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**Can Multi-Stakeholder Initiatives Improve Global Supply Chains?  
Improving Deliberative Capacity with a Stakeholder Orientation**

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## MULTI-STAKEHOLDER INITIATIVES

**ABSTRACT:** Global multi-stakeholder initiatives (MSIs) are important instruments that have the potential to improve the social and environmental sustainability of global supply chains. However, they often fail to comprehensively address the needs and interests of various supply-chain participants. While voluntary in nature, MSIs have most often been implemented through coercive approaches, resulting in friction among their participants and in systemic problems with decoupling. Additionally, in those cases in which deliberation was constrained between and amongst participants, collaborative approaches have often failed to materialize. Our framework focuses on two key aspects of these breakdowns: assumptions about the orientation of MSI participants, and the deliberation processes that participants use to engage with each other to create these initiatives and sustain them over time. Drawing from stakeholder and deliberation theories, we revisit the concept of MSIs and show how their deliberative capacity may be enhanced in order to encourage participants to collaborate voluntarily.

**KEY WORDS:** deliberation, stakeholder theory, multi-stakeholder initiatives, global supply chains, sustainability, collaboration

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The advent of the global economy has raised new challenges for multinational corporations (MNCs) and their global supply chains (Ernst & Kim, 2002). State, civil society, and global institutions have a limited capacity of setting regulations that work for a global marketplace (Laufer, 2003; Prieto-Carrón, Lund-Thomsen, Chan, Muro, & Bhushan, 2006); thus, this responsibility is shifted onto MNCs. As a result, many of the latter have tried to use ‘soft law’ standards that are non-binding and quasi-voluntary (Gilbert & Rasche, 2008; Lund-Thomsen, Nadvi, Chan, Khara, & Xue, 2012). These initiatives are generally referred to under the broad framework of MSIs, which represent private governance mechanisms involving corporations, civil society organizations, governments, academia, or unions to cope with social and environmental issues (Mena & Palazzo, 2012).

There is no universally accepted classification of MSIs (Gilbert, Rasche, & Waddock 2011), and they can be initiated by a variety of actors for varied contexts. However, global supply chains are an ideal context for understanding the nuances of complex relationships across cultural, political, and regulatory boundaries. MSIs in global supply chains range from compliance-based initiatives in which MNCs expect their suppliers to comply with a set of pre-defined standards (Locke, Amengual, & Mangla, 2009; Lund-Thomsen & Lindgreen, 2013) to more collaborative-based ones in which social control guides participants into seeking multilateral benefits at the network—rather than at the firm—level (Drake & Schlachter, 2008). Even among compliance-based MSIs, differences can be observed in scope, content, process, and governance structures (Gilbert et al., 2011).

To-date, research on MSIs as promising tools suited to improve social and environmental performance is supported by theoretical justifications that span the normative and descriptive domains. For example, Gilbert and Rasche (2007) used Habermasian discourse ethics to

elucidate how international social accountability standards exemplify the moral point of view in MNCs. Similarly, Mena and Palazzo (2012) explored MSIs through the lens of democratic theory and their legitimacy in filling global regulatory gaps. Providing a theoretical justification for procedural international ‘hypernorms’ through Integrated Social Contracts Theory (ISCT), Gilbert and Behnam (2008) suggested that MNCs and their stakeholders can be embedded in democratic processes to tackle global issues such as those that occur in supply chains. Rasche (2012) used coupling theory to argue that the strength of the couplings that exist between the actors who participate in MSIs frame their ability to self-regulate in a transnational governance context. All these works share the commonality of conceptualizing MNCs and their stakeholders as political actors with a moral duty of designing rules that are of public interest and contribute to a stable society (Scherer, Palazzo, & Baumann, 2006).

While current research has pointed to the advantages of MSIs, and particularly to the more collaborative approaches to them in global supply chains, challenges remain. For example, MSIs are often fraught with ‘decoupling’ (Benham & MacLean, 2011) and ‘selective coupling’ (Jamali, Lund-Thomsen, & Khara, 2017), which occur when supply-chain participants espouse commitments to certain standards but do not make the necessary efforts to follow through. One school of thought found in the Political Corporate Social Responsibility (PCSR) literature is that labor rules and practices like those recommended by MSIs can, and should be, determined through a deliberative approach in which parties offer arguments and persuade others to reach democratic consensus around acceptable behaviors (Fung, 2003a). Yet, MSIs in global supply chains are nested in decentralized and political deliberation processes (Scherer & Palazzo, 2011). As such, the ability of participants to engage in inclusive, authentic, and consequential deliberations (also known as ‘deliberative capacity’) is questionable (Dyrek, 2009; Mercier &

Landemore, 2012; Schouten, Leroy, & Glasbergen, 2012). Given that many participants see the potential value of MSIs, as well as the latent capacity of participants to come together to collaborate, this is both surprising and frustrating (Soundararajan & Brown, 2016).

To understand these breakdowns in global supply-chain governance—and to theorize ways to overcome them—we focus on two key aspects of MSIs: assumptions about *the postures or orientations of participants involved in MSIs towards each other*, and *the processes used among participants to engage in the creation of MSIs and to sustain them over time*. To capture the common governance barriers that lead to the failure of MSIs, we draw on stakeholder theory—and particularly on the tenets of stakeholder orientation (Berman, Wicks, Kotha, & Jones, 1999; Harrison & Wicks, 2013; Parmar, Keevil, & Wicks, 2017; Wicks, Keevil, & Parmar, 2012)—in conjunction with deliberation theory (Dyzek, 2009; Fung, 2003a, b; Schouten, Leroy, & Glasbergen, 2012). We show how global supply chains pose particular challenges to the deliberative capacity conditions that are important to the democratic legitimacy of MSIs and to the identification of overlapping value.<sup>1</sup> Additionally, we identify stakeholder orientation elements that could enable deliberation in global supply chains to work in ways by which participants could see this value. We therefore address the question: How, and under what conditions, does a stakeholder orientation contribute positively to deliberative capacity in MSIs? More specifically, how does this orientation help address challenges in global supply chains?

Our main theoretical claim is that the implementation of the kind of *collective stakeholder orientation* suited to enable participants to both seek and share value with each other along with a more complex understanding of value (including, but not limited to, economic value) would enable MNCs and their participants in global supply chains to approach the process of deliberation in ways that would favor the input of other participants and agreements benefiting

all parties. Additionally, when participants take ownership of MSIs through deliberation processes that involve a shared responsibility for the outcomes, and when appropriate structures are in place to sustain the participants' confidence in such processes, the conditions that enable voluntary and sustainable collaboration are in place. More importantly, we argue that without these conditions deliberation in supply chains becomes truncated, hijacked, or perverted in ways that exclude the interests of key participants and preclude the possibility of all relevant participants getting behind an MSI and voluntarily supporting its activities. Our paper provides several contributions to the literature. First, through a nuanced element of stakeholder theory—specifically, stakeholder orientation—we offer a systematic analysis of the governance challenges faced in global MSIs aimed at identifying important barriers to voluntary participant cooperation. Second, we highlight the importance of a 'collective stakeholder orientation' for global supply-chain participants to come together and see MSIs as critical collaborative activities that can be mutually beneficial. Third, we build a framework that integrates deliberative capacity conditions, the challenges in global supply chains, and the benefits of a collective stakeholder orientation, and we suggest how these could be operationalized in order for supply-chain participants to identify overlapping value and forge a common commitment to an MSI. Our framework is, therefore, complementary to existing Habermasian and normative approaches aimed at determining 'ideal' deliberation processes in MSIs—i.e., processes suited to address governance problems in global supply chains. Finally, we show that the governance of global supply chains is not a simple 'profits vs. society' story involving economic actors like MNCs and suppliers. Rather, we show that the profit orientation of MNCs can work hand-in-hand with the provision of value to other participants. Hence, we contribute to the growing literature on

stakeholder orientations and utility maximization (i.e., value) by linking the motivations of global supply chain participants to the concepts of deliberation.

### GLOBAL SUPPLY CHAINS AND MULTI-STAKEHOLDER INITIATIVES

A global supply chain is a network of vertically and horizontally connected firms engaged in the coordination of an MNC's production and distribution activities (Griffith & Myers, 2005).

Global supply chains improve MNCs' competitive advantages by reducing production costs and offering access to necessary resources and knowledge (Gereffi, Humphrey, & Sturgeon 2005).

Along with these advantages come social and environmental issues, especially in relation to supplier facilities located in developing or underdeveloped countries (Soundararjan, Khan, & Tarba, 2018). Due to the perceived or actual weakness of the regulatory environments found in such countries, MNCs are held accountable for the social and environmental performance of their suppliers located in them (Locke et al., 2009). This, in turn, increases the governance complexities for MNCs.

Supply-chain governance refers to the mechanisms, enacted within the chains, by which some firms set and/or enforce the parameters under which others operate (Humphrey & Schmitz, 2001: 20). Gereffi et al. (2005) conceptualized five different modes of global supply-chain governance—namely, market, modular, relational, captive, and hierarchy—defined by the level of transaction complexity, the ability to codify transactions, and supplier capabilities. Based on the governance mode(s) they adopt, MNCs use a number of tools to govern their global supply chains, including, but not limited to, codes of conduct, contracts, and audits aimed at overseeing the social and environmental conditions within them. Nevertheless, such tools have often failed to produce the expected outcomes or to gain legitimacy among a wide range of global supply



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chain participants (Erwin, 2011; Stevens, 2008). As a result, some MNCs, especially those subject to heavy scrutiny, utilize MSIs—in combination with other governance tools—mainly due to their relatively wider acceptance (Bartley, 2011). However, contrary to their ‘multi-stakeholder’ or ‘voluntary’ descriptors, MSIs have historically been used to regulate the behaviors of supply chain participants through a compliance-based approach (Lund-Thomsen & Lindgreen, 2014) that relies upon non-governmental organizations (NGOs), trade unions, and the media to exert pressure upon MNCs to develop corporate codes of conduct or adhere to pre-defined ethical guidelines/benchmarks to ensure the responsible operation of supply chains (Locke et al., 2009). Compliance with guidelines is presumably checked by means of social and environmental audits whereby those suppliers who do not comply are punished with reduced orders or exclusion from the supply chain.

As pointed out by Lund-Thomsen and Lindgreen (2013), this approach presents many issues both in theory and in practice, including the fact that it ignores the social and territorial embeddedness of global supply chains and is exclusively focused on vertical relations. The shift to more collaborative MSIs occurred in an effort to address these weaknesses. The UK Ethical Trading Initiative (ETI), which is cited as one example of this, views governance as a form of social control that guides participants into seeking multilateral benefits through projects and working groups across different parties, including NGOs, with the aim of establishing best practices for ethical trade. Under this paradigm, the focus on MSIs aims to offer value to participants at the network level, rather than at the firm one (Drake & Schlachter, 2008), also by showing how improvements in labor standards in developing country factories could boost sales and improve employee recruitment and retention.

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Even those MSIs that have seemingly espoused a collaborative approach have been disappointing in that their stated intent has not yet yielded sustained improvements in developing country production facilities (Locke et al., 2009). For example, less than three years after the infamous 2013 Rana Plaza accident in Bangladesh that killed 1134 people and injured 2500, a fire broke out in a Bangladesh factory that made items for major clothing brands, including H&M and J.C. Penney. Most of these brands had participated in more than one MSI, including the Alliance for Bangladesh Worker Safety, who had commitments to regular inspections and repairs for inadequate fire safety (Timmons, 2016). MSIs have also failed in contexts beyond that of the clothing industry. In 2010–2011, through their documentaries *Shady Chocolate* and *The Dark Side of Chocolate*, Danish journalists exposed the illegal child labor practices being carried out in Western Africa in cocoa farms certified by UTZ (a sustainable farming certification initiative) and by Rainforest Alliance (RA) (an NGO that audits farms and forestry enterprises for sustainability). Similar failures have been reported with MSIs like the Roundtable on Sustainable Palm Oil (RSPO), the Roundtable on Responsible Soy (RTRS), and the Forest Stewardship Council (FSC), by which supply-chain participants commit to certain standards on the surface but, in the end, fail to comply with them (García-López & Arizpe, 2010; Moog, Spicer, & Böhm, 2015; Schouten, et al., 2012).

## ISSUES OF DELIBERATIVE CAPACITY

A situation in which individuals make independent choices in interdependent situations is known as a collective action problem (Ostrom, 1998). Deliberation has been proposed as a means to address collective action problems and instigate decentralized voluntary collaboration in situations affected by complex social and environmental issues (Ostrom, 1998). Defined as

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“debate and discussion aimed at producing reasonable, well-informed opinions in which participants are willing to revise preferences in light of discussion, new information and claims” (Chambers, 2003: 309), deliberation has been applied to many contexts, including the international governance of labor standards (Fung, 2003a), the democratic process of private multi-stakeholder governance (Schouten, et al., 2012), and environmental knowledge production (Hage, Leroy, & Petersen, 2010). It is considered to be an approach that blends consensus- and conflict-oriented processes (Van den Hover, 2006) in which all parties have an overarching interest in the legitimacy of the outcomes.

Deliberation has been noted to be a key cornerstone for authentic dialogue and discourse in initiatives like MSIs, which rely on the cooperation between governments, corporations, and NGOs to develop learning platforms, behavioral standards, auditing, and certifications (Fung, 2002; Mena & Palazzo, 2012; Palazzo & Scherer, 2010). However, for a deliberation system to succeed, it must achieve a high level of what Dryzek (2009) refers to as deliberative capacity—i.e., inclusiveness, authenticity, and consequentiality. Inclusiveness refers to the presence of a wide range of interests and discourses of participants affected by the deliberation structure and processes. Authenticity refers to the extent to which the deliberation process induces non-coercive reflection, connects claims to more general principles, and exhibits reciprocity. The last dimension of deliberative capacity—consequentiality—is a measure of the extent to which a deliberative process impacts collective decisions or social outcomes. Summarizing, a global supply-chain MSI with a high degree of deliberative capacity will encapsulate a wide variety of interests and discourses, exhibit reciprocity, and impact social outcomes through collective decision-making.

However, global supply chains pose unique challenges to the success of a deliberation system, and specifically to the conditions needed to build deliberative capacity. For example, Schouten et al. (2012) analyzed the deliberative capacity of MSIs related to palm oil (i.e., the RSPO) and soy bean production (i.e., the RTRS), and concluded that they tended to fall short in the inclusiveness and consequentiality elements of deliberative capacity—by demonstrating a limited variety of discourses, and failures to transfer conversations to deliberative processes outside of the roundtables. In another example, Moog et al. (2015) showed that a ‘model’ MSI—in the form of the FSC—was ineffective because of resource imbalances that led to failures in inclusiveness and reciprocity in global forestry management—and, ultimately, to the disenfranchising of important NGOs. The fact that the deliberative capacity conditions in global supply chains face challenges like these implies that the management of interactions between multiple participants is still at the heart of failures of deliberative capacity. In fact, the input legitimacy influences grounded in democratic legitimacy that were identified by Mena and Palazzo (2012) speak to general stakeholder theory conditions of inclusion, procedural fairness, consensual orientation, and transparency.

Given that global supply chains include a wide range of participants with different interests, identities, roles, knowledge, and demographical features, it becomes clear that an MSI’s success depends on bringing such diverse participants together. In fact, Gilbert and Rasche (2008: 769) pointed out that, under stakeholder theory, standardized ethics initiatives (like MSIs) provide tools helpful to manage participant relations but also face considerable limitations in setting up a process suited to organize local participant dialogue, provide transparency in costs of compliance, and overcome discursive deficiencies. They suggested the need for more conceptual work that offers “a more solid justification of [standardized ethics

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initiatives’] respective guidelines [to] foster communication.” Building upon this call, we focus on two key aspects of the governance breakdown in supply chains—the posture of participants in an MSI (i.e., *collective stakeholder orientations*) and the discourse processes used by participants to engage with each other (*deliberative capacity*) to create an MSI and sustain it over time. We posit that—based on who they are, the activities they are carrying out, and their view of others involved—all participants bring some kind of orientation to deliberations. Therefore, the orientations of participants in global supply chains have considerable influence on the ability of groups to interact and successfully collaborate—including their ability to deliberate successfully.

Research on stakeholder theory suggests that, to choose to voluntarily participate, stakeholders must perceive both sufficient overlapping interests in generating value, and opportunities to satisfy their own self-interests (Harrison & Wicks, 2013; Tantaló & Priem, 2016). It then becomes clear that supply chain participants must somehow come together with a collective orientation that promotes value for all. Such an orientation must be integrated into the deliberation process to enable trust building and enable participants to believe that they are not alone in engaging in the process. We explain below.

## STAKEHOLDER ORIENTATIONS

Stakeholder orientations refer to the postures or mindsets on which stakeholders base their mutual interactions. Introduced under stakeholder theory as two-way relationships between focal firms and their stakeholders (Freeman, 1984), stakeholder orientations encompass both instrumental and normative elements pertaining to the ways firms shape their strategies for marketplace success and/or to satisfy their moral obligations to their stakeholders (Berman et al., 1999). In the context of global supply chains, the multiple stakeholder orientations of

participants reflect a variety of postures within a network of relationships, with each participant potentially bringing a different set of expectations to each relationship. The existing literature illustrates a range of ways in which participants can shape their interactions with others—from primarily self-interested (e.g., shareholder theory and transaction cost economics) to highly other-regarding and altruistic (Jones, Felps, & Bigley, 2007). These extremes reflect radically different orientations ranging from the selfish model under agency conditions, where firms seek to satisfy their own interests and demands, to a more stewardship-based one by which firms operate altruistically.

The existing work on MSIs in global supply chains seems to indicate that either through adopting the wrong orientation (e.g., a selfish, market-based model) or by being unable to signal and sustain a compatible orientation with others MSIs cannot work properly and their participants do not experience a process that includes their voice, their interests, or the coordination of efforts in a sustainable way. For instance, if A is strictly self-interested and does not pay attention to the interests of others, it will be extremely difficult to get A to develop a plan that incorporates others' interests (unless that is the only solution that can benefit A). Even more troubling, if the number of participants and the complexity of the problem are both large, then the governance challenge is much tougher—making it more likely that a largely selfish orientation will lead to short-cuts and to using power and dominance for selfish ends rather than to tackle the difficulty of getting participants to come together and collaborate. Under such circumstances, participants tend to avoid working with those they think will take advantage of them, and to seek out those they perceive to be fair or trustworthy (e.g., Bosse & Philips, 2016; Gächter & Thöni, 2005). Examples of MSI failures—like those of the RSPO, the RTRS, and the FSC—include details about how market-based solutions offered by MSIs create political and

strategic dilemmas for participants (Moog et al., 2015). Roundtable discussions break down when some participants focus solely on economic and financial issues while others focus on sustainability (Schouten, et al., 2012).

We posit that the mutual orientations of supply-chain participants in MSIs have a considerable influence on how they interact, collaborate, and deliberate successfully. Indeed, we would argue that a compelling explanation for many of the failures of MSIs is related to stakeholder orientations, particularly to orientations that are too focused on self-interest and not focused enough on creating mutual benefits with other MSI participants. Numerous cases show how participants, including MNCs and NGOs, find reasons to either exclude others, truncate or short-circuit the deliberation process, or use their bargaining power to force solutions (Locke et al., 2009; Schouten et al., 2012). In brief, if participants care too much about their own interests and not enough about the interests of the other participants involved, if they are not committed to a process of dialogue and identification of mutual interests, and to the need for all involved to voluntarily choose to participate, then the creation of an MSI is hampered by major structural governance barriers. Of course, we acknowledge that this may vary depending on the power that participants may have on a particular MSI.

As we consider these governance barriers and focus on how they could be addressed, we suggest the need for a *collective stakeholder orientation* (Wicks et al., 2012). An orientation or mindset refers to a mental model that frames or sets up the ways in which experiences are filtered or organized by managers and organizations (Werhane, 2008), with important consequences for behavior (Armor & Taylor, 2003). In deliberation systems, decision outcomes are tied to the mental models adopted by their participants; examples include mental models—

like shareholder primacy, triple bottom line, or stakeholder value maximization—that can create opportunities or roadblocks to important issues like sustainability (Wicks et al., 2012).

The concept of a collective stakeholder orientation builds upon the idea that those stakeholders who are part of a firm’s value chain have consideration in managerial decision-making and are part of an integrative set of business decisions in which firm/stakeholder ends are intertwined (Freeman et al., 2010). A collective stakeholder orientation capitalizes on the original Freeman (1984) shift to go beyond a focus on profits as the primary object of managerial thinking and toward an engagement with stakeholders to “unleash value for all” (Wicks et al., 2012: 389). Unlike a dyadic firm/stakeholder relationship, which requires the managers in a firm to assess stakeholder claims and assign or rank their salience (Mitchell, Agle, & Wood, 1997), a collective stakeholder orientation focuses on a wider net of relationships of purpose through two distinct elements: *overlapping stakeholder value* (Harrison & Wicks, 2012) and *shared stakeholder responsibility* (Goodstein & Wicks, 2007). In the context of MSIs in global supply chains, these elements create conditions that may enhance the participants’ deliberative capacity and ultimately, the success of MSIs. In identifying these elements, we follow other studies that reject the predictions of the complete rationality framework (e.g., Bosse & Philips, 2016; Gächter & Thöni, 2005) by looking at supply-chain participants as members of unique stakeholder communities that are highly relational and can achieve common goals for joint value creation (Bridoux & Stoelhorst, 2016). We explain the two tenets of collective stakeholder orientation below.

### *Overlapping Stakeholder Value*

Recent behavioral stakeholder theory focuses its attention on the question of ‘value’ and, in



particular, on why stakeholders come together voluntarily to cooperate through organizations (e.g., Harrison & Wicks, 2013; Tantaló & Priem, 2016). For decades, value creation was understood as shareholder value maximization that emphasized the outcomes of decisions, rather than processes or intents (Eisenhardt, 1989; Jensen & Murphy, 1990; Wicks et al., 2012). Under stakeholder theory, value maximization transcends financial returns (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010; Jones & Wicks, 1999) and opens up the scope of business to include decisions embracing a broader notion of value, in which the determination of value “can be stretched as far as stakeholders will take it” (Wicks et al., 2012: 389). While early versions of stakeholder theory urged attending to the claims of stakeholders based on unweighted or salience-weighted rotating-attention approaches (e.g., Mitchell, Agle, & Wood, 1997), newer research identifies that stakeholders may warrant simultaneous, equivalent, different, and continuous attention (Bridoux & Stoelhorst, 2014; Priem, 2007; Tantaló & Priem, 2016). Harrison and Wicks (2013) identified a four-factor perspective for defining value that includes the economic value sought by stakeholders, but extends beyond it to include fairness in exchange, affiliation with the companies engaged with, and a better deal from one organization compared with what it might expect to receive from other firms (i.e., opportunity cost). These factors include the process and distribution of value, not just the tangible value sought by stakeholders (Harrison, Bosse, & Phillips, 2010), and are closely associated with the motivations of stakeholders to cooperate in the value creating activities of the firm (Harrison & Wicks, 2013: 103).

The goal of finding *overlapping stakeholder value* under a collective stakeholder orientation suggests that the amount of utility or value that stakeholders receive from a relationship, or a network of relationships (like supply chains), will influence whether they

choose to engage in transactions (Harrison & Wicks, 2013). When participants in a network find points of overlapping value, they will be motivated to come together and cooperate. In particular, the concept of overlapping value goes beyond mere self-interest or utility maximization, to frame stakeholder relationships and establish how and why stakeholders cooperate over time (Bosse & Phillips, 2016). Overlapping stakeholder value in the networks of global supply chains reflects the overlapping interests of all participants in generating value that includes economic considerations but also fairness, trust, and a sense that the focal firm and its operations will enable all stakeholders to become better off over time (Freeman, Harrison, & Wicks, 2007). It is lodged in the concept that the utility or value created for one stakeholder is dependent on the behaviors of the firm's other stakeholders.

Finding overlapping stakeholder value through MSIs in global supply chains involves participants, and particularly key suppliers, perceiving that, in relation to their efforts, they are receiving a positive ratio of economic value and benefits from continued cooperation. When this does not happen, opportunism threatens the relationships between the supply-chain participants (Das, 2004; Das & Rahman, 2010; O'Donnell, 2000), particularly when sustainability initiatives are expensive and time consuming, as they are in most cases involving developing country participants (Beschorner & Müller, 2007; Van Tulder & Kolk, 2001). Additionally, while MSI participants may be self-interested, they are also driven by a sense of fairness. They do expect some form of benefit from their participation, but operate within the scope of fairness norms. A key challenge with MSIs in global supply chains is the perception that the allocation of harms and benefits is not fairly distributed throughout the network (Benham & MacLean, 2011; Nadvi, 2008). When some participants perceive unfairness, they may look for ways to punish those stakeholders who they view as taking advantage of them (Bosse et al., 2009). In fact, there is

ample scholarly evidence to show that many developing country suppliers do not treat their workers fairly. In return, workers show a lack of commitment, leave the firms as soon as they find better alternatives (Barrientos & Smith, 2007), and do not participate in the production or sustainability of MSIs.

### *Shared Stakeholder Responsibility*

Shared stakeholder responsibility refers to how stakeholders understand and enact their set of individual responsibilities both to other stakeholders and to the firm (Goodstein & Wicks, 2007). When stakeholders embrace responsibility, they proactively seek to uphold their role in the cooperative system—even in the absence of enforcement mechanisms aimed at coercing their support. This suggests a posture in which all stakeholders avoid opportunism and may go beyond simply fulfilling what is required by their role (including some extra-role duties).

Shared responsibility emerges from a shared process in which participants voluntarily choose to participate and from the success of which they agree to contribute to. Through the process, the dialogue, and the presence of fairness, stakeholders ‘own’ the outcomes and are motivated to make their contribution to help produce outcomes that benefit all. Well-designed systems of responsibility, in which structures of responsibility are created among stakeholders, provide ways of fulfilling key duties even in the absence of contracts, sanctions, and formal mandates. Such systems of responsibility also incorporate structures suited to support cooperation among stakeholders and sustain their confidence that others are also doing their part.

Should participants feel a sense of responsibility to others in the MSI and given that there are structures in place to maintain their confidence, they are more likely to engage in efforts that lead to cooperative behaviors, including engaging in intensive communication and dialogue with

each other (Freeman et al., 2010). The challenge here is that the institutionalized power relations and distrust inherent in supply chains can lead to a lack of shared responsibility by, for example, developing-country suppliers—which may eventually result in improvements only in the more visible workplace issues, such as child labor, rather than in the less visible ones, such as equal opportunities and collective bargaining (Jamali et al., 2017; Khan, Munir, & Wilmont, 2007). Yet, shared responsibility in networks has been linked to increased accountability, enhanced task efforts, and the creation of value in complex service exchanges and supply chains (Johnston et al., 2004; Sierra, Heiser, & McQuitty, 2009; Weldon & Gargano, 1988). Shared stakeholder responsibility across the development and enforcement of MSIs can help to mitigate some of the political and power processes that often delegitimize MSIs and marginalize those participants—such as NGOs—that are often positioned as ‘enforcers’ (Bartley, 2007, 2010).

To summarize, a collective stakeholder orientation places an emphasis on the importance of participants, serving their interests and building relationships with them to generate overlapping value and shared responsibility. It also places an emphasis on the structures that must be in place to realign participants and the process should challenges emerge to threaten the confidence among participants and the sustainability of the process. With such an orientation, participants are less likely to use power differentials to seek additional rents or create relationships that some (particularly the smaller and less powerful ones) could consider exploitative, precisely because they see the need for participants to voluntarily choose to participate. In addition, when MSI participants see their networks as vital to enacting initiatives, they are more likely to not only consider the views of other participants, but to also ensure that the terms of the initiatives are likely to be understood and accepted—rather than imposed (Barratt, 2004; Wijen, 2014). It is important to note that this logic applies to a wide range of

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participants in MSIs, including, trade unions, workers, intermediaries, NGOs, and developing-country suppliers. Such an orientation keeps participants engaged in the production process of MSIs even in the absence of external monitors and formal governance structures, such as contracts, because it causes them to view cooperation as a mutually beneficial activity that fosters genuine improvements. Once such an orientation is achieved, the democratic discourses and opportunities for dialogue in supply-chain MSIs with sufficient deliberative capacity may begin. We explain how this might work in the next section.

### COLLECTIVE STAKEHOLDER ORIENTATION AND DELIBERATIVE CAPACITY

If we return to some of the shortcomings of deliberative capacity conditions and relate them to the challenges specific to MSIs in global supply chains, we can identify how a collective stakeholder orientation might enhance deliberative capacity in global supply chains (Table 1). We develop these links referencing two examples, drawn from the literature, in which deliberative capacity had fallen short—the documented stories of the deliberative capacity challenges faced by the RTRS, the RSPO (García-López & Arizpe 2010; Schouten, et al., 2012) and the FSC (Mena & Palazzo, 2012; Moog et al., 2015).

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#### *Inclusiveness and Collective Stakeholder Orientation*

Drawing upon Dryzek (2009), and as noted above, inclusiveness refers to the degree to which participants join in. Three important questions—derived from the theoretical basis of deliberative democracy—shape the scope and quality of inclusiveness in deliberative capacity: Whose interests?, What discourses?, and How to frame the problem? In their work on the RTRS and

RSPO, García-López and Arizpe (2010), as well as Schouten, et al. (2012), found that the inclusion of smallholders, local groups, and NGOs was very challenging throughout the roundtable process, with consumers notably being left out of the decision-making processes of the MSIs. For example, even with a voting structure designed to “avoid domination of one specific stakeholder group,” one organization representing farmers had stepped down from the Organizing Committee because they felt that they could not “influence the agenda” (Schouten et al., 2012: 45). Further, in the case of the RTRS, competing interests and concerns over converting natural habitats to soy production areas led to conflicts concerning production and to a failure to achieve consensus on principles and criteria for the MSI. One group of soy producers from Brazil, with a focus on economic issues, felt that they bore the main burden of soy certification and that they therefore “needed to be compensated” (Schouten et al., 2012: 46).

Similarly, Moog et al.’s (2013) study on the FSC showed that both smaller groups and nationally-based campaign ones found it challenging to maintain an active participation. Then, when scandals associated with labeling practices surfaced and the legitimacy of the organization was threatened, influential NGOs began to defect (Clark & Kozar, 2011; Schepers, 2010). Participants such as forestry managers also became disenfranchised and demotivated to participate in the FSC due to the perceived elusiveness of the economic benefits.

How might a collective stakeholder orientation positively influence participants in MSIs like the RSPO, the RTRS, and the FSC to be more inclusive in their deliberations? A collective stakeholder orientation and its pillars of overlapping value and shared responsibility supports the idea that: 1) a participant is any individual or group of people who shares a common interest or a stake in a particular issue or system, or is affected by the issue or system; and 2) the interests and discourses of every participant have intrinsic worth (Donaldson & Preston, 1995). Even though,

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in all three cases, participants had numerous opportunities to join the decision-making processes, there was no broad conceptualization of MSI participants as a collective ‘whole’ with shared interests. Additionally, no structures were in place to stop certain participants and their discourses from dominating the process.

The discussions could have fared better had the members been able to see that, in developing standards, each supply chain participant in the global agriculture and forestry markets would have shared in the benefits of sustainable production. Efforts like these suggest an orientation in which participants avoid opportunism and seek to go beyond simply fulfilling what is required by their role (including some extra-role duties, especially when they appear to be part of being good citizens). However, with a lack of discourse around overlapping value and shared responsibility, significant members were excluded (in particular, consumers in the RTRS and the RSPO) or exited (the European NGO in the FSC), and the majority of discourses were reduced to perceptions of economic and financial unfairness. There was no opportunity to direct participants to establish new infrastructures or reconfigure the deliberation process to recognize and accommodate the interests and discourses of the excluded. Such a restructuring, for example, was observed in the 2001 America Speaks Citizen Summit, which featured the use of technology to accommodate the interests and discourses of a large group (Fung, 2003b).

In terms of the framing of the social problem, all participants tend to bring their own to the deliberation process (Druckman, 2004; Druckman & Nelson, 2003). For instance, MNCs may bring a business framing (e.g., reducing reputational or financial risks) and NGOs may bring an activist (e.g., making MNCs accountable) or a development one (e.g., improving the conditions of the marginalized). Although none of these frames have any inherent fundamental flaws, the adoption of any one may not lead to consensus or compromise, resulting in disgruntled

participants. The RTRS/RSPO and FSC failures also provide evidence of this, with the Brazilian soy producers in the RTRS, for example, feeling they were bearing the main burden of soy certification and that their business framing conflicted with the activist one of the NGO—the World Wide Fund for Nature (WWF) (Schouten et al., 2012). In the complicated case of the FSC, there is evidence that NGO activism had come in conflict with the business framing of the certification process, which was supported by multiple participants (Cashore, 2002; Schepers, 2010).

A collective stakeholder orientation moves away from this seemingly participant-specific framing by adopting a frame of mind that will contribute to mutual benefits—without making grandiose assumptions about the motivations of the actors (i.e., participants are not assumed to be altruists willing to simply serve the common good, nor to be narrowly selfish). A collective stakeholder orientation signals and invites participants by framing the problem as a ‘shared’ one, the solution to which is serving multiple participants and their interests (Wicks et al., 2012), and collectively owning the responsibility required to make it work (Goodstein & Wicks, 2007) without packaging the problem as a monolith. Again, if the RTRS/RSPO and the FSC MSI participants had placed an emphasis on the importance of participants, on serving their interests and building relationships with them to generate value, the participants might have been less likely to use power differentials to seek additional rents, create relationships that some (particularly the marginalized ones) considered exploitative, or engage in blame games.

However, as is highlighted by the complexity of these cases, there is ample opportunity for dialogue to break down and for participants to mutually misconstrue their motivations—even if they are trying to act out of a collective stakeholder orientation. Nevertheless, the conditions provided by a collective stakeholder orientation, when combined with a robust deliberative



capacity process, appear to create the most favorable conditions for reinforcing a commitment to the process and a belief that a mutually beneficial outcome is possible.

### *Authenticity and Collective Stakeholder Orientation*

How might a collective stakeholder orientation positively influence participants in MSIs such as the RSPO, the RTRS, and the FSC to be more authentic in their deliberations? The questions—derived from the theoretical basis of deliberative democracy—that guide the authenticity element of the deliberative capacity with respect to global MSIs are: What kind of deliberation environment?, How are the claims justified?, and How do participants perceive the process? A collective stakeholder orientation assumes that participants, albeit being self-interested, are also driven by a sense of fairness and reciprocity. They do expect some form of benefit from their participation, but within the scope of procedural, distributive, and interactional fairness norms. The concepts of fairness and reciprocity are cornerstones of both stakeholder theory and deliberation theory. Stakeholder theorists have recently adopted these concepts to provide alternative explanations for the behaviors of organizational leaders and stakeholders. This concept of decision-making based on fairness norms is called ‘bounded self-interest’ (Bosse & Phillips, 2016), meaning that participants, despite being self-interested utility maximizers, are bounded by norms of fairness and reciprocity.

Allegations of a lack of procedural and interactional fairness in the deliberation processes pertaining to the development of sustainability principles and criteria have characterized MSIs like the FSC and the RSPO/RTRS (Moog et al., 2015; Schouten et al., 2012). Had participants approached these MSIs with a collective stakeholder orientation, the identification of points of overlapping value and sense of shared responsibility might have driven them to feel more

empowered and facilitated the creation of what Dryzek (2009) referred to as an ‘empowered space’—a non-coercive space in which participants, especially the more marginalized and powerless among them, find their voice and have it listened to. It is a space that moves participants from “silence to self-expression” (Fung, 2003b: 344), in the appreciation of differences. However, in the case of those failed MSIs, marginalized participants—like small farmers and indigenous groups—appeared to have been put in a more coercive space in which they had felt threatened when presenting their claims and in which their information had either been ignored or discounted. Hence, these marginalized participants had tried to find a voice in grass roots campaigns and “peasants’ counter-gatherings” (García-López & Arizpe, 2010: 202).

A collective stakeholder orientation, particularly the belief that all participants involved need to receive value and choose to participate, holds more promise in terms of leading participants to achieve a deeper social learning about the other side. Such learning can help to identify any points of overlapping value that might otherwise be missed (Brown, Gianiodis, & Santoro, 2017) as well as to earn the respect of others—important elements in the authenticity of the communicative processes in MSI roundtables (Steenbergen, Bächtiger, Spörndli, & Steiner, 2003). Additionally, in their quest for overlapping value, MSI participants may be encouraged to move beyond general ethical decision-making principles—like utilitarianism—that, while being worthy benchmarks, often ignore the immediate needs of marginalized participants (e.g., food, jobs, education, and shelter) (Koenig-Archibugi, & Macdonald, 2017).

In addition to procedural and interactional fairness, a key challenge to the authenticity of deliberations for MSIs in global supply chains is the perception that the allocation of benefits is not fairly distributed throughout (Benham & MacLean, 2011; Nadvi, 2008). For example, enhanced reputation and public image have been demonstrated to be among the significant

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outcomes of participation in MSIs (Peloza, 2006). However, such benefits apply to a very limited number of global MSI participants, particularly MNCs (in terms of increased market shares and profits) and civil society organizations (in terms of increased legitimacy and international funds). The lack of benefits for other groups, and the perception of the unfairness of these outcomes, contributes to the decoupling we see in MSIs (Soundararajan, Spence, & Rees, 2018).

In contrast, a collective stakeholder orientation involves the need for a fair distribution of benefits among participants; in the context of global supply chains, this would involve the redistribution of the benefits acquired through participation for the effective functioning of the collaborative system (i.e., profits or international funds). Such redistribution could involve the social or economic development of the beneficiaries or the development of infrastructures and participants for the deliberation process. Should participants perceive the distribution to be fair and contributing to a collaborative scheme, they could be willing to forego specific benefits, provide efforts without expectation of direct return payment, and disengage from opportunistic behaviors (Harrison et al., 2010; Molm, Collett, & Schaefer, 2007) even in competitive and uncertain settings, such as supply chains. A collective stakeholder orientation, combined with a process of deliberative capacity, could also act as an accountability mechanism by persuading participants to punish those who defect or contribute less than their agreed upon share to the collective good—even if the latter are resourceful or powerful (Bosse et al., 2009). This would, in turn, contribute to the integrity and legitimacy of the collaborative global MSI scheme and enable the continuous collaboration of those who stay engaged.

### *Consequentiality and Collective Stakeholder Orientation*

How might a collective stakeholder orientation positively influence participants in MSIs like the RSPO, the RTRS, and the FSC to achieve effective outcomes of deliberations? The questions—derived from the theoretical basis of deliberative democracy—that guide the consequentiality aspect of deliberative capacity with respect to global MSIs are: What type of output rules? and How are social outcomes defined? In general, the deliberation processes of global MSIs are aimed at developing rules for either a radical approach suited to change the fundamental values and behaviors of participants or a reformist one aimed at restructuring and developing institutions and technology (Mena & Waeger, 2014). However, these outcomes have fallen short of participant expectations in global supply chains in relation to both approaches. This was evidenced, for example, in the frustration expressed by the NGO activists participating in the FSC, who felt that certifications relying on the education and good will of consumers were a ‘less than ideal’ solution to the problem of global deforestation (Moog et al., 2015). In fact, researchers have noted that such certifications represented “over a decade of failed interstate efforts to improve global forestry management” (Moog et al., 2015: 470). Similarly, in the case of the RTRS, participants, including both large and smaller agri-business owners, expressed frustration in relation to the struggle aimed at mobilizing participants toward sustainability goals, particularly *within* the current system (Moog et al., 2015; Schouten et al., 2012).

Again, a collective stakeholder orientation provides a platform based upon which barriers to effective outcomes in deliberation may be removed and replaced with biases toward engagement and collaboration. Rather than beginning the process with pre-conceived intentions of radicalization or reform, a collective stakeholder orientation of overlapping value and shared responsibility can encourage the deliberation process to act as a ‘school of democracy’ (Verba et

al., 1995) in which global MSI participants learn to be good citizens and to consider the interests and discourses of others in the formulation of their own preferences and outlooks. The FSC, at one time, was considered to have all of the opportunities for the ‘democratization’ of an MSI and to be a place in which political debate and the administration of rights could take place (Moog et al., 2013). However, in addition to resource imbalances and scandals, the FSC began allowing the certification of forestry that fell short on key criteria (Moog et al., 2015: 480). Had participants approached the MSI under a collective stakeholder orientation, certification norms could have been sustained with greater mutual acceptance or legitimacy among both ‘normative’ and ‘derivative’ participants (Phillips, 2003). Given that the normative participants—i.e., those to whom the collaborative system has a moral obligation—are already included in the deliberation process (see our notion of ‘participant’ in the inclusiveness discussion), the resultant discourses might have been more satisfactory. Such participant-oriented norms are not new to the global governance architecture; they are abundant in the approaches of institutions, like the World Bank and the United Nations, aimed at human development and poverty alleviation (e.g. Chambers, 1994). Further, a collective stakeholder orientation conceptualizes social outcomes as those defined by participants through a deliberation process and that speak to overlapping value and shared responsibility. Under a collective stakeholder orientation, pre-defined notions of social outcomes are scrutinized for their shortcomings or completely disregarded if found unsatisfactory by the majority of the participants, who are looking for elements of overlapping value and shared responsibility.

Finally, the outcomes of deliberation in global supply chains are challenged by the fact that the development and processes of the MSI are inevitably linked to power imbalances, as evidenced in the case of the RSPO, the RTRS, or the FSC. Resourceful and powerful participants

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like MNCs, large resourceful NGOs, and local governments are the participants who are more capable of instituting and/or supporting MSIs. If the most powerful and resourceful participants adopt a collective stakeholder orientation toward others, the latter will be mentally positioned to drive a collective stakeholder orientation down the line to offset the challenges of (interest or discourse) exclusion and authenticity. This ripple effect has been observed by various studies. For, example, Korschun, Bhattacharya, and Swain (2014) showed how a firm's stakeholder-oriented practices lead to employees exhibiting citizenship behaviors and treating their consumers from the viewpoint of a stakeholder orientation.

Summarizing, a collective stakeholder orientation can create the conditions required to enable deliberation to work well with MSIs in global supply chains—addressing the areas of inclusiveness, authenticity, and consequentiality in which deliberative capacity often falls short. Additionally, there is the added benefit of a feedback loop in the deliberative interactions between global supply chain participants, which can highlight the shared value across multiple participants. For example, with regard to inclusiveness, when diverse discourses and interests are brought into the deliberation system of MSIs, and when the problems are framed as shared, participants can understand the diverse nature of 'value' sought by everyone and identify points of overlap. Inclusiveness also enables participants to understand how their actions are connected to governance challenges in MSIs and to take responsibility for their actions and their consequences. In terms of authenticity, when a deliberation space enables participants to freely express their concerns, the latter understand not only the multi-dimensionality of value and points of overlap, but also the ways in which the identified overlaps can be realized. Further, when the participants feel that the system is designed to offer a fair share of the benefits, they are more likely to take responsibility for improving the MSI. In terms of consequentiality, when

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outputs and social outcomes are defined through inclusive and authentic deliberations, participants are more likely to assume responsibility for the consequences produced by MSIs and for the value they receive—even if it necessitates sacrifice on their part.

### BOUNDARY CONDITIONS

Several boundary conditions may constrain the positive influence of a collective stakeholder orientation of MSI participants in the deliberation process; we acknowledge some of these here. First, as acknowledged by Fung (2003b), some participants can strategically manipulate others by pretending to embrace a genuine collective-stakeholder orientation while stealthily only pursuing their own self-interests. Such a posture could lead to negative impacts or even to the failure of the whole deliberation process. Therefore, for MSIs to achieve deliberative capacity, it could be necessary for participants to develop structures and mechanisms suited to hold manipulators accountable and to reinforce behaviors that contribute to stakeholder value and deliberative capacity.

Second, participants can wrongly perceive the orientations of others. Even though an MNC may be genuinely stakeholder oriented, a participant could perceive it differently due to a lack of information, perceived power, cultural differences, or a lack of resources to gather information about it (Archibugi & Macdonald, 2013)—effectively blinding said participant from seeing its true orientation. Information, education, and the democratic skills needed to scrutinize the interests and discourses of the ‘other side’ can shape the nature of the deliberation process, consequently improving the deliberative capacity (Fung, 2003b). However, some of these barriers may remain too embedded and fundamental to enable a genuine dialogue and the creation of overlapping value.

Third, a stakeholder-oriented deliberation process can be influenced by the presence or absence of effective communication channels. The channels of communication must ensure that the meanings behind the participants' words are not distorted. Research suggests that more face-to-face communication leads to effective deliberation among diverse participants (Ostrom, 1998). Nevertheless, in the context of global supply chains, bringing together geographically dispersed participants for a face-to-face deliberation is not always possible.

Fourth, studies show that discourses are shaped by their political, cultural, and administrative contexts (Van Dijk, 2006). Therefore, the context within which the deliberation process occurs and whence the participants come can influence both the deliberation process and the challenges in global supply chains. For example, a democratic context can be more favorable to the deliberation process than an autocratic one. Fifth, within a wide variety of MSIs, MNCs and NGOs can assume different roles at different times; therefore, the deliberation process might vary accordingly.

Finally, for some participants—and especially for the poor—cost plays an important role in decisions regarding participation. So, provisions for 'positive inducements' (Olson, 1971) such as financial rewards, and 'structural incentives' (Baiocchi, 2001; Fung, 2003b) that help to establish new infrastructures or reconfigure the deliberation process can increase the participation of marginalized or excluded participants and improve the deliberative capacity of global MSIs. Similarly, factors like the duration of the deliberation process, the use of a common language, and the size of the group or number of participants may also influence the participant orientation and MSI deliberative capacity (Carpini, Cook, & Jacobs, 2004; Mendelberg, 2002; Ryfe, 2005).



DISCUSSION

Global MSIs represent an interesting and promising direction in the evolution of the global economy—one that has real potential to enable supply-chain participants to live out key values in partnership with each other. Given the complexity of modern supply chains, developing MSIs with a greater deliberative capacity is a formidable challenge. By drawing on stakeholder theory and deliberation theory, we offer suggestions suited to improve the deliberative capacity of MSIs, making it more likely that participants can identify overlapping value and foster agreements capable of getting the voluntary cooperation of all—and realize the aspirations of MSIs. Our framework addresses many of the systemic governance barriers that either limit the chances for an MSI’s success or preclude it altogether. It outlines the conditions needed to motivate participants to come to the table, to understand how to discuss their goals and identify shared interests, to commit to creating favorable terms for all participants, and to work together to sustain the MSI over time.

Research on stakeholder theory has identified a wide range of stakeholder orientations, ranging from primarily self-interested (e.g., shareholder theory and transaction cost economics) to highly other-regarding and altruistic (Jones et al., 2007). We add to this literature by introducing a particular type of orientation—which we refer to as a *collective stakeholder orientation*—that addresses the many systemic governance challenges of global supply chains in order to make possible the creation of favorable conditions for participants to voluntarily come together in the presence of supportive processes and structures. We show how a collective stakeholder orientation in global supply chains can become a powerful apparatus in the presence of complementary supportive structures and mechanisms, to address limitations in the deliberative capacity of MSIs, and to create the conditions necessary to encourage voluntary

collaboration among MSI participants. Drawing on the literature related to MSIs in practice, and on the examples of the RSPO, the RTRS, and the FSC, we show how, when combined with tenets of deliberative capacity, a collective stakeholder orientation provides an increased ability for stakeholders to identify points of overlapping value and develop a shared sense of responsibility towards the MSI.

While, at a glance, these insights may appear abstract, there are specific ways in which deliberation barriers would be overcome in practice. For example, a collective stakeholder orientation could help to overcome inclusion barriers by enabling resourceful participants (like MNCs and international NGOs) to show respect and offer economic incentives aimed at increasing the participation of their poor, marginalized, or excluded counterparts. Additionally, such an orientation might facilitate fair interactions among global supply-chain participants by enhancing market-oriented and activism-oriented accountability mechanisms (Mena & Waeger, 2014). These include: 1) holding non-compliant participants accountable by refraining from using, being associated with, or funding them; and 2) engaging in naming and shaming activities for the collective good. For example, the RA used such mechanisms against Asia Pulp and Paper (APP), the largest paper and pulp company located in Indonesia. When APP failed to respond to the requests made by the RA with regard to high conservation value areas, the latter terminated the partnership agreement and publicly criticized APP for its non-committal nature. This pushed APP to engage in genuine conservation activities, including a complete halt of natural forest clearance and the obtainment of a timber legality certification.

In terms of overcoming barriers to authenticity, a collective stakeholder orientation may lead participants to reconfigure the deliberation system through the use of skilled facilitators or intermediaries trained in techniques like dispute resolution and interest-based bargaining. In fact,

with a collective stakeholder orientation, participants within MSIs—like sourcing agents and civil society organizations—may be motivated to act as intermediaries or facilitators.

Soundararajan et al. (2018), for example, showed the ways in which sourcing agents engage in boundary work to bridge the cultural, power, and linguistic boundaries between MNCs and suppliers. The use of other mechanisms that help to convey reciprocity and fairness, such as virtual communication channels and professional multi-lingual translation, ensure that meanings are not distorted and reflect a collective approach of authenticity. While some stakeholders may not feel comfortable in being forthcoming in deliberations in public spaces or in working environments, a collective stakeholder orientation may enable participants to suggest neutral and accommodative spaces suited to increase deliberative capacity.

Finally, to overcome barriers to consequentiality, a collective stakeholder orientation may lead participants to develop rules that can facilitate monitoring, conflict resolution, the sanctioning of defaulters during MSI implementation, and the fair allocation of risks and benefits. A collective stakeholder orientation could also enable the continuous redevelopment of rules in line with changes of preferences and situations within the MSIs, which is an essential feature to make participants believe in the relevance of rules. Most importantly, a collective stakeholder orientation may enable participants to develop a distinctive set of ‘routines’ (Becker, 2005) to ensure the incessant enforcement of the rules developed through deliberation. This would make the enforcement of rules a mundane taken-for-granted practice among MSI participants, rather than an objectively imposed apparatus.

FUTURE RESEARCH

Our framework is a starting point en route to understanding the conditions that enable voluntary collaboration in MSIs. We build on Harrison and Wicks' (2013) conceptualization of stakeholder value as multi-dimensional and beyond mere economic value—and we integrate this with the concept of shared stakeholder responsibility to show how participants may create a posture or orientation suited to engage with each other more effectively in MSIs. However, we acknowledge that the conceptualization of value may differ within varied MSI contexts; therefore, more work is needed towards understanding stakeholder value and how different categories of it may provide critical resources for voluntary collaboration in MSIs. We also indicate that cultural challenges, power, and institutional differences may hinder participants from signaling their orientation to others in the process. Inappropriate or incomplete signaling may shatter the whole process. Thus, more work is needed on how participants could better signal their orientation towards the MSI and other participants, including how it could become shared by other participants in the process created for deliberation—so that their pro-social posture could become manifest in the design and operation of the MSI.

Additionally, future research could aspire to empirically test our framework by exploring the conditions under which a collective stakeholder orientation is most effective. For example, there may be some combination, or bundling, of activities that enables more or less deliberative capacity when supply chain participants come together to collaborate. This could require a 'fuzzy set' approach to understanding the complex cause-effect relationship in supply-chain management (Fiss, 2011), including the levels of overlapping stakeholder value and shared responsibility that may result in more collaboration. While we focus on creating a strong

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theoretical grounding for our model, we also need to test these ideas and iterate them to develop models that show they can work.

Further, as noted above, stakeholder orientations range from individually self-interested to fully other-regarding in the scope of agency or stewardship approaches to managing multiple stakeholders (Jones et al., 2007). Future research could identify how different orientations along the spectrum may differentially impact deliberative capacity, particularly in the quest to find mutually beneficial solutions in complex collaborations. Such work is important within the larger dialogue about how participants could work together to identify novel sources of value and collaborate in new ways to generate it.

Finally, our intention is to offer a more general framework for the conditions that can enable MSI participants to come together voluntarily. Most of our arguments are drawn from research on certification-based MSIs, as they dominate the governance space of global supply chains. Other types of MSIs may provide alternative contexts for theory building. Future research could use different types of MSIs to expand our framework, or even explore alternative ways in which deliberation and stakeholder theories can be combined to address complex theoretical puzzles related to the governance of business activities.

## CONCLUDING REMARKS

In this article, we shifted the focus away from the normative discourse of MSIs (i.e., the case for why global MSIs are morally good), to understand why they have not worked as promised and how their aspirations could be realized. However, we continue to believe that MSIs can be an important vehicle for raising the standards of how business is conducted in the world. A collaborative MSI aims to show respect for individuals (Vurro et al., 2009)—to treat them as

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deserving to sit at the table (Habermas, 1981, 1985), to be heard, and to play a role in shaping what the MSI does. They also presuppose an element of fairness in how the dialogue process takes place, giving all stakeholders an opportunity to influence it without giving any one stakeholder an unfair advantage (e.g., Bosse et al., 2009; Harrison & Wicks, 2013). Finally, they espouse a larger value or set of values (e.g., protecting the environment, respecting the rights of workers) that have normative significance (e.g., Donaldson & Preston, 1995; Harrison & Wicks, 2013). In short, part of what makes MSIs worth attempting, and being a part of, is their intrinsic worth and the symbolic significance of participation. This is the implied promise of the collaboration paradigm and why it is such a compelling start to MSIs—their very nature makes this structure normatively appealing. Yet, we have tried to provide a more nuanced understanding of MSIs with a focus on ‘the how’—the specific mechanisms, processes, and structures that enable participants to come together and to choose to collaborate over time for their mutual benefit. Even as we recognize the limited success MSIs have had so far, we see great potential in them. However, it is imperative that scholars provide their best thinking and most compelling frameworks to foster the design and implementation of MSIs. In so doing, they would enable firms and stakeholders globally to benefit from a novel governance mechanism designed to fill critical voids.

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**NOTE**

1. Note that ‘overlapping value’ refers to the value that multiple participants receive from their cooperative efforts. It can come from a variety of sources and take many forms, depending on the utility functions of the participants. Overlapping value is also inclusive of the specific norms shared by multiple participants, such as ‘fairness’ or ‘minimizing harm to the environment.’ Such norms have intrinsic worth; yet, they may also create identification with other participants who share them, foster trust and reciprocity, and become a vehicle through which participants receive value.

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**Table 1: Collective Stakeholder Orientation and Global Supply Chains**

Deliberative Capacity Conditions	Challenges in Global Supply Chains	Benefits of a Collective Stakeholder Orientation	Operationalization of the Framework
<b>Inclusiveness: interests and discourses</b>	Differences in power, political culture, institutions, geography, and resources make it difficult to bring together all participants.	A broader and inclusive conceptualization of a ‘participant’ leading to a reconfiguration of the deliberation process.	Market- or activism-oriented accountability mechanisms are created.
Guiding questions: Whose interests? What discourses? How to frame the social problem?	The deliberation process being dominated by the resourceful and the powerful.	Recognition and appreciation of varied interests and different forms of discourses.	Economic incentives are provided by resourceful participants to poor, marginalized, or excluded ones.
	The marginalization of the beneficiaries’ and local participants’ discourses.	Mental positioning to drive a collective stakeholder orientation down the line.	
	A participant-specific framing of the social problem.	Framing of the social problem as a shared problem.	

MULTI-STAKEHOLDER INITIATIVES

**Authenticity:  
non-coercive reflection,  
connect claims to  
principles, and exhibit  
reciprocity**

Guiding questions:  
What kind of deliberation  
environment?  
How are the claims  
justified?  
How do participants  
perceive the process?

A lack of opportunities for  
some participants to reflect  
freely on their preferences.

A discrepancy between general  
or universal principles and the  
ideologies and needs of some  
local participants.

Perceptions of procedural  
unfairness leading to  
participants violating  
reciprocity.

Biased accountability  
mechanisms.

Self-interested participants are also  
driven by a sense of procedural,  
distributional, and interactional  
fairness.

Participants are given space to express  
their views.

Participant views are respected.

Claims are backed by justifications  
that appeal to participants in the  
specific group and by reasons that  
others can accept.

Fair treatment is a form of value for  
participants. They feel good about  
being treated fairly and thus, seek out  
interactions with ones who treat them  
fairly.

The orientation acts as an  
accountability mechanism by  
persuading collaboration-oriented  
participants to punish those who  
defect or contribute less than their  
agreed upon share.

A reconfiguration of the deliberation  
system by including virtual  
communication channels, skilled  
facilitators, multi-lingual translation  
provision, and more neutral and  
accommodative spaces.

Procedures like seeking participant  
agreement on information sources,  
external peer review, and expert  
assistance.

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**Consequentiality:**

Incomplete or biased collective

Rules are created through a

Rules propose and prohibit a range of

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## MULTI-STAKEHOLDER INITIATIVES

### **collective decisions and social outcomes**

#### Guiding questions:

What type of output rule?

How are social outcomes defined?

decisions and rule-making leading to incomplete or lack of discourse adoption among some participants.

Lack of awareness among beneficiaries.

The social outcome is pre-defined.

deliberation process that will have greater legitimacy among both 'normative' and 'derivative' participants.

Rules will have the necessary qualities to gain support from the participants outside the normative group.

Participants can determine their social outcomes through deliberation.

actions, including procedures for monitoring, conflict resolution, and sanctioning of defaulters during implementation.

Collective outcomes are directly allocated to the recipients, or they can be channeled through participants who are more neutral and legitimate like civil society or development organizations.