Independent Business Review Volume: 01, No: 2, July 2008

2008-07-01

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ABSTRACT

Cashore et al. (2004) have developed a model to explain legitimacy for forest certification in a number of geographic regions. This paper extends the model to explain development and existence of non-state market-driven (NSDM) governance systems in the apparel and palm-oil industries in addition to the forestry sector. The model deals with legitimacy for NSMD governance systems and under which market conditions "converting" or "conforming" strategies are most susceptive for changes in order for legitimacy to occur. The model helps to better understand successful patterns in forming voluntary industry standards in a global economy for corporate environment and social responsibility. The model can be a useful tool when foreseeing and overcoming hurdles in the formation process as an early warning system.

Keywords: Multi-stakeholder initiative, Corporate Social Responsibility, Non state market driven, Governance systems, Legitimacy model, Achievement strategy, Forest industry, Apparel industry, Palm-oil industry

INTRODUCTION

Over the last two decades there has been an increasing use of market-oriented policy instruments to address global environmental and social concerns. Forest certification was an example of how "non-state market-driven" (NSMD) governance systems resulted from global markets and customer preferences, not from policy making authority from the state. (Cashore, Auld, & Newsom, 2004). NSMD governance systems are interesting because they show how environmental, social and business interests bypass traditional state policy-making authority.

This study focuses on the model developed by Cashore *et al.* (2004) to explain legitimacy for forest certification in a number of geographic regions. For this paper the same model is adjusted to explain development and existence of NSMD governance systems in the apparel and palm-oil industries in addition to forestry. The model deals with legitimacy for NSMD governance systems and under which market conditions "converting" or "conforming" strategies can be used for changes in order for legitimacy to occur. The purpose of the study is to apply a model that can help to better understand successful patterns in forming voluntary industry standards for corporate environment and social responsibility. Thus, this study should be of interest to stakeholders as it suggests approaches for industry practice.

One of the very first industries to develop environmental standards was the forest sector. The industry needed to show that its products would meet a number of established sustainable criteria. The first case describes how the national forest certification body, Forest Stewardship Council (FSC), was established in Sweden during the latter part of the 1990s. The second study is a Swedish initiative from the apparel sector. Almost all western clothing brands today use suppliers in low cost production countries in Asia. The apparel industry has been accused by many non-governmental organizations (NGO)s of trading with suppliers that produce under questionable working conditions. Finally, the third NSMD governance system looks at palm oil and primarily the issue of deforestation in Malaysia which was recognized by World Wide Fund for Nature (WWF).

BACKGROUND

Corporate Responsibility

The first United Nations Conference on the Human Environment was held in Stockholm in 1972. The Stockholm Declaration set out the starting principles for various international environmental issues, including human rights, natural resource management and the linking between environment and development. The first demonstration of the popularization of the principles of "Sustainable Development" took place at the United Nations Conference for Environmental and Development (The Rio Declaration) in 1992. The Rio Declaration consisted of 27 principles intended to guide future sustainable development around the world. Following this tradition, the World Summit on Sustainable Development (Earth Summit) was hosted in Johannesburg in 2002. Leaders of businesses and NGOs gathered to discuss three interdependent pillars in sustainable development: economic development, social development and environmental protection.

Corporate social responsibility (CSR) is related to the principles of sustainable development from the perspective that companies should not only act and be accountable on financial factors but also on the social and environmental consequences of their business behaviour. The paper mentions these milestone events as a sign of firms and industries opening up for discussions and taking interest in sustainable development as people learn examples of businesses as policy makers.

Regulate Business Via NMSD Governance Systems

Government regulation is a traditional policy instrument for mitigating negative environmental impact imposed on businesses. For example Sweden has a long history of environmental laws. This paper examines an alternative approach of achieving sustainability without government interference. Instead it is made up of companies along the market's supply chain, that voluntary decide to comply with the rules and procedures of these private governance systems (Cashore, 2002). There is a shift occurring in industries like food, coffee, tourism and fisheries to develop voluntary self-regulating system for more sustainable practices (Cashore *et al.*, 2004). Today in Sweden, as well as elsewhere, the government is open to having market initiatives take the lead in environmental policy making. Common opinions are that businesses should be held accountable for their pollution and thus take full responsibility for mitigation. Environmental groups and other non-governmental organizations (NGOs) try to influence more sustainable practices on companies through economic 'carrots' like market access or potential price premiums and 'sticks' in the form of public campaigns targeting companies to support industry certification (Cashore *et al.*, 2004).

What are Multi-stakeholder Initiatives?

The latest shift in improving social and environmental performance of transnational corporations involves the appearance of multi-stakeholder initiatives (MSIs) where NGOs, multilateral and civil society organizations encourage companies to take part in schemes that construct social and environmental standards. These self-regulating voluntary initiatives may involve a whole range of activities such as code development, monitoring, compliance; promote social and environmental reporting and auditing; certify of good practice; and encourage stakeholder dialogue (Utting, 2001). Multi-stakeholder processes try to bring a broad range of stakeholders into the decision making process to identify common solutions for social and environmental responsibility (Dolan, 2005). Stakeholders are defined broadly and in this context it could be any persons or organizations that are or might be affected by any action taken by an industry. MSIs have become a possible way for actors committed to finding sustainable solutions out of difficult dilemmas, such as locked multilevel negotiations at a certain stage or when further progress is not possible with consensus-based decision making (Schipulle, 2002).

RESEARCH MODEL

This study looks at the process of forming three different MSIs. Formation in this study refers to various activities such as initiation, creation, implementation and monitoring of initiatives. To be able to do this we have adopted a methodology originally developed by Cashore *et al.* (2004). The model, which was created to explain the development of forest certification in North America and Europe, involves three steps discussed next. For the purpose of this study, an attempt has been made to adjust the framework to accommodate the apparel, and palm oil industries as well.

Step One: Conditions for Non-State Market-Driven Governance Systems

As mentioned earlier, NSMD governance systems are important because they are able to alter the traditional power balance among environmental, social and business interests by intentionally circumventing the state as a centred public policy making authority. NSMD authority is granted in a situation where state authority does not take part in policy creation. Instead rules and regulations are decided by the market and by actors (stakeholders) along the supply chain. The system is governed by verification to prove participant conformity (Cashore *et al.*, 2004). In the remaining text, NSMD governance systems will be referred to as MSIs.

Step Two: Factors Explaining Legitimacy of Multi-Stakeholder Initiatives

The model was developed to explain different legitimacy logic based on the country or region where the forest certification program was operating. A number of critical factors help explain why a particular forest certification program was successful and received support from forest companies in one region or country, when little or no support from forest companies existed in other geographic locations (Cashore *et al.*, 2004). Three factors are examined.

- **The place in the global economy** where the MSI is operating has an impact on explaining legitimacy for certification programs. A common theme in world economy and policy is when a region depend on foreign exports of its products it automatically become more vulnerable to global and international pressures, such as pressures to comply with standardization programs that are imposed by the importer (Berger, 1996).

- **The structure of the industry sector** points to the fact that by understanding how the industry sector operates and is distributed and how key stakeholders interact with each other one can better understand the incentives companies have for taking part in MSIs. The second factor tells that a more fragmented ownership situation in the industry will make one less vulnerable to persuading tactics.

- **The history of the industry on the public agenda.** It is argued that companies that fall under a certain regional environmental review to the extent they risk loosing their "social license to operate" are more exposed to pressures to join a particular certification program. (Cashore *et al.*, 2004).

Step Three: Strategies Used for Multi-Stakeholder Initiatives to Gain Support

To better understand the types of methods or strategies organizations or industries use to obtain support for their ideas, Cashore *et al.* (2004) base their theories on organizational legitimacy. This draws on work by Suchman (1995) who has conceptualized legitimacy-achievement strategies used by organizations. His model looks at the importance of understanding how non-material motivations might also influence evaluations about whether to support certification or not. He found that organizations seeking legitimacy are seldom passive and three types of achievement strategies were identified (Suchman, 1995).

- **Converting achievement strategies** are used by organizations actively trying to change the opinion or preferences of those groups or individuals from whom it is seeking legitimacy. Converting may also be applied through negative boycott or different type of direct action campaigns. Converting strategies are important because if successful, they do not lead to any change in the standardization program seeking legitimacy.

- **Conforming achievement strategies** achieve legitimacy through conforming to external audiences. Such strategies are seen as less advantageous since they imply a change must occur in the standardization program. This change often means moving the program slightly away from its original idea. A compromise or finding a middle way would be a result of conforming strategies between two or more stakeholders. Conforming strategies are often applied because converting strategies did not result in a desired change of support.

- **Informing strategies.** The idea is to concentrate on those potential audiences willing to grant legitimacy if they only were aware of the certification program (Suchman, 1995). Cashore *et al.* (2004) states that these findings go well with their research on forest certification, where often the battles for legitimacy between participants were strong.

Cashore *et al.* (2004) concludes that it is important to understand whether a certification program needs to use *conforming*, *converting*, or *informing* strategies as it determines whether the program remains close to its original ideas or whether alterations must take place to gain acceptance in the marketplace. Consequently because *conforming* strategies are less desired than *converting* ones, it might be suggested that identifying *conforming* strategies may help one understand when a certification program is having difficulties gaining market acceptance. In table I examples of key factors affecting legitimacy of MSIs (step two) are summarized with strategies used to gain support (step three) for these programs.

Table I. Factors and Strategies Affecting Legitimacy for MSIs

Factor	**Existence / Level**	**Likely strategy to gain support**
Place in the Global Economy		
Dependence on foreign markets	High Low	Converting Conforming
Structure of Industry Sector		
Strength of industry associations	Strong Weak	Conforming Converting
Industry ownership patterns	Fragmented Unfragmented	Converting Conforming
Level of industry vertical integration	High Low	Converting Conforming
History of Industry on Public Policy Agenda		
Level of past public dissatisfaction with industry practice in region	High Low	Converting Conforming
Relationship between state industry agencies and industry companies and landowners	Business does not dominate Close business/government ties	Converting Conforming

Source: Cashore et al. (2004)

Choice of Industries and Data Collection

The industries and industry standards for this study are selected based on current discussions in the media in which some companies have been accused of poor environmental and social responsibility. Two out of the three industry standards are located in Sweden which facilitated the data quality and in addition the local media impact was strong. This article is based on an in-depth field study that explores what went on before, during and after the formation of three industry standards. The study is designed to adapt the model of Cashore *et al.* (2004) to the apparel and palm-oil industries and to investigate the use of legitimacy factors and strategies used to gain support for industry standards. The research method used is what Stake (2003) refers to as a collective case study approach. This is especially useful when a particular case is selected mainly to provide understanding into an issue (i.e. formation process) and extended to several cases. The cases are selected by the researcher as it is believed that understanding them will lead to better overall knowledge of the area of study. Multiple sources of evidence such as public company information, industry reports, internal company documentation, industry symposia and twelve semi-structured interviews with stakeholders participating in the formation processes were gathered during the data collection phase. One major advantage for the case study data collection is possibility to use many sources of verification (Yin, 2003). Next, the individual industry data was analyzed using triangulation to determine the existence or level of factors explaining legitimacy for MSIs and strategies used to gain support for these standards. In the next section, a brief summary of each industry finding is given followed by applying industry factors affecting legitimacy and strategies used to gain support for the standardization.

OBSERVATION

Swedish Forest Standard (FSC)

In Sweden, environmental organizations together with the forest industry created and implemented a voluntary certification program for sustainable forestry. The objective of forest certification is to promote ecology, and economically and socially sustainable forest management (Ekroos, 2004). This work was based on principles formulated by the world-wide organization the Forest Stewardship Council (FSC). Sweden was the first country in which a nationally based FSC standard was implemented. Almost half of the Swedish forest area today is certified according to this standard. In the 1960s the forest industry suffered from serious environmental problems. Paper mills were built with little consideration for how surroundings would be affected by their operations. It is argued that the Swedish forest industry has been transformed in a few decades from an environmentally dangerous to an environmentally adapted industry. (Swedish Forest Industries Federation, 2004).

Factors Affecting Legitimacy Achievement and Strategies Used to Gain Support for FSC

Place in the global economy: Sweden is an export-depending forest nation. The main export markets are Germany, the United Kingdom, the Netherlands, and Denmark. Most pressure for improving forestry practice came from these countries making Sweden very susceptible to *converting* strategies from the FSC. The influx of wood fibre from Eastern Europe and Russia made these markets a serious threat to Swedish forest companies. This threat meant meeting customer demands and accepting FSC standards to maintain and protect their market share (Cashore *et al.*, 2004).

The structure of the industry sector: Cashore *et al.* (2004) bring out three significant aspects to help explain the forest sector organization.

- The first aspect is Sweden's longstanding tradition of cooperation. Each key association during the formation process is well organized and disciplined. Both large forest companies and the forest landowners had well structured associations with a long history of speaking for their members with a single voice.
- The second aspect was the role of private forest owners. Because industrial forest companies were depending on wood supplies from non-industrial forest owners, this dependence gave the latter group both weight and bargaining power which made it difficult for FSC strategists because they could not only rely on *converting* strategies in their attempts to gain support from non-industrial private owners. Consequently, negotiations (*conforming strategies*) with private forest owners broke down and private forest owners withdrew from the process.
- The third aspect, with a handful of large forest companies, all horizontally and vertically integrated, meant that it was easy for environmental groups to target and apply boycott campaign strategies (*converting*) for certification. Because half of the Swedish forest sector contains private forest owners, though, *conforming* strategies were also needed (Cashore *et al.*, 2004).

History of industry on public policy agenda: The public policy agenda was favourable to FSC efforts. In the past decades, forestry practices in Sweden have gained the attention of the general public. The main concerns were minimizing the impacts of forest management on the natural environment (Cashore *et al.*, 2004). Swedish environmental groups raised a number of concerns including the use of clear cutting and exotic species in forest management and chlorine bleach in pulp production (Elliot, 1999).

Summary observation: Sweden's place in the global economy and the history of forestry on the public policy agenda worked to create an arena favourable to FSC efforts to *convert* forest companies and industrial forest owners to support certification. Sweden's structure of the forestry sector meant, however, that mainly *conforming* strategies were used. The FSC program in Sweden is considered by some to be only a half success because private forest owners left the discussion and joined an alternative program.

Swedish Apparel Standard (DressCode)

The garment industry, once concentrated in industrialized countries, has moved to low-cost production facilities mainly in the Far East. Developing countries have almost doubled their share of world clothing exports since early 1970s to account for more than 60 percent of total world exports today (U.S. Department of Labor, 2004). The interest for environmental and social industry standards comes mainly from the demand side of the industry. Notably, clothing and footwear have been amongst those consumer product sectors that have progressively introduced a number of company codes of conduct for sustainable practices. According to the United Nations Research Institute for Social Development (2004), company codes are concentrated more in sectors in which brand recognition and export orientation are important. In 1989, the Clean Clothes Campaign (CCC) was launched in the Netherlands and the Swedish CCC, called DressCode was launched in 1998. The four largest Swedish clothing chains, H&M, Lindex, KappAhl and Indiska Magasinet were invited. In addition to the companies, the working group consisted of trade unions, NGOs and industry associations. The overall objective of the project was to improve social conditions for workers in the apparel industry.

Factors Affecting Legitimacy Achievement and Strategies Used to Gain Support for Dresscode

Place in the global economy: The Swedish apparel industry has experienced internationalization for many decades. The Swedish garment industry is experiencing comparatively high production costs compared to low cost producing countries in South East Asia as well as other regions. Since January 2005, the apparel sector has become fully incorporated into normal GATT rules. Deregulations for garment imports will most likely alter the geographical shift as the import dependency will continue. Thus, dependency on foreign markets means that *converting* strategies can be applied to gain support for DressCode.

The structure of the industry sector: The Textile Importers' Association of Sweden was established to offset the more protectionist trade policy of the apparel sector during the 1980s. The work from the association, among other factors, was able to stop all trade restrictions on textile imports from July 1991. The history of strong Swedish unions, as demonstrated in the DressCode experience, calls for *conforming* strategies to move the project forward. There are many companies competing in the clothing market considering the size of Sweden. According to our framework, *converting* strategies work in a fragmented market with many actors. There are few vertically integrated companies in the textile industry. Few companies in the apparel sector are interested in working with the production side of textiles. The majority operates on the demand side, competing for end customers and sourcing garments from low production cost countries. A low level of vertical integration means *conforming* strategies are needed to gain support for a certification program.

History of industry on public policy agenda: The apparel industry is highly competitive, especially amongst companies with well known brand names. The public is increasingly informed and concerned about environmental and social responsibilities of firms. Thus, companies involved in wrongdoing risk loss of brand value. The apparel industry is very sensitive to public dissatisfaction and consequently *converting* strategies (i.e. customer boycotts) are effective to achieve legitimacy for industry certification. The relationship between the state and the industry is fading out. Earlier the textile industry was supported by trade barriers, but currently state policies no longer protect the industry. Therefore there are no close *relationships between industry and government* and therefore *converting* strategies could be applied to gain support for DressCode.

Summary observation: Sweden's place in the global economy, the structure of its apparel sector, and the history of apparel on the public policy agenda worked to create an arena favorable to DressCode's efforts to *convert* clothing companies, NGOs and trade Unions to support a standardized program. The strength of industry association, however, and the low level of industry vertical integration led to adoption of more challenging *conforming* strategies. Unfortunately, these discussions were unable to level the playing field acceptable to all stakeholders. After three years of dialogue, the DressCode project failed to proceed. Members of the DressCode committee had differences in opinion on issues relating to monitoring and verification of garment supplier conduct. With the Swedish trade union leaving the project, credibility was gone and consequently the project was cancelled.

International Palm Oil Standard in Malaysia (RSPO)

Palm oil is the second most consumed edible oil in the world after soy oil. Malaysia is leading the world production of palm oil followed by Indonesia. Together the two countries stand for 84 percent of total global output, which has increased by 70 percent since 1995 (Friends of the Earth, 2004a). The main reason for the increase is strong prices for palm oil mainly due to increased demand from Europe, India and China. Palm oil is used in the manufacture of a wide variety of products such as foods, specialty fats, soaps and detergents, cosmetics and personal care products, and lubricants. The original habitat suitable for oil palm is low land tropical forest. The issue of deforestation is debated and the loss of species of mammals, reptiles and birds is of great concern. Burning is by some companies considered the most efficient way to prepare land for new palm oil plantation. Among the most serious causes of pollution in oil palm production is the use of pesticides. Workers are frequently exposed to agrochemicals (FoE, 2004b). The initiative on production and usage of sustainable palm oil started at the end of 2002. The founding members consist of a palm oil producer, a palm oil processors, the European food industry in addition to the Malaysian Palm Oil Association and the initiator World Wide Fund for Nature (WWF). Together they form the Roundtable on Sustainable Palm Oil (RSPO).

Factors Affecting Legitimacy Achievement and Strategies Used To Gain Support for RSPO

Place in the global economy: The world prices for palm oil relative to other vegetable oils have been favourable for years. Regardless whether the palm oil industry is viewed from the European buyer side or the Southeast Asian supply side, there is a strong impact or dependence on imports and exports from and to foreign markets. Clearly, *converting* strategies are used to achieve legitimacy for RSPO.

The structure of the industry sector: Malaysian palm oil producers are well organized. The Malaysian Palm Oil Association (MPOA) is a strong member organization and the most influential for palm oil producers. According to the model, a strong Malaysian industry association calls for *conforming* strategies to gain influence. The palm oil ownership structure is fragmented consisting of both growers and refiners in Malaysia. There is a mix of large producers as well as smallholders. A fragmented ownership situation calls for *converting* strategies to be applied when moving actors to accept and support certification schemes. The palm oil supply chain consists of growers, refiners, manufacturers of end products, and retailers. Like in apparel industry there are no multinational companies covering the complete supply chain. Thus, the palm oil industry shows a low level of vertical integration allowing *conforming* strategies to form legitimacy.

History of industry on public policy agenda: The public dissatisfaction for palm oil practices is relatively low as palm oil is merely an ingredient rather than an end product. Even though environmental and social consequences of unsustainable practices are serious, European consumers are still not completely informed. The public dissatisfaction level is still comparably low making it difficult for RSPO to use *converting* strategies to achieve legitimacy. Until the level of public dissatisfaction increases, *conforming* strategies will be applied. The relationship between industry and government varies depending on wherein the supply chain focuses. The ties between Malaysian producers and government are close. The same types of government bindings are not present on the European demand side for palm oil. Therefore the relationship between state and industry is mixed suggesting both *converting* & *conforming* strategies should be considered.

Summary observation: The dependence of foreign markets and the Malaysian ownership structure suggest *converting* strategies. On the other hand, factors such as industry association, vertical integration, and public dissatisfaction suggest that less advantageous *conforming* strategies would be used by RSPO to gain support for the program. RSPO is still undergoing formation and it is therefore too early to conclude if this MSI is considered a complete success.

SYNTHESIS

This section summarizes all standards and the type of strategies used to gain control in forming the MSIs as seen in table II. It is observed all factors and search for patterns in strategies used to gain support for industry standards. *Converting* achievement strategies as mentioned earlier were used in industry cases to either gain or maintain legitimacy of the MSI. *Conforming* strategies are seen as less attractive as they refer many times to negotiations leading industry to a new standard formation. All three certification programs share *converting* strategies as suggested tactics to gain or maintain support for *dependency on foreign markets* and *industry ownership*

Table II. Factors Affecting Ability of Certification Program and Which Strategy is Used to Gain Support

Factor	**Forest (FSC)**	**Textile (DressCode)**	**Palm Oil (RSPO)**
Place in the Global Economy			
Dependence on foreign markets	Converting	Converting	Converting
Structure of Industry Sector			
Strength of industry associations	Conforming	Conforming	Conforming
Fragmented industry ownership patterns	Converting	Converting	Converting
Level of industry vertical integration	Converting & Conforming	Conforming	Conforming
History of Industry on Public Policy Agenda			
Level of past public dissatisfaction with industry practice in region	Converting	Converting	Conforming
Relationship between state industry agencies and industry companies and landowners.	Converting & Conforming	Converting	Converting & Conforming

Source: Cashore et al. (2004)

pattern. All programs faced a strong *level of industry association* which called for *conforming* strategies to be used. While studying the remaining three factors, one can see variations in applied strategies. Also, in some industry factors both *converting* and *conforming* strategies were applied and therefore no single strategy was reported. Among the three factors discussed by Cashore *et al.* (2004), it is within the *structure of industry sector* that the outcome of the MSI is decided in these three cases. All of the programs operate in an environment of strong industry association where conforming strategies were used. The two remaining factors, *place in the global market* and *history of industry on public policy agenda* are easier to comprehend. Dependence on foreign markets and past public dissatisfaction (except palm-oil) show the use of *converting strategies* to put the MSI in place.

Because converting strategies are more desired to either gain or maintain control and legitimacy for the MSI, one may then calculate the number of converting strategies used per program. If undecided (converting and conforming) strategies are counted as half, then the converting score for FSC and DressCode are 4 each and RSPO receives 2.5. The question is if the numbers of converting strategies used in forming MSIs predict whether the program succeeds and is accepted by all main stakeholders? Or are there other important factors that can be derived as one studying the interplay between converting and conforming strategies used in forming MSIs? In the final section, concluding discussion, the paper addresses these questions and others as it discusses the usefulness of applying Cashore *et al.* (2004) model to better understanding the outcome and the success of forming MSIs.

CONCLUDING DISCUSSION

By Applying the Model, Can the Use of Strategies to Gain Support for a Formation Program Explain Success? First it is needed to establish what one considers a MSI success? As reported by Cashore *et al.* (2004) the Swedish FSC program was by many considered a semi-success only because the private forest owners left discussions and later joined another program. DressCode, as it is well known failed. RSPO is a newly established program and still forming, but successfully so. Thus, the paper ends up with two semi-successful MSIs and one failure. For the three MSIs studied, there was no clear correlation between a large number of *converting* strategies and a successful formation outcome. This conclusion is based on the fact that DressCode relied on converting strategies in four out of six factors, and RSPO only in two and a half out of six factors. Although *converting* strategies are preferred because they do not suggest any alterations in the formation program, the study shows that reaching agreement during *conforming* strategies (i.e. stakeholder dialogues) is also an important outcome. Here, the palm oil industry initiative with a majority of conforming strategies used, illustrates a good example. Another observation is that factors affecting legitimacy should probably be weighted by importance. For instance, in the palm oil case, factors like the strength of the Malaysian industry association and the level of industry vertical integration weigh equal. The study shows that low industry vertical integration resulted in conforming strategies with large European food chain members. This low vertical integration probably provided greater challenges in stakeholder dialogues.

What is the Use of This Model When Forming MSIs? The model can be a useful tool when foreseeing and overcoming hurdles in the formation process. It can, for instance, be used as an early warning system. As in the palm oil initiative, a step wise initial approach proved successful. By first reaching understanding among key supply chain members, this group could invite external stakeholders into the formation work as a second step. A gradual, step wise approach seemed to work fine even though the palm oil case suggested a large number of *conforming* strategies.

What Can the Model tell About Converting Syrategies? It is quite clear from the industry cases that factors like *"dependence on foreign markets"* and *"public dissatisfaction with industry practice" converting strategies* are successfully used to either gain or maintain legitimacy of the industry standard. Both economic arguments and public opinion make a strong foundation when forming a successful certification program. Another interesting converting strategy appeared in the palm oil study. Soy oil is a competing product to palm oil. When price is up for soy oil, this has a favourable effect on palm oil demand. Thus, *converting* strategies were used to convince palm oil growers and processors to join sustainable industry practice to differentiate themselves against soy oil production procedures lacking sustainable references. For RSPO, sustainable practices did offer competitive advantages facilitating the formation process.

Can This Model Help One Understand the Importance of Conforming Strategies When Forming MSIs? Both in FSC and DressCode, key stakeholder groups (private forest owners & textile union organizations) left discussions and withdrew from the formation process. It seems that a model like this can act as a useful warning system indicating that successive approaches are sensitive issues that threaten the formation process. Another success factor suggested in the study where conforming strategies are used would be the use of external facilitation of dialogues with experience from industry and forming MSIs. In the case of FSC and DressCode, key stakeholders were far apart during conforming discussions and it is unlikely to suggest a change in facilitation would have altered the two dialogue outcomes.

Do Products in Industries with High Brand Value Easier Form MSIs? It is interesting to see that in all cases customer pressure (local pressure for palm oil) had an impact on the formation process. Here a large responsibility rests with the media and environmentally and socially engaged NGOs to inform customers and the general public. Even though it is not part of the scope, the study indicates that company brand value and reputation are at risk if pressured from media & NGOs. For companies to reduce brand risk, MSIs refer to *converting* practices following sustainable industry standards. The study may imply that a commodity with a low brand value (palm oil) compared to one with a high brand value (apparel) may actually facilitate the formation process due to less external stakeholder pressure. Global brands in the apparel industry, such as Nike, Levis, Gap, and H&M, have all invested large resources in creating their own supply chain certification programs as part of their corporate social responsibility. For companies like these, there is always a risk of joining an industry program consisting of competing brands or brands with less reputation for sustainable practices. It could therefore be argued that commodities like palm oil with a lower brand value could form sustainable industry practices easier. This is mentioned only as a potential future factor which the current model does not take into account. This proposition, however, needs further exploration and study before such claims are made. The paper merely mentions it as an area for further research.

The analytical framework and model developed by Cashore *et al.* (2004) may suggest that MSIs could gain strategic understanding by determining factors and applying strategies used in the model to better achieve legitimacy for industry formations. The study confirms that in two industry cases, negotiations led stakeholders to withdraw from further participation. Consequently, by letting MSIs understand more about *conforming* strategies and how these are successfully applied, the process of forming industry standards will be better comprehended and further refined. The model used in these three cases did not provide with clear answers to whether it is *converting* or *conforming* strategies that are used to gain support for MSIs that help one understand the likelihood of success in forming industry standards.

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