

***Participation and opportunity building in multi-stakeholder networks:
The case of a MNC and an environmental NGO saving the Baltic Sea***

Tiina Ritvala ^{a*}
Per Andersson ^b
Asta Salmi ^a
Christina Huitfeldt ^b

^a Department of Management and International Business
Aalto University School of Economics
(previous Helsinki School of Economics)
P.O. Box 21230, FI-00076 AALTO
tiina.ritvala@aalto.fi; asta.salmi@aalto.fi

^b Marketing and Strategy Department
Stockholm School of Economics
P.O. Box 6501, S-11383 Stockholm
per.andersson@hhs.se; christina.huitfeldt@hhs.se

* Corresponding author

Abstract: This paper aims at understanding the relationship dynamics between actors in cross-sector collaboration to solve complex social issues. In particular, we look at the relationship dynamics and activities between one multinational company (MNC) and one non-governmental organization (NGO) and at the network effects of this interaction. Cooperation context is formed by the efforts to improve the environmental state of water, and the Baltic Sea, in particular. Our key aim is to analyze how the MNC's participation in the multi-stakeholder network reflects in its external and internal networks. Our empirical case illustrates the early network dynamics evident in the cross-sector collaboration. It shows that an initiative by the NGO to participate in environmental work was actively adopted within the MNC and led to network changes both internally (within the MNC) and externally (outside the MNC). Changes concerned both activation of potential, existing links (within the MNC) and establishment of new links with new actors, such as authorities and research institutes. Our analysis illustrates the embeddedness of MNC networks, where local actions (of the subsidiary) overlap with and become strengthened by actions in the regional and global networks (the representatives of the head-quarters). In particular, it shows that a common ground for cooperation that coincides with the company's business interests (in this case, the technological development basis in ICT) is needed for the multi-stakeholder cooperation to take off. The study also points at some challenges, such as role ambiguities in cross-sector collaboration. Simultaneously, we propose that for firms, participation in multi-stakeholder networks, while calling for some risk-taking, may provide for future business and innovation potential.

Key words: multi-stakeholder networks, cross-sector social partnerships, environment, ICT

1. Introduction

“Human history becomes more and more a race between education and catastrophe” – H.G. Wells

In a globalizing world, countries have become more interdependent and share intertwined economic and social interests and issues. Among the severe social issues which do not respect any country boarder are environmental problems. Solving or preventing such complex issues necessitates the mobilization of multi-stakeholder networks, i.e. “networks in which actors from civil society, business and governmental institutions come together in order to find a common approach to an issue that affects them all” (Roloff 2008:238). Multi-stakeholder networks are needed when the issue is too complex and costly to be addressed without cooperation across sectors and countries. The World Economic Forum Water Initiative, which gathers governments, bilateral and multilateral institutions and multinational companies (MNCs) to promote public-private partnerships in issues concerning water, is an example of a multi-stakeholder network. From the perspective of companies, participation in multi-stakeholder networks can be a source of innovation and competitiveness besides enhancing their corporate image.

Despite the high societal and business importance, the dynamics of multi-stakeholder networks remain poorly understood. Indeed, although issue-based innovations have significant implications for business networks and relationship marketing, our theoretical understanding and analytical models fail to adequately capture the full range of issues and relationships in such situations (Wilson, Bunn & Savage, 2010). Proliferation of dramatic and urgent issues in the world, and the ensuing emphasis on the corporate social responsibility (CSR), has highlighted the urgency of enhancing our understanding of relationship dynamics between business, NGOs and government agencies. An impressive and rapidly growing body of literature concentrates on ‘social partnerships’ or as recently named as ‘cross-sector social partnerships’ between government, business and NGOs in providing public goods such as clean water (Selsky & Parker, 2005; 2010; Seitanidi & Crane, 2008; Seitanidi & Lindgreen, 2010; Reast et al., 2010; Wilson et al., 2010; Waddock, 1991). Notwithstanding the contributions of this broad literature, relatively little is still known about the relational processes that take place along partnership formation, implementation and outcomes (Seitenadi & Crane, 2008). Furthermore, the motivations of MNCs to participate in cross-sector collaboration and resulting network dynamics are little understood (Husted & Allen,

2006; Kolk & Pinkse, 2008). An in-depth study of an involvement of a MNC in cross-sector cooperation, offers an alternative understanding of relationship dynamics in a complex network around a societal issue.

To address this gap in literature, we integrate insights mainly from stakeholder theory (Roloff, 2008; Rowley, 1997; Rowley & Moldoveanu, 2003) and international business literature (Dahan, Doh & Guay, 2006; Nell et al., 2010) into the scant literature on cross-sector partnerships in business networks literature (Wilson, Bunn & Savage, 2010; Crane, 1998; Welch & Wilkinson, 2004; Ritvala & Salmi, 2009; 2010). Our aim in the research is to understand the relationship dynamics between actors in cross-sector collaboration. In this paper our focal actor is a globally operating MNC. Our analysis will concentrate on how participation in the multi-stakeholder collaboration is reflected in the external and internal networks of the MNC. We use the term 'external networks' to refer to external relationships beyond the boundaries of the MNC and 'internal networks' simply to internal MNC network composing of its' subsidiaries, head-quarters and other units.

Our focus on the interaction between a MNC and an environmental NGO extends the previous business network studies on firms' engagement with policy actors (Welch & Wilkinson, 2004; Hadjikhani & Ghauri, 2001). We also aim to contribute to the limited amount of studies on cross-sector social partnerships addressing the micro-process level of detail that is needed to deepen the understanding on partnership dynamics between different organizational actors (Seitanidi & Crane, 2008: 414). Finally, our research offers some insights on the opportunities and challenges of harnessing ICT to mobilize actors across boundaries (geographical and sectoral) to offer solutions to societal problems, such as environmental degradation (Andersson et al., 2002).

The study addresses the issue of poor ecological state of the Baltic Sea, which is the most studied and protected, yet among the most polluted sea in the world (Helsinki Commission 2010). The Baltic Sea is an ecologically unique ecosystem with shallow bays, which makes it highly sensitive to the environmental impacts of human activities. Many actors, including governments and environmental NGOs such as WWF, have for decades worked with the protection of the Baltic Sea. Alongside these traditional players, new types of actors (private foundations with political and business connections) try to tackle the issue with new ways by mobilizing actors on broad fronts to join the efforts (Ritvala & Salmi, 2010). This study is a part of a larger research project on the networks around the environmental state of the Baltic Sea, which started at the beginning of 2009.

The current study is a single exploratory case study of the cooperation of one MNC –IBM with an environmental NGO called Baltic Sea Action Group in Finland.

We structure the rest of the paper as follows. We start with introducing the theoretical foundations of our study. After describing our research strategy we present our case study. This is followed by the analysis and discussion of results. We conclude the paper with presenting managerial implications and with suggesting avenues for future research.

2. Theoretical foundations

One of the key intellectual challenges of studying the dynamics of cross-sector collaboration is the blending of multiple theoretical approaches (Rethemeyer, 2005; Bryson, Crosby & Middleton Stone, 2006). In our attempt to understand the key drivers and relationship dynamics between MNCs and NGOs in solving contemporary environmental issues, we apply three streams of literature: business networks approach, stakeholder theory and literature on MNCs as inter-organizational networks. These approaches are complementary in the sense that the business networks approach focuses mostly on relationship dynamics between business actors, while the stakeholder theory focuses on broader set of actors and governance issues. The MNC literature, in turn, sheds light also on intra-organizational issues and spatial aspects of organizing. We also refer to the literature on (cross-sector) social partnerships when discussing the unique relational form present when solving complex societal issues.

2.1. Business networks approach

Our perspective on networks builds mostly on the IMP (Industrial Marketing and Purchasing) approach to business markets, which has stressed change and dynamics in business networks, focusing on the economic and technological factors that cause network dynamics (Brito, 2001). The IMP approach is particularly strong in analysing relationships between business actors; including business firms and their customers and suppliers. However, the conceptual and empirical focus has more recently been broadened also to networks involving a diverse range of socio-political actors such as governments, supranational authorities, and trade unions (e.g. Hadjikhani & Lee, 2006;

Hadjikhani & Ghauri, 2001; Welch & Wilkinson, 2004). Still, there are only few studies including NGOs in the empirical network analysis (Ritvala & Salmi, 2009, 2010; Crane, 1998).

Within the relationship marketing literature, Wilson and colleagues (2010) have studied the anatomy of a cross-sector social partnership composed of NGOs, government agencies, and business firms. Social partnership is a unique relational form, where the unit of analysis is the collectivity of organizations which come together to solve messy problems that cannot be solved by any actor alone (Waddock, 2002; Wilson et al., 2010), hence, corresponding largely to the concept of multi-stakeholder network. Waddock (1988, p. 18) defines social partnership as

“a commitment by a corporation or a group of corporations to work with an organization from a different economic sector (public or nonprofit). It involves a commitment of resources—time and effort—by individuals from all partner organizations. These individuals work cooperatively to solve problems that affect them all. The problem can be defined at least in part as a social issue; its solution will benefit all partners. Social partnership addresses issues that extend beyond organizational boundaries and traditional goals and lie within the traditional realm of public policy—that is, in the social arena. It requires active rather than passive involvement from all parties. Participants must make a resource commitment that is more than merely monetary.”

The study by Wilson and colleagues (2010) investigated in-depth a social partnership to improve highway safety through the use of cell-phone signals and closed-circuit television to monitor and report on traffic and to transmit location data in the case of a roadway incident. The social component of the partnership across sectors was a crucial factor in success of such mega projects and, also the key focus of empirical analysis. In their study the relational factors, particularly trust, cooperation and communication emerge as crucial factors in successful social partnerships. However, similar to the vast body of literature on cross-sector social partnerships, only limited attention was placed on the network outcomes of collaboration.

When it comes to the solving of broader societal concerns, it becomes interesting to understand the dynamics of mobilization between NGOs and MNCs, and how they are reflected in broader business and socio-political networks. Within business networks literature, network mobilization is considered to be the outcome of utilising relationships to move other organisations to work with the plans of the company (Mouzas & Naudé, 2007). However, in solving of complex societal issues different dynamics are likely to emerge.

Indeed, the solving of complex problems in cross-sector networks does not necessarily or even typically involve economic and business exchange. This is different from most IMP studies. Further, cross-sector partnerships are dealing with very complex and multi-faceted issues where actors may, at least initially, have diverging pictures of how the problems and issues should be defined and prioritized. Conflict in cross-sector partnerships may also emerge from attempts to protect or magnify a partner's control over final outcomes of collaboration (Bryson et al., 2006). Therefore, actors initially have to interact in order to create at least partially some common grounds, norms, representations and pictures of the situation (Kjellberg & Helgesson, 2006; 2007).

The solving of complex problems may present extensive implications for business networks, and may trigger creation of new technologies, markets or entirely new industries (Wilson et al., 2010; Ritvala & Salmi, 2010). They may present an ideological answer for systems that are marked by competition, conflict and imbalance of power, and therefore have the potential to turn divergent interests into a "caldron of innovation" (Googins & Rochlin, 2000, p. 128). Consequently, it is theoretically interesting to study network implications of firms' participation in multi-stakeholder networks to solve environmental issues.

There are only few studies on collaboration between firms and other actors in environmental issues or 'green alliances' conducted from the networks perspective, touching on the impact of sustainability initiatives on business networks (Crane, 1998; Andersson & Sweet, 2002). This is surprising, given that solving of environmental issues requires cooperation between multiple actors and influences different stages of firms' value chains. Andersson and Sweet (2002) propose a framework for ecological strategic change in business networks that takes the strategic actions of the firm and its network context into consideration. They argue that firms who implement new environmental strategies must often act in and handle different arenas with different network structure, technologies and institutional rules for behavior. This requires the ability to change the firm's own role(s) as perceived by the firm and its' counterparts (ibid.).

In a broader sense, all actors in firms' networks can be regarded as part of its set of stakeholders (Wilson et al., 2010). Stakeholder approach expands the focus of analysis to full range of actors relevant for business firms such as NGOs and various types of activist groups. Understanding the power and interests of such actors is important for companies in order to gain legitimacy in the eyes of the broader society.

2.2. Stakeholder approach

Stakeholder approach is an often used analytical framework when trying to understand how managers deal with moral and normative issues increasingly present in their operating environments. Almost three decades ago, Freeman (1984) argued that firms must consider not only the requirements of their shareholders but also those of a broad range of stakeholders, who can affect or are affected by the achievement of the firm's objectives. The theory assumes that managers are aware of stakeholder interests and can prioritize among them based on the stakeholders' power, legitimacy, and urgency; i.e. "the degree to which stakeholder claims call for immediate attention" (Mitchell, Agle & Wood, 1997, p. 865). Stakeholders are typically classified as primary stakeholders (e.g. owners, employees, customers, and suppliers), and secondary stakeholders (e.g. NGOs, special interest groups, and media). Given that secondary stakeholders are not in direct transaction with firms, firms are not believed to be dependent for their survival on secondary stakeholders (Clarkson, 1995). Not surprisingly then, the literature to date focuses mostly on firms reacting and responding to their primary stakeholders and much less attention has been placed on understanding how secondary stakeholders are able to influence firms (de Bakker & den Hond, 2008; Eesley & Lenox, 2006). Furthermore, in restricted amount of studies on the interaction between firms and their secondary stakeholders, this interaction is often seen in a rather negative light. Indeed, secondary stakeholders are often considered as a relatively homogeneous group guided by predominately rational pursuit of their stake-defined interests (de Bakker & den Hond, 2008). Our approach in this study is different from these accounts and we see stakeholder interaction as a potential source for both societal and business benefits.

In contrast to traditional stakeholder literature, which is firm-centered and asks "Who is a stakeholder of the firm", we start by asking "who is a stakeholder of an issue?" (Frooman 2010:161). Therefore, we simultaneously look at the broader issue, as well as, how an individual firm responds to this issue by building on its existing and new networks to act on the issue. In such a setting the concept of multi-stakeholder by Roloff (2008) becomes relevant. Roloff suggests that companies practice two different forms of stakeholder management: organization focused (focus on organization's welfare) and issue-focused (focus on an issue that affects their relationship with other societal groups and organizations). While organization focused stakeholder management focuses on the (mis)conduct of a single firm, issue-focused stakeholder management considers an issue that is relevant for several actors (ibid.). In practice, however, the two approaches are applied

simultaneously. In this paper, we are particularly interested in finding out how issue focused stakeholder management is reflected on a firm's business and socio-political networks. Thus, we aim to contribute to the few stakeholder studies that examine the broader networks where a focal firm-stakeholder dyad is embedded (Rowley, 1997; Rowley & Modoveanu, 2003).

Further, rather than seeing a firm as a single organizational unit, we want to highlight that MNCs are complex systems themselves, which makes stakeholder management increasingly complex task. Indeed, the challenge of operating in several networks (and coordinating the actions) is particularly high for MNCs and its overlapping networks may create various types of "tensions", "ambiguities", and "contradictions", which in turn often is an important driver for continued change in the networks (Andersson, 2002; Forsgren, 2008).

2.3. MNC as an externally embedded organization

MNCs are increasingly powerful agents of institutional change in different host countries they operate in. Undeniably, the growing influence of MNCs, who cooperate with other firms and NGOs, can be seen across levels from local to global. While such behavior is reflected in complex multi-level, multi-actor relationships, they have only recently begun to be explored by the international business literature, which has tended to focus on bilateral relationships between firms and host governments (Dahan et al., 2006). Indeed, the relationships between MNCs and NGOs at national and transnational level have been neglected, with only few exceptions (Ramamurti, 2001; Teegen et al., 2004; Dahan et al., 2006). Although Dahan et al. (2006) made a significant contribution by introducing a policy network perspective to MNCs transnational institution building by describing various types of policy networks where MNCs can participate, they offered little insight on how participation in such networks influences MNCs' internal and external networks.

There is, however, an increasing interest among IB scholars to study MNCs as externally embedded organizations. Indeed, since the introduction of a 'modern' conceptualization of a MNC as inter-organizational network of geographically dispersed and differentiated units (Ghoshal and Bartlett, 1990), a vast body of literature has focused on studying the embeddedness of MNCs at multiple levels including business and social networks. A key focus has been placed on investigating the role of subsidiaries' local networks for increasing innovation through increased knowledge flows from the external environment (Andersson et al., 2002; Jindra et al., 2009). Certainly, MNCs

increasingly recognize that in today's society innovative new business ideas can come from anywhere, and therefore, they may not limit innovation activity to corporate R&D labs in few central locations such as Silicon Valley (Birkinshaw and Hood, 2001). It is realized that subsidiary networks, may be a source of innovation and renewal of modern MNCs. In an interesting recent study by Nell and colleagues (2010), the predominant focus on the embeddedness of established subsidiaries into their local environment was shifted to head-quarters' linkages to the local context which creates *embeddedness overlap*, i.e. simultaneous links by parent and subsidiary to the same local actors. Based on their data from 168 European subsidiaries, the authors argue that MNCs build and maintain more overlapping network ties when subsidiaries perform well, hold important resources, operate in turbulent environments, and are closely connected to multinational actors instead of purely domestic ones (Nell et al., 2010). Subsidiaries, on the other hand, are in constant search for their parent's attention and better position to mobilize resources and power within the MNC (Birkinshaw et al., 2005). High embeddedness and integration in local institutional systems is one possible form of micro-politics within a MNC to gain a more powerful position for a subsidiary (Morgan & Kristensen 1996).

2.4. Analytical framework

In this section, we integrate the central ideas from the above discussed theoretical perspectives to our exploratory study of a MNC's engagement with a NGO to solve a societal issue. To synthesize our conceptual ideas and research setting we propose the following analytic setting for research (Figure 1.)

A common issue is at the centre of our analysis. Contemporary severe issues, such as environmental pollution, tend to be multi-sectoral and multi-level phenomena. It follows that their solving necessitates the mobilization of diverse types of organizations across levels: from governmental to business and civil society and across geographical space. While the issue is often a global one (e.g. in our case, environmental state of the seas) it may have specific local features and ramifications (e.g. in our case, the environmental state of the Baltic Sea, which concerns a local subsidiary more than the head-quarter unit(s)). In our research, we are particularly interested in finding the motives and outcomes of participation in multi-stakeholder networks to inter-organizational and intra-organization networks. In the light of our preliminary theoretical reading we suggest that these motives and network outcomes derive both from external and internal factors and relationships between actors. In a MNC context this means investigations of the internal and external networks of

the company, both as comes to the local subsidiary and the head-quarters. We are also interested in the uniqueness (and possible challenges) of this relational form where participants are likely to have different organizational goals and diverging pictures of how the problems should be defined and acted on.

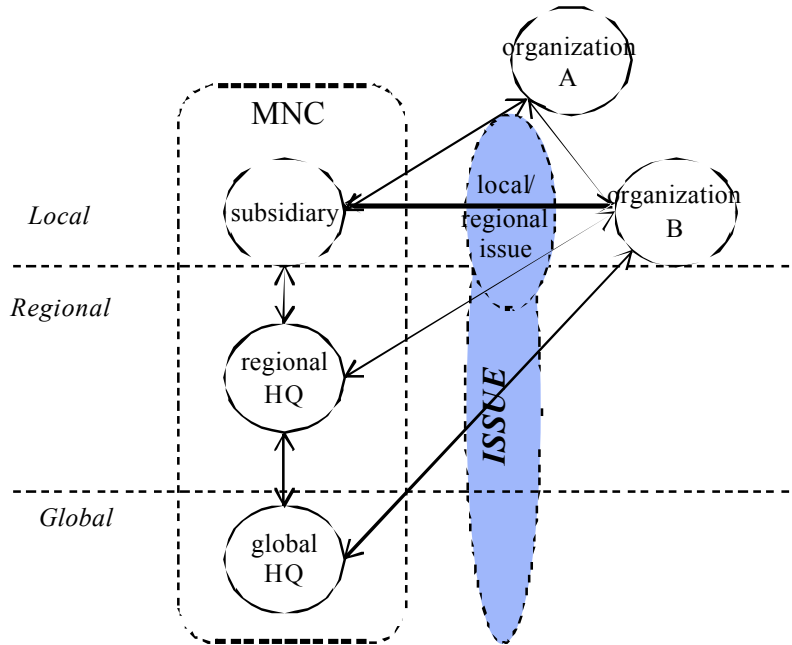


Figure 1. Analytical framework

3. Research strategy

We follow a single in-depth case study approach which is well suited to understanding the complex interaction processes that are embedded in time (Woodside & Wilson, 2003; Quintens & Matthyssens, 2009) and managerial perceptions of their relevant networks. Single cases are also often used to extend existing theories and to build new theories (Dyer & Wilkins, 1991; Siggelkow, 2007) and are commonly used to study network dynamics (Easton, 1995; Halinen & Törnroos, 2005).

Our analysis will concentrate on subset of the overall network of actors protecting the Baltic Sea, on the ‘issue-based net’, a net of relationships amongst actors who are concerned with a particular issue through mutual or conflicting interests (Brito, 1999, p. 92). Our case is the cooperation between IBM, a global IT infrastructure, software and service provider, and a NGO engaged with saving the Baltic Sea. We selected the field of ICT where wireless technologies and applications can be used to sustainable value creation (Andersson, Sweet & Rosenqvist, 2009). For instance,

environmental sustainability may be increased through the benefits of monitoring and sharing information regarding the ecological state of sea and enhancing maritime communication between vessels to avoid accidents. Firms operating in the ICT field also tend to offer open access to various types of data for their potential customers, also for image improvement. Therefore, this context offers rich secondary data for research purposes. This context also provides us with a fruitful setting to expand the focus of business network scholars to investigate network dynamics between firms and societal actors.

We focus on the cooperation between IBM and a NGO called Baltic Sea Action Group (BSAG), and on how this cooperation is reflected in broader networks. We selected IBM as the case MNC due to its global presence, which may provide us with rich insights to the theoretical issues we are interested in. It also provides an interesting case in the sense that neither its core business is directly linked to environmental issue nor can we judge that its environmental impact of business activities is high. Methodologically, this type of study calls for extensive information gathering and, often, a longitudinal approach, whereof our rich case study is an example.

Our key source of evidence is secondary data. We have collected and analyzed various forms of documents such as newspaper stories, articles appearing in the mass media, firms' commitments given at high level summit called the Baltic Sea Action Summit (BSAS) held in Helsinki in February 2010, as well as, press releases and corporate responsibility reports for the period between early 2009 and June 2011. Additionally, we analyzed 28 webcasts from the BSAS, and 18 webcasts from the follow-up summit held in Helsinki in February 2011 (See Table 1.). The speeches given at the two summits were transcribed before their analysis. The webcasts broadened our view, as they showed how different types of actors from different positions and across countries present themselves and their intentions to tackle the common issue. In this paper, we focus on the speeches given by IBM and BSAG in the summit and its' follow-up. We have triangulated our analysis of documentation with data collected through semi-structured interviews conducted with five key informants at IBM, VTT Technical Research Center of Finland and Baltic Sea Action Group. All of our interviewees possessed managerial positions (Director of Innovation, Director of Corporate Communications, Project Manager, and two Co-founders of a NGO). These different data sources enabled, for instance, cross-checking the exact actors, and dates and therefore, enhanced the validity and reliability of the study.

	IBM Finland	Baltic Sea Action Group
Data Sources	1) Commitments given as a part of the Baltic Sea Action Summit: http://www.bsag.fi/commitments (Smarter maritime communication at the Baltic Sea and Algae Watch/Levävahti) 2) IBM corporate responsibility reports, press releases etc. through IBM Finland and corporate webpages http://www.ibm.com/fi ; www.ibm.com 3) Newstories and videos in media	1) Baltic Sea Action Summit Commitment Book http://www.bsas.fi/commitments 2) Webcasts from the Baltic Sea Action Summit, Helsinki, Finland Feb 2010 and Summit Follow-up Feb 2011 http://formin.finland.fi/multimedia/bsas/videos/morning_plenary.html ; formin.finland.fi/multimedia/bsas/videos/afternoon_plenary.html ; www.youtube.com (BSAS Commitment follow-up) 3) Newstories and videos in media

Table 1. Secondary data sources

We conducted a thematic analysis of documentary, webcast and interview data to identify themes that emerged concerning relationship dynamics, as well as motives and network outcomes of participation in multi-stakeholder networks. At the same time, we constantly compared the emerging themes with the existing literature. Accordingly, our analysis switched between inductive and deductive modes. After several iterations between theoretical and empirical worlds (Dubois & Gadde, 2002), we identified several emerging themes (e.g. access and shifting role positions), which helped us to understand the dynamics of multi-stakeholder networks beyond their structural characteristics.

4. Empirical case description

4.1. Key actors

The NGO Baltic Sea Action Group (BSAG) was registered in Finland in March 2008 by three individuals who wanted to depart from more traditional fundraising and awareness campaigns approaches to save the Baltic Sea. While their backgrounds and social networks (reaching from business and political leaders) were very different, they all shared a strong interest to save the sea by means of an action oriented approach. The foundation catalyzes a variety of projects, which are expected to benefit both the actors involved (e.g. firms and NGOs), as well as the Baltic Sea. In spring 2009, the *Baltic Sea Action Summit* (BSAS) initiative, a platform for heads of state,

companies, NGOs, and individual citizens to protect the Baltic Sea through concrete actions, was launched together with Finland's President and Prime Minister. The initiative, called for a new type of collaboration between public, private, and civil sectors to save the sea. Unlike in typical high level summits, all participants needed to have formulated a commitment for the Baltic Sea that best marry their interests with those of the sea. The idea was that all commitments (over 170 originating from all nine coastal countries of the Baltic Sea, the U.S., Belarus, the Netherlands, Belgium, France, and Norway) are publicly visible¹, and that this transparency makes public screening possible.

The summit, which took place in Helsinki, Finland in February 2010 was attended by state level leaders such Prime Minister Vladimir Putin and the King of Sweden. The summit was praised by the media. It was reported in over 1000 articles in 30 different countries, for instance, the Guardian titled its longish article as: "Saving the Baltic sea. After the Copenhagen debacle, Finland has set a new standard for environmental action". However, as openly communicated by BSAG, the idea of turning good intentions into concrete actions originates largely from the USA, where individuals with high media visibility, such as Al Gore and Bill Clinton², have been active. In this case description, we focus on the commitment given by IBM Finland at the Baltic Sea action summit.

IBM has been doing business in the field of information-handling for nearly 100 years. IBM also has a long history of participation in voluntary programs, voluntary initiatives, and partnerships with governmental organizations and NGOs. It also encourages its' employees to support environmental efforts through IBM's so called *On Demand Community*, which is a global initiative to encourage and sustain corporate philanthropy through volunteerism³. The initiative provides 'IBMers', that is, IBM's employees and retirees, with a set of IBM technology tools to help the nonprofit sector (Environmental Report 2009). This community was established in 2003 by IBM's Chairman and CEO Samuel Palmisano and by 2008, the community had more than 160 000 volunteers⁴. It is used as a platform to connect citizenship to corporate branding, for instance, through a campaign "Be Blue Every Day" aimed at getting the corporate brand behind employee volunteerism (Mirvis & Googins, 2006).

¹ <http://www.bsas.fi/commitments/all-commitments>

² See e.g. <http://www.clintonglobalinitiative.org/commitments>

³ <https://www-01.ibm.com/ibm/ondemandcommunity/home/index.jsp>

⁴ <http://www.ibm.com/ibm/ibmgives/grant/giving/demand.shtml>

In 2008, Palmisano introduced a program called *Smarter Planet* in his speech given to the Council on Foreign Relations in New York City⁵. Palmisano described complex interdependencies and problems of today and argued that these can only be solved by individuals with “courage and vision” forming partnerships “outside their comfort zones” with the help of intelligent systems. This he claimed, needs globally integrated enterprises that transform themselves beyond traditional multinationals. This speech may be considered as a stepping stone for a major shift of focus in the company strategy. Today, we see that IBM’s research activities and business development deals with complex ecosystems such as (smart) cities, which need to integrate various separate systems (transport, water, energy and communication). In Finland Smarter Planet program was started in 2009 along with the engagement of IBM to help to solve some of the major issues of the Baltic Sea.

4.2. IBM’s first commitment to the Baltic Sea

During spring 2009, Baltic Sea Action Group (BSAG) contacted IBM in order to discuss about the potential of IT solutions to help saving the Baltic Sea. One of the central concerns that BSAG had identified through its earlier discussions with the Finnish maritime authorities was the safety of maritime traffic on the Baltic Sea. The Gulf of Finland is among the most heavily trafficked sea areas in the whole world (Kuronen & Tapaninen, 2009), and the increasing shipping activity has raised increasing concerns particularly about the possibility of a large scale oil accident due to the ever-growing numbers of oil cargoes.

From the perspective of IBM, participation in the high level summit around cleaner Baltic Sea was considered a perfect fit to further IBM’s strategy to raise societal discussion around the untapped potential of IT to make the surrounding society smarter (Jokela, 2010), an issue and opportunity raised in Palmisano’s speech previously. The link to IBM’s new strategic focus area (Smarter Planet) was also raised by Larry Hirst, Chairman of IBM Europe, Middle East and Africa (EMEA) in his speech given at the Baltic Sea Action Summit held in Helsinki, Finland in February 2010:

“This development, ladies and gentlemen, is happening in a world of huge technological change. Supercomputing power is available in forms so small and so inexpensive that it is possible now to embed intelligence almost everywhere: transportation systems, supply chains, power grids, medical systems and buildings, but more importantly in natural systems like waterways and oceans.”

⁵ <http://www.cfr.org/technology-and-foreign-policy/smarter-planet-next-leadership-agenda-video/p17696>

As an outcome of a joint meeting between BSAG and IBM Finland, a decision was made that IBM will participate in the initiative by making a commitment titled “*Smarter Maritime Communication at the Baltic Sea*”⁶. The CEO of IBM Finland at the time concluded that this is a “good cause” and Director of Innovation (IBM Finland) was to take the lead of the project from the side of IBM. The meeting kicked-off collaboration between IBM, the Technical Research Centre of Finland (VTT), the Finnish maritime authorities (Finnish Transport Safety Agency Trafi), the Finnish Meteorological Institute and the Finnish Shipowners’ Association to develop safer navigation. IBM, VTT and Trafi were the key partners to develop the software based on open source and open standards technology. The division of work between these actors was initially rather clear: while IBM and VTT were responsible for technological matters, Trafi took care of the official side concerning maritime safety (Jokela, 2010).

The new so-called AIS+ system (automatic identification system) enables all vessels equipped with a PC to access messaging. The maritime authorities around the Baltic Sea started cooperation concerning the new AIS system already in 2006, which made progress in AIS+ smoother (ibid.). AIS is a standardized system mandated by the International Maritime Organization (IMO), but the new AIS+ includes new maritime digital services such as automatic weather and hazardous cargo information. The idea behind AIS+ was to free the ship’s crew from manual repetitive task in which traditional VHF voice radio method was used to send information so that captains and navigators can concentrate on navigation. The system also helps authorities to react more effectively in the case of an accident.

In terms of IBM’s motivation to join the initiative, the CEO of IBM Finland was quoted in an IT magazine: “*We capitalize IBM’s international research organizations with thousands of scientists and mathematicians. A successful project in the Baltic Sea gives us an opportunity to utilize the solution developed here in a global scale, in other seas of the world.*” (IT week, 16.4.2009). Participation still meant a significant investment of IBM’s resources (time and competence) into a field where IBM has traditionally not been active (maritime systems). This was a high risk, high uncertainty project because no guaranteed return (except general goodwill or image benefits) can be seen at the outset as described by our respondent:

“A kind of thinking frame where you calculate beforehand ROI [return on investment] for this, does not work... You cannot possibly make such calculations when there are

⁶ <http://www.bsag.fi/commitments/all-commitments/smarter-maritime-communication-at-the-baltic-sea>

lots of uncertainties and risk taking. You just need to accept certain amount of uncertainty."

The first version of the AIS+ system has been successfully piloted since January 2010 on two Finnish passenger ferries, which operate the Stockholm-Helsinki route, and it is expected to establish a new world standard for maritime communication.

In practice, the software was developed according to open source principles. More than 40 volunteers within IBM from ten countries (Argentina, Brazil, Finland, Hong Kong, India, Ireland, Russia, Sweden, the United Kingdom and the United States) participated in the development of the software. The coders were mobilized through the On Demand Community volunteer program. Jolanda van Rooijen, an IBM Corporate Citizenship and Corporate Affairs manager in the Nordics explains in the IBM corporate website⁷:

"IBMers are eager to help fix a problem anywhere on the globe—in this case, the Baltic Sea. It shows our genuine will to make the world a better place, by doing what we are good at."

Instead of money giving, this meant contributing with technological competence. At the same time, it provided an avenue to develop IBM's competence and networks concerning maritime systems. It turned out, however, that since the AIS protocol is very specific and little known the global volunteer network of IBM was of limited use. Instead, VTT's role and previous knowledge of AIS were critical in the development process of AIS+. In fact, VTT had worked already for decades to prevent the scenario of a large oil spill in the Baltic Sea. This work had involved cooperation with maritime authorities based on several Baltic Sea countries to develop the AIS protocol. When faced with the challenges of rather unknown protocol among IBM's volunteers, the Finnish subsidiary decided to take care of technological documentation and user manual of the AIS+ system instead of the coding work. In mid 2011, after successful piloting of AIS+ and negotiations with IMO's representatives, the AIS+ protocol was still pending for authorities to start sending the new AIS+ enabled binary messages. Ambiguity in terms of timetable for actual launch of the AIS+ system, as well as actors' roles in influencing the maritime authorities during the process, was clearly evident.

⁷ http://www.ibm.com/ibm100/us/en/service/stories/virtual_volunteering_mar_2010.html

4.3. IBM's second commitment to the Baltic Sea

IBM's second commitment to the Baltic Sea

The AIS+ system was introduced at the first Baltic Sea Action Summit. During his speech, Larry Hirst acting as IBM's representative, made somewhat unexpectedly another commitment for the Baltic Sea. This second commitment was that IBM will share its' learning from Galway Bay in Ireland and the competence of its' R&D Lab in Hursley, UK and Strategic Centers for Water Research (in Dublin, Montpellier and Amsterdam) to benefit the Baltic Sea:

"I'm pleased and proud to announce today, in addition to the commitments, that we've already made, we'd like to make a further commitment. IBM is studying how some of these water management real-time analytics could benefit the Baltic Sea. I will commit that the IBM Finland team will bring up proposals for the Baltic Sea Action Group by end of summer this year [2010]."

In practice, Mr. Hirst's commitment meant that experts from Dublin came to Finland to share their experiences and discuss possible new ideas for the second commitment with IBM Finland and BSAG. Besides committing IBM's competence in water management real-time analytics, Hirst also challenged other IBM subsidiaries around the Baltic Sea to participate in the BSAS process by making their own contributions to the Baltic Sea. A new project was soon kicked-off. The project concerned the empowerment of individual citizens to act as sensors of the Baltic Sea by enabling them to report their own observations of water quality with the help of location-aware mobile applications while spending time on the sea.

The new commitment by Finland Environment Institute (SYKE), VTT, IBM, and WWF called "Algae Watch" was published in June 2011. It encourages citizens to collect information on the occurrence of toxic blue-green algae (a sign of a sick marine environment) and bladderwrack blooms (a sign of a healthy marine environment). The observations by citizens are saved on an online map, which can be accessed by everyone. SYKE and VTT were responsible for content design of the application, as well as for data collection and visualization, while IBM developed the communication tool for iPhone (and VTT for Nokia and Android devices)⁸. In this task, IBM leveraged the "Creek Watch" application developed by its Silicon Valley lab. Cree Watch enables iPhone users to help monitor water quality of creeks and alert authorities to problems.⁹ Algae Watch is a pilot project in the field of citizen monitoring of the environmental state of the Baltic

⁸ See <http://www.bsag.fi/commitments>

⁹ <http://www-03.ibm.com/press/us/en/pressrelease/32912.wss>

Sea, and its experiences will be utilized in the further development of smart phone applications to help solving environmental problems.

4.4. Case synthesis

The multi-stakeholder cooperation around the environmental issue (poor state of the Baltic Sea) was initiated by the NGO (BSAG), which mobilized the local subsidiary of the MNC (IBM), as well a number of other local actors (e.g. VTT and Trafi) to develop safer navigation. While the participation of the MNC was motivated by its global strategic agenda and CSR goals (Smarter Planet program), its activities were initially local and involved cooperation mostly with local actors. Indeed, international connections within the network were indirect at this stage. However, along the mobilization of the global volunteer network (On-demand Community) more global aspect was brought into the network. Also, the involvement of a high level corporate leader as an issue sponsor (Dutton, 1993) opened the global network of the MNC to participate in the issue solving. Therefore, the network grew considerable geographically, but this growth took place mostly within the internal network of the MNC.

The involvement of the MNC in the Baltic Sea initiatives secured its access to new networks, particularly in the domains of maritime information systems, authorities, research institutes and other firms participating in the Baltic Sea Action Summit. Our interviewee at IBM Finland explained to us:

"When you get involved in these [initiatives] you start to build new networks, which have been beneficial. I admit this openly. You've met with new people, of course, it's impossible to know beforehand what might emerge from these. But we have benefited from these."

Overall, while this case demonstrates proactive strategic behavior motivated both by technological enablers, and reputational and business benefits, also social and moral purposes were strongly present. Our informant at IBM Finland also explained to us that many IBMers are sailors, and that in fact, the theme of IBM's Global Innovation Outlook¹⁰ in 2010 was oceans of the world and water. The moral and social nature of the Baltic Sea issue was raised also by Mr. Hirst in his speech given at the BSAS:

"Technology is not the issue in resolving the problems that we face in the Baltic Sea. In all my conversations with government and business leaders the questions I hear are about leadership. How do we build consensus? How do we start? How do we

¹⁰ IBM Global Innovation Outlook concentrates each year on one fundamental societal issue.

collaborate across international borders? Progressive world leaders like those that we've seen today don't wait for international legislation to be passed. They reach out, take the initiative, and drive change. Change that reduces their carbon footprint and increases their community's economic vitality. 500 years ago Leonardo da Vinci says people of accomplishment act in a different way: they don't wait things to happen to them, they go out and happen to things. Like all of you I believe that nothing is inevitable. So today, let us ensure that no one in this room ever has to say to their grand children: I knew the 'European Dead Sea' when it was known as the Baltic Sea."

Our focus in this case description has been to understand how this change in mindsets and participation in the multi-stakeholder network is reflected in the internal and external networks of the MNC. We will next discuss theoretical implications of the case, but before that we close this descriptive part of the study with a quote from the retirement letter of Mr. Hirst, which we think reflects the importance of deeply embedded personal and organizational values motivating participation in multi-stakeholder collaboration:

"So 'who da thought' [i.e. who ever could have imagined? Yorkshire dialect, translated by Hirst] that this 'kid from the back streets' would follow Vladimir Putin onto a stage and present to a King, seven heads of state and 300+ business leaders in Helsinki about making the Baltic Sea cleaner and safer. This has been made possibly by the people and the institution of IBM. Great friends, great colleagues, great bosses, great mentors, great customers. When people ask me why I stayed 33 years I simply answer 'Everyday I got to work in a value system that matched my own, with outstanding people who became my dearest friends'". (Dated August, 2010, Hirst, 2010)

5. Analysis and discussion

While our case touched upon organizational and individual level value drivers for participation in cross-sector collaboration, the core of our case study focused on the motives and network implications of participation in multi-stakeholder networks. We now discuss our empirical findings in three parts composing of *external network outcomes*, *internal network outcomes* and *technological enablers of participation*.

5.1. External network outcomes – entry into political and authorities networks

Our case suggests that engagement with cross-sector cooperation with civil society and governmental actors gives business firms access to international policy and other authority networks. Such accession is likely to enhance the power of participating firms in shaping and

sometimes even manipulating and dominating transnational institutions, for instance, concerning regulations (Dahan et al., 2006; Morgan & Kristensen, 1996). Participation in local (or regional) environmental initiatives may also reflect a conscious CSR strategy of responding to local social issues (Husted & Allen, 2006). From the focal firm perspective, participation in such initiatives is likely to lead to broader network pictures (Henneberg & Mouzas, 2006; Ford et al., 2002), and change its network identity (Anderson et al. 1994). Such participation may also mean a change and overlap in actor roles enabled by environmental crisis (Fligstein & Mara-Drita, 1996), and enable opportunity building in networks with the aim of creation new markets for the technology. As a result of participation, a firm's perceived attractiveness as an exchange partner is expected to be higher due to its unique set of connected relationships with authorities and NGOs. This is different from the previous literature on (business) network identity which tends to focus solely on connected relationships between firms.

In our case, the MNC's access into the multi-stakeholder network was enabled through the invitation of a NGO. The NGO acted as a catalyzer and intercessor to create common understandings, representations and pictures of the situation (Kjellberg & Helgesson, 2007). It acted as a "cultural mediator" who re-interpreted and re-framed (Crane, 1998, p.572) the Baltic Sea issue to fit the strategies and values of firms. This work to break down the segregation between firms, public and third sector actors around the issue of pollution of the Baltic Sea was important for creating mutually-beneficial relationships (Googins & Rochlin, 2000). The common ground enabled to build new resource interfaces between technological, economical, social and authority systems. In practice, it meant bridge building between the MNC and its relevant counterparts in technology development and legitimation by maritime authorities. Furthermore, the MNC saw that there was enough of overlap of the initiative and its business interests: the opportunity to build on its technological competencies made it receptive to the new initiative and catalyzer's activities. Had the NGO solely asked for money for the common cause (for philanthropic causes), the company had probably not been interested in the cooperation.

However, the building of cross-sector social partnership was not without problems. Role ambiguity (particularly with regard to authorities) and competition for positive recognition (over joint achievements) was present among the key actors. It may be, that the actors involved had only limited prior experience with complex partnerships spanning government, business, and nonprofit organizations, which may have made the division of responsibilities as well as trust building among the allies more challenging (Reast et al., 2010; Selsky & Parker, 2005). From an organizational

perspective, cross-sector partnerships seem to be challenging, because of the risk of unclear division of roles and responsibilities between multiple project managers representing different sectors and organizations.

5.2. Internal network outcomes – global leverage and competence deployment

The mobilization of internal competences and network of the MNC was central dynamics in the cross-sector collaboration we studied. This mobilization took place on individual employee level, organizational level, and spatial level; with high overlap between the levels (e.g. on-demand community volunteers acting on behalf of themselves and the firm on a global virtual community). Intra-organizational mobilization was accentuated by the participation of high status, visionary business leader who acted as issue sponsors (Dutton, 1993) within the MNC. Visible participation of a high level business leader in the network, increased embeddedness overlap (Nell et al., 2010), i.e. the participation of corporate level actors besides representatives of the subsidiary. Such attention within the MNC gives legitimation for the local actions, and also is likely to increase the power and image of a subsidiary within the overall MNC network. From the outset, the closeness of the issue to the key strategic focus area of the MNC (Smarter Planet) was essential to legitimize participation in the traditional realm of public authorities (maritime safety).

5.3. Technological enablers of participation – networks without boundaries?

Our case described how technology can act as a mediator and connector between dispersed actors (internal and external to firm), and expand network boundaries rather globally. Internally, this meant, for instance, building new bridges within the MNC through mobilizing a virtual global volunteer network. It also meant the transfer and translation of IT solutions made earlier within the MNC, and building of new relationships between individuals involved in these activities. Externally, such new solutions enable mobilization of individual citizens to participate in the protection of the sea. Connectivity offered by ICT solutions lifts awareness of the issue and impact opinion formation, information sharing and action regarding the environmental problem (Andersson et al., 2002). Existing literature on buyer-seller technologies (e.g. Lee & Qualls, 2010; Zablah et al. 2005) tends to focus on technology adaptation in supply chain networks, while in multi-stakeholder networks, technological solutions need to reach much broader amount of actors.

Yet, harnessing ICT to solve sustainability issues may also involve challenges. For instance, in our case the AIS+ protocol was rather unknown among the volunteers from the On Demand Community, which made their participation more difficult. Also, the issue of poor state of the Baltic Sea may have been rather distant for some participating volunteers (possibly decreasing their contribution). Therefore, it appears that the leverage of ICT to solve social issues is easier, the more known the application is and the more visible the issue is to the mobilized actors.

6. Conclusions

With this study, we contribute by bringing together ideas from separate literatures (business networks, MNCs as inter-organizational networks, CSSPs and stakeholder theory) to better understand the solving of pressing contemporary issues. Our case of a MNC's participation in issue solving provided a number of novel ideas. While cross-sector partnerships have become increasingly popular vehicle for companies and communities to cooperate to address social and environmental issues over the past few decades (Googins & Rochlin, 2000), little systematic research has been conducted from the IMP and relationship marketing perspective (except Wilson et al., 2010). In this study, we have started such a journey, by specifically focusing on the social partnership between one NGO and one MNC and its outcomes of external and internal networks of the MNC. We identified *access* (to new networks) as a strong motivating factor for participation in issue solving by the MNC. Such participation meant *role overlaps* for the MNC between business and social (environmental) arenas. In the actual partnership, we identified also some *role ambiguities* between actors, particularly with regard to the maritime authorities.

There were also strong *mutual gains* and *strategy overlaps* in the social partnership between the MNC and NGO ('the health of the sea is one of our businesses too'). Through the participation and of a truly global MNC, the local/regional multi-stakeholder network gained more global flavor. The simultaneous participation of subsidiary and head-quarters representatives (i.e. embeddedness overlap), may also signal continued mobilization of the MNC in the social partnership and its willingness to transfer local innovations later back to global arenas. Our findings, hence, seem at least partly to challenge the argument of Kolk and Pinkse (2008), who argue that many MNCs still focus on their home regions when looking for private and public partners for the development of new technologies. Finally, the role of individual (and organizational) values and motivators seemed

to be of high importance in building novel connections across sectors to save the common sea, and in nourishing the expansion of the network.

6.1. Managerial implications

Our study showed that participation in multi-stakeholder networks may offer firms a number of benefits. Participation may not only be a part of CSR or corporate citizenship rhetoric, but more importantly, it can potentially bring some pioneering advantages and lead to “green” firm-specific advantages (Kolk & Pinkse, 2008). Being part of cross-sector initiatives, sensing and acting on weak signals may grant a forerunner position in the creation of new markets and technologies based on environmental issues. Besides creation of new business and socially or environmentally more sustainable business models, it may also give a significant position to influence policy makers and regulators and open up new networks previously inaccessible to a firm. While this may even involve building-up entirely new ecosystems where the company may possess a central role, it also involves a lot of risk taking (Wilson et al., 2010) and potential failures. It also requires new competences and the willingness of taking new roles in different networks (Anderson & Sweet, 2002). From the perspective of a subsidiary of a MNC, engagement with multi-stakeholder cooperation may also strengthen its’ power and position within the intra-organizational network. This seems to be especially the case with the participation of visible political and state leaders, who draw the attention of the MNC on a broader scale.

6.2. Limitations and future research directions

The ideas discussed in this paper should be regarded as an early attempt to understand the participation of MNCs in cross-sector cooperation mainly from a business networks perspective. Our empirical case was used to illustrate the early network dynamics evident in a MNC’s participation in cross-sector cooperation. Both primary and secondary data need to be collected over time to substantiate and deepen our analysis in terms of network evolution. Among the central questions are how does participation in the cross-sector networks influence existing business and socio-political relationships and how do enduring (business and socio-political) relationships emerge from the participation in issue networks?

Our study was limited to one issue net composing of a limited amount of actors. Therefore, it is important to investigate multi-stakeholder cooperation in other contexts – including complex issue solving similar to our study as well as less complex forms of cooperation.

We also urge for a better understanding of the interaction of technology development in multi-stakeholder networks and sustainability. This means broadening the research focus of IMP scholars beyond traditional technology development projects for solving purely business related issues. Unlike typical technology development projects, technology development for issue solving often includes regulative aspects, requiring the participation of diverse types of network actors. An intriguing research topic is also to study how technology developed for solving a specific societal issue may be translated into commercial solutions. From business networks perspective, it is particularly interesting to map network mobilization and evolution, as well as, possible tensions during such processes. Indeed, we are living not only in a more interdependent and unsustainable world, but also in an era of enormous technological development enabling rapid mobilization of society across levels. Virtual world platforms for voluntary contributions, interaction and engagement seems to play an increasing role, particularly in targeting and mobilizing the younger generation with an increasingly environmentally conscious global mindset. It also offers increasing opportunities to combine sustainability and business goals, with interesting network implications.

In final, the solving of majority of big issues confronting our society today seems to require international cross-sector cooperation. As a result, both sustainable value creation (Andersson, Sweet & Rosenqvist, 2009) and “symbiotic value creation” (Googins & Rochlin, 2000, p. 139) in cross-sector networks, are increasingly prevalent phenomena in contemporary society. We urge scholars of business networks to investigate the ties, texture and dynamics of business relationships with that of public and civil society.

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