement. Beyond the concept store, Plan A has shaken-up employees as it is part of the leadership development plan where participants are given perusable projects to complete which embody solving current Plan A problems (Grayson, 2011). Finally, changing relationships with networks of stakeholders allowed M&S to alter the end of the life cycle of its products. M&S encourages customers to "downstream" clothing through their so-called "schwopping" policy, whereby customers return used clothing to M&S stores for redistribution through a partnership with Oxfam. According to Grayson (2011) this has meant M&S have shaken up its usual "charity" approaches with NGOs, transforming them into "mutually beneficial partnerships."

Similarly, to achieve their ambitious goals around health and well-being, Unilever has worked with consumers to encourage behavior change. Unilever has been trying to raise awareness about the environmental impacts of certain products such as washing detergent and has encouraged people to purchase concentrated detergents that save water. In developing countries, shaking consumers extends into healthy hygiene and sanitation practices and behavior changes, such as their Lifebuoy hand washing campaign to reduce the spread of disease and the publication of "The Five Levers for Change" which is a set of principles to change behaviors (Mizera, 2013). According to one Unilever Global Sustainability Manager, "Unilever is well placed to leverage the Five Levers model directly with consumers around the world given our tremendous reach – 2 billion times a day someone, somewhere, uses a Unilever product" (Mizera, 2013, 193). But, in addition to reach, they recognize partnerships are significant for sustained behavior change and so they partner with governments or NGOs to ensure new behaviors are "normalized."

3. Altering societal or market realities that reward firms for changing

As described in the last two rows of our table, the motivations and desired outcomes of stakeholder shaking is to ultimately change behavior and marketplace norms so as to reward firms that commit to sustainability-related changes. One obvious context in which this takes place is the education of consumers such that they make purchase decisions in favor of, for example, green or fair trade products. Companies also alter their business environment by steering law-making, public policy, regulators, politicians, and the polity that elect them; often this happens self-servingly and at the expense of all other segments of society and the natural world (Hillman, 2004). However, there have been instances of companies (such as

renewable energy companies, investors, and even large conglomerates such as General Electric) lobbying through various means for targets on carbon emissions reductions or other standards, subsidies, and taxes (Brasher & Lowery, 2006). Rather than direct lobbying, Interface takes a "peak body" approach, working with coalitions such as the World Resources Institute and the World Business Council to influence governments to adopt sustainable policies (Stubbs and Cocklin, 2008). Firms do this, if for no other reason, because regulatory certainty is preferable for long-range investments; especially if a firm invests in the research and development of energy efficient or lower emissions technology, it is preferable to have such risks protected and rewarded (Hoffmann, Trautmann, & Hamprecht, 2009).

Taking a constructively proactive approach to potential legal issues has emerged as a popular new aspect of a more holistic approach to business strategy (Berger-Walliser, Sulkowski, & Shrivastava, 2016). For example, suppliers can be educated about sustainable practices and these practices can be made a precondition of supply contracts, as, among others, Walmart has demonstrated (Mollenkopf, Stolze, Tate, & Ueltschy, 2010). Firms have also actively assisted their suppliers to adopt sustainable practices, as in the case of Nestle, and have required certification standards be met throughout their supply chains (Peters, Hofstetter & Hoffmann, 2011). The tactic of sharing information and altering typical relationships extends even to competitors; for example, Tesla has made the know-how of their battery technology publicly available to study and replicate. The move to adopt an open source approach to their technology has the potential, as in other contexts, of encouraging wider adoption of their standard and of leading to improvements that they cannot foresee (Pinkerton, 2010). In a completely different arena, food companies, agribusinesses and breweries have shared best practices and benchmark themselves against each other (Baldwin,

2012; Tokos, Pintarič, & Krajnc, 2012) – perhaps because the success of their core functions are most obviously wed to ecological conditions.

The experience of M&S exemplifies how such proactive engagement can alter a business environment as well (Wilson, 2015). M&S adopted whole life accounting, meaning they have precise procurement standards for their suppliers, and encourage innovation in their supply chain through the development of products that reuse materials (Markley & Davis, 2007), and advocate for this by raising awareness through their supply chain in collaboration with organizations such as the national Environment Research Council (Wilson, 2015). In relation to competitors, Plan A has seen M&S collaborate rather than compete to improve the quality of supply through initiatives such as the "Better Cotton Initiative" (Grayson, 2011). They also share their knowledge more broadly through a network of businesses and community as a founding and leading partner in the business-led corporate responsibility coalition, Business in the Community (Grayson, 2011).

Similarly, Unilever 'shook' their competitors by inviting them along to a celebratory event so they might be able to learn how they achieved their zero waste target. To achieve the goal they had to establish new waste management partnerships and set conditions in their tender process whereby the winning bid had to be committed to the zero waste to landfill and waste-to-energy initiatives. According to one Unilever environmental waste manager, "To really drive a movement, we want the communities where we're operating to step up and cut back on the waste they're sending to the landfills as well. When communities step up, that makes it a better business case" (Trebilcock, 2015, 39). In some cases they were able to make a social impact with their waste streams being donated to people who could convert it into a source of revenue; for example fisherman's bags made from waste plastic (Trebilcock, 2015).

Beyond this, Unilever is well known for publicly advocating that tackling big issues requires collaboration. They have been proactive in establishing a sustainable supply of palm oil and rainforest certified tea. Unilever helped to found the Roundtable on Sustainable Palm Oil (RSPO) which is a multi-stakeholder roundtable establishing sustainable procurement of palm oil while also promoting preservation of natural habitat through the development of the Green Palm Certificate scheme.

4. Altering fundamentals of core operations of a business to co-create sustainable value

The final row of the table addresses the outcomes, or the measure of success, of stakeholder shaking: whether the firm can operate while eliminating societal and environmental harms and creating sustainable value. Studies have at times come to differing conclusions as to whether firm initiatives to co-create benefits for people and the environment have a positive, negative, or neutral impact on firm financial performance, with, for example, the outcome hinging on the precise choice of an independent variable (Busch & Hoffmann, 2011). However, a meta-analysis of 52 studies yielding a total sample size of 33,878 observations found positive relationships between social performance and financial performance as well as environmental performance and financial performance (Orlitzky, Schmidt, & Rynes, 2003). One of the larger industry studies available, covering 16,325 cumulative firm years of data from 1991-2001, found that green initiatives result in improved financial performance (Singal, 2014). Singal highlights the potential significance of the hospitality industry having many points of contact with stakeholders – possibly explaining why hospitality companies engage in – and are rewarded for – more green initiatives than other industries. This observation is consistent with our model of stakeholder shaking: that a firm can proactively raise awareness and concern among consumers and employees that alter

market conditions, such that the firm and environment both benefit from investments in green improvements to core operations.

The importance of the substance of a firm's sustainability actions being closely related to the core mission and operations of the firm is substantiated by recent surveys of global corporations by Globescan and SustainAbility (Globescan & SustainAbility, 2009). As summarized by Chris Coulter, Vice President, Global Insights and Strategy at GlobeScan: "It is those companies that are able to communicate effectively with stakeholders and distill their commitment to sustainability into a convincing theme that seem to be able to occupy the highest regard in the minds of stakeholders. Interface's Mission Zero, Marks & Spencer's Plan A, GE's Ecomagination, and, more recently, IBM's Smarter Planet, are all emblematic of this approach and allow for the connecting of the company's core essence – its brand – with its sustainability commitments." (Id.). The paragon of re-defining a firm's brand is arguably Interface, a company whose name is synonymous with having set the goal of having zero net environmental impact in all of its operations (Anderson, 2009).

Such brand re-definition may require a deeper change of operative worldview and memes – the simplified models of individuals' and organization's place and roles in the world (Sulkowski & Waddock, 2016). Schaltegger et al. (2012) offer an organizational level logic that they define as the business case *for* sustainability. Such a model focuses on sustainable synergies attained when intentionally pursuing beneficial social and/or environmental objectives. According to Bocken, Short, Rana, and Evans (2014) at least eight different archetype business models can be adopted to deliver sustainable value, but key to successful adoption of such operational models is systems thinking to address global challenges, and collaborating across industry boundaries and with non-industry stakeholders

to achieve operational aims. For example, adoption of business models to enable a circular economy necessitates both extending the responsibilities of the firm to "close the loop" beyond the operations of the firm as well as fundamental innovation in product design (Bocken et al., 2016).

A key success factor of Plan A at M&S has been making the specialist sustainability team a core function in the organization where they serve as an "internal change-management consultancy," monitoring, evaluating, advising, and distributing innovation funds to drive the initiative throughout the entire organization (Grayson, 2011). Again, the example of M&S illustrates how changing a firm's core operations and identity resulted in not only better impacts vis-à-vis people and the environment but also created a net economic benefit of about $296 million for the company between 2007 and 2013 (Kiron et al. 2013).

Achieving the goals of Unilever's SLP also meant going beyond investments in CSR and required transformation of core business processes and organizational DNA. This included "reducing Unilever's overall environmental footprint and eliminating the 140,000 tons of waste that were going to landfill in 2008; increasing its positive social impact by helping more than a billion people take action to improve their health and well-being; sourcing all agricultural raw materials sustainably; and decoupling the company's growth from its environmental impact" (Trebilcock, 2015). In relation to packaging, Unilever took an aggressive stance to achieve zero waste to landfill. In 2015 they had "achieved 100 percent zero waste to landfill across 242 industrial sites in 67 countries" (Trebilcock, 2015). All of this did not come at the expense of profit. Indeed they have found their brands with a purpose have better growth rates than conventional brands and in the process of converting waste from landfill they have created jobs (Trebilcock, 2015). To summarize: firms can

pursue and achieve positive results for themselves, societies, and the environment when they agitate for changes – when they shake their stakeholders.

IMPLICATIONS OF STAKEHOLDER SHAKING

Implications for theory

When our conceptual analysis expands to include firms' efforts to affect social and environmental change by shaking stakeholders, rather than just how firms respond to stakeholder pressure, the usual assumptions regarding influence require reconceptualization. This section will consider several implications for future research, briefly touching on several promising directions and expanding the most on implications related to stakeholder saliency.

One clear implication to explore in future research is the relevance of stakeholder shaking to collective action. Based on social movement theory and related management literature, King (2008) states that stakeholder influence originates in collective action: it assists in the formation of a common identity and interests, providing the means for strategic action. King further suggests that mobilizing structures, corporate opportunities, and framing processes are key to the emergence of collective action. It would be fruitful to examine, in the context of firms that engage in stakeholder shaking, to what extent firms and stakeholders truly share in the creation of these structures, opportunities, and processes, or whether stakeholders or firms tend to take a leading role.

Stakeholder shaking is also relevant to somewhat related fields: institutional entrepreneurship and clean technology or sustainability innovations. DiMaggio (1988)

introduced the notion of institutional entrepreneurship, while Battilana, Leca and Boxenbaum (2009) proposed a model of how institutional entrepreneurs emerge and succeed in implementing change. Among other questions, it would be fruitful to investigate, in the context of firms that shake stakeholders, how much the entrepreneur and firm management co-create opportunities, or whether the entrepreneur or management typically play the leading role. Hart (1995) pointed out the constraints imposed by the biophysical (natural) environment and proposed a theory of competitive advantage based on interconnected strategies of pollution prevention, product stewardship, and sustainable development. Hart and Dowell (2010) reevaluated Hart's original natural-resource-based view (NRBV) in light of a number of developments in sustainability innovations and work in dynamic capabilities. They also examined the areas of clean technology and business at the base of the pyramid and suggested research on the resources and capabilities needed to enter and succeed in these domains. A fruitful vein of future research would be examining whether stakeholder shaking is one of the capabilities that helps firms succeed in soliciting otherwise marginalized perspectives to co-create sustainability innovations (for example, in the arenas of clean technology and the base of the pyramid), contributing to its NRBV competitive advantage.

One obvious critical view of stakeholder shaking based on existing literature can be foreseen. That is, Khan, Munir, and Willmott (2016) point out that institutional entrepreneurship has a "darker" side in that instances of allegedly progressive reform actually are the result of power operating hegemonically. This critique is again discussed below in the context of implications for practice. A response to this line of potential criticism involves three components. First, it is a valid critique, inasmuch as some firms may claim to want bidirectional communication and cooperation with stakeholders, but, in actuality, may want to control the outcome (or may have already decided on their preferred results). Second, this

is a valuable line of both theoretical inquiry and empirical testing; it would be interesting and valuable for both scholars and practitioners to know the extent to which firms initiate communication with stakeholders to authentically cooperate, rather than to manufacture consent. Third, as a matter of definition, we have defined stakeholder shaking to be proactive outreach by firms to stakeholders that is bidirectional and authentically open to co-creating disruptive innovations that eliminate harms to people and the environment. Hegemonical control is, therefore, by definition, not a part of true stakeholder shaking.

Stakeholder saliency relates to attributes of the stakeholder and their ends and means in influencing decision-making (Frooman, 1999). In traditional firm-centric models, stakeholders' claims will be salient in the decision-making process depending upon their relative power and the legitimacy and urgency of their claims vis-à-vis the firm (Mitchell, et al., 1997). In the context of stakeholder shaking, we suggest that saliency is the capacity of any entity, including the firm and its leaders, to influence the awareness and behavior of any stakeholder or network of stakeholders. In this conceptualization, power, legitimacy, and urgency of any claim are determined relative to the attainment of sustainable value, mutually beneficial for the environment, society, and the firm.

In instrumental theories, the saliency of stakeholder influence is associated with relative transaction costs dependent on access to and ownership of resources, or is determined by the rules and obligations outlined in contractual arrangements. Normative theories explain influence through adherence to social norms, morals, and rules associated with codes of conduct and regulation. Shaking stakeholders may be somewhat dependent upon these dimensions that shape relationships. However, there are other aspects of shaking stakeholders that are related to organizing outside of market rules or social norms.

For example, the issue upon which a firm focuses may or may not be directly related to the core basis of exchange between stakeholders and the firm through transactions or contractual or resource exchanges. A firm-customer tie based on the premise of exchange through the purchase of a product may not be the single basis of the relationship when the aim is to shake. When exerting influence to affect stakeholders, firms may draw on intangible factors such as emotional responses, culture, identity, morality, and perception of legitimacy and urgency of a particular issue to health and survival. They may also attempt to appeal to the broader "common good" to broker connections between disconnected stakeholders or to appeal to latent stakeholders to prioritize claims of long-term sustainability over individual interests. Unilever's emphasis on long-term reporting is one example of this phenomenon (Caplan, Dutta, & Lawson, 2013). Firm-customer relationships may extend to that of alliances for collective action, or coordinated redirection of used goods or waste, or to facilitating information flows directed through social media channels.

When shaking latent stakeholders out of complacency, firms may trigger emotional or behavioral aspects of social contagion (Burt & Janicik, 1996). Latent stakeholders are those who may not have a heightened awareness about an issue. Or they may be aware, but not share the same perception of urgency to address the issue. Shaking stakeholders out of complacency requires a capacity to generate and direct attention at an issue and inspire other stakeholders such that they may prioritize action on the issue. Unifying strategic intent that is broadly appealing and that inspires and incites emotional responses can be an advantage when instigating or propagating a worldview or call-to-action that spreads through a network through contagion effect.

The observation that firms can and do shake stakeholders to bring about changes in society further suggests that models of networked governance may more accurately represent interaction dynamics in contemporary business environments. Werhane (2012), for example, calls for a shift in mindset given the global complexity of interrelationships between individuals and organizations and proposes a complex adaptive systems approach. Firms are increasingly confronted with complex sustainability issues, whereby the social and environmental values related to firm efficiency are inherently entangled. An integrated stewardship approach considers firms to be one of many stakeholders within a socio-ecosystem where the environment is the primordial stakeholder (Driscoll and Starik, 2004; Starik and Rands, 1995). In this way, business leaders may connect to influence change in the same way King (2008) frames civil society actors.

All of the above means firms have unusual capacity to shake others. They coordinate and activate many different stakeholders in the act of value creation and can therefore use this potential to attain more effective outcomes in relation to any given problem (Freeman et al., 2010). Intentionally or unintentionally they can shake-up a network, either through communication and action, or by intentionally leading dialogues and conversations between stakeholders – thus catalyzing new connections and communication and action.

Implications and limitations in practice

Mindful of multiple calls for management literature to develop implications for practice (Bartunek & Rynes, 2010) or actual real world impact (Aguinis et al., 2012) or "actionability" (Pearce & Huang, 2012), the following implications for managers can be

derived. Firstly, the optimal observable outcomes in terms of both sustainable value creation for firms and addressing global social and environmental problems occurs when firms authentically shake stakeholders. Authenticity in this context means firms are open to the consequences of shattering complacency: that they are ready for true cooperation, including receiving, transmitting, and acting upon perspectives and information that could be new, completely unforeseen, and even disruptive or anathema to business-as-usual, and proffered with the intention to mitigate harm and/or create benefits for people and ecosystems. These innovations may include, but are not limited to, the co-creation of internal process improvements and sustainable products and services.

The question naturally arises whether this approach is for any company in any industry, anywhere and anytime. Some essential basic observations from the field of complex networks are that sudden unforeseen change happens in many systems – so-called "black swan" events (Taleb, 2010) – and that any given action, no matter how minor, can trigger an unpredictable, self-reinforcing cascade of effects. This is relevant, inasmuch as the crises of the 21st Century – climate change, ecological and health crises, economic stagnation and wealth disparities – require a meta-change on a systemic level (Sulkowski & Waddock, 2016). At least two fundamentals of industrialized consumer civilization have to change: virtually unrestricted climate-altering emissions and seemingly consequence-free waste creation-and-disposal and pollution. Therefore, the claim could be made that all companies should be proactively shaking their stakeholders so as to contribute to a cascade of self-reinforcing changes. Whether a firm is aware of the phenomena of change or not, it is occurring. Whether the firm is aware of its role in shaking stakeholders or not, it exists. Whether the firm is aware of imminent or potential systemic change – constructive or destructive – being proactive in stakeholder interactions is essential for shaping one's

business environment and organizational strategy (Berger-Walliser, Sulkowski & Shrivastava, 2016). Even the firms that seem to have the most to gain from the status quo in industries that are vilified could stand to gain by fundamentally changing their industries or themselves – especially if they take the first-mover advantage.

To replicate the success of certain firms vis-à-vis certain movements – to optimize benefits for both stakeholders and for owners – it appears that, more than staying aware and receptive to information, a firm should proactively shake stakeholders from complacency and shake-up networks of connections. This means unambiguously stating an ultimate aim – commonly stated in common parlance as "doing well by doing good" or "prospering by addressing dilemmas" (to coin a possibly new variation), raising awareness of problems closely associated with the core functions of the institution, and actively seeking the best ideas for eliminating problems and creating benefits.

Key limiting factors militating against stakeholder shaking in practice are short-termism and uncertainty avoidance – two phenomena observed in the fields of psychology, sociology, and organizational theory that can explain organizational inaction (Slawinski et al., 2017) and lack of ambitious sustainability reforms (Dyllick & Muff, 2016). Short time horizons, risk aversion, and incomplete information are identified as the reason private investors are comparatively disengaged from sustainable investing (SI) in some contexts (Paetzold & Busch, 2014). Slawinski et al. (2017) explain that tendencies of short-termism and risk aversion account for inertia and lack of changes with regard to climate change on the individual, organizational, and institutional levels. For practitioners as well as scholars, it is important to be mindful of the line of critique wherein forced changes to a supply chain are labelled as hegemonial (Khan, Munir, and Willmott, 2016), or potentially stifling of true local

entrepreneurship and agility, or even framed as neo-colonialism. We would counter that true

stakeholder shaking by definition is predicated upon listening and cooperatively considering

input and actions from all quarters – including local supply chain stakeholders – before

insisting upon a change that alters the status quo or established systems.

While not an essential part of the definition, one implication for managers is to

consider practicing a leadership style that Waddock et al. (2016) have called "shamanic."

While they use the terms "intellectual shamans, wayfinder scholars, and edgewalkers" to

describe the role of academics, the five defining traits that they enumerate work just as well

to describe business leadership approach involved in shaking stakeholders. The

characteristics include: visualizing a future, risk-taking and courage, manifesting from

visions into reality, focusing on intention for the highest good, and connecting people,

theories, and methods that may not have been seen as connected previously (Id., 49). These

five aspects of shamanic leadership naturally support the nine features of stakeholder

shaking, including its motivations, means, and outcomes. As summarized in Table One,

stakeholder shaking is similarly characterized by identifying what systemic changes are

needed based on a conviction that the firm′s goals and sustainability goals are co-equal, being

proactive in advocacy for these changes, and creating and aligning networks to bring into

practice innovations that produce measurably positive outcomes for societies and the

environment.

The optimal courses of action for the firm and society and the environment may not

be apparent at the start of the process of stakeholder engagement – a phenomenon illustrated

both in terms of long-term strategy and specific instances in the example of Interface

(Anderson, 2009). Solutions or concepts in one field or institutional context may seem alien,

irrelevant, or completely anathema to basic operating principles in another field or its institutions, however they may be critical to an industry or firm adapting and continuing to function – especially if an industry is eventually and inevitably destined for change, contraction, or oblivion.

Put another way, it is better to be proactively cooperative and constructively disruptive than reactive. The positive potential of the role of firms as shaking up interactions with their stakeholders to affect positive social and environmental change should be appreciated, including mechanisms to get investors and consumers to reward constructive solution-generating changes. Beyond this, the potential to move society in a direction where both business and the biosphere thrive should be embraced.

CONCLUSION

Existing theoretical models of relations between firms and stakeholders correctly describe many aspects of their interactions. This article has highlighted an as-of-yet underappreciated phenomenon of firms shattering complacency and initiating cooperation with stakeholders – possibly even starting, propagating, or leveraging movements – to affect positive change and lead to sustainable value. We describe this as shaking stakeholders, which alludes to both shaking stakeholders out of complacency and to shaking-up new connections between stakeholders.

As articulated above, shaking stakeholders entails engagement and aligning with networks of stakeholders, and catalyzing and supporting new relationships and communication within and among stakeholder networks. Firms can and do engage with

stakeholders and networks of stakeholders that are both internal, such as employees, and external, such as suppliers and consumers and society. Successful stakeholder shaking results in an altered business environment that can inspire and reward fundamental changes to core operations of the firm that are more beneficial to society and the environment.

The unique role of firms as key influencers has several implications for scholars and practitioners. One key observation is that proactive engagement with stakeholders and change movements helps firms to shape the market conditions that reward efforts to co-create sustainable value. Appreciation and understanding of stakeholder shaking can assist in choosing optimal strategies that help organizations harmoniously and symbiotically thrive with societies and their natural environment in the long-term.

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Table One

	Stakeholder Response	Stakeholder Involvement	*Stakeholder Shaking*
Communication ideal	Two-way asymmetric communication	Two-way symmetric communication	*Open communication involving networks*
Stakeholders	Must be reassured company is ethical and socially responsible	Co-construct CSR efforts	*Co-construct altered environment in which the firm operates*
Stakeholder role	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions	*Stakeholders' awareness and actions on issues of urgent global importance are stimulated*
Identification of CSR focus	Decided by top management, based on feedback from stakeholders	Negotiated concurrently	*Proactive identification of needed systemic changes*
Strategic communication task	Demonstrate how the company integrates stakeholder concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders	*Proactive dialogue, plus advocacy on the part of the firm*
Corporate communication task	Identify relevant stakeholders	Build relationships	*Build relationships & align networks*
Third party endorsement of CSR initiatives	Integrated element of surveys, rankings, and opinion polls	Stakeholders are themselves involved in corporate CSR messages	*Verification and support of the elimination of environmental harms*
Motivations	*Instrumentalist (ultimately self-serving)*	*Some goals beyond self-interest*	*Co-equal goals of sustained profits and achieving systemic sustainability*
Outcome	*Company communication adjusted to take into account opinions of stakeholders*	*Measures of sustainability success possibly agreed upon, measured, and reported*	*Fundamental changes in market dynamics that allow a business to operate while verifiably eliminating social and environmental harms (creating sustainable value)*