RIIKKA TAPANINAHO

Stakeholder Value Creation at the Intersection of Business and Sustainability

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ACADEMIC DISSERTATION
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To the light and love in all of us

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As I near the end of this PhD adventure, I feel happy and proud and humble. I also feel joy with a hint of sadness because one of the most transformational personal experiences of my life is almost complete. Entering academia was a decision I made based on heart and intuition. I wanted to conduct research and teach. And, boy, is that what I have been doing. However, I could not have imagined all of the new people I would meet or the interests and experiences we would share. I also did not realise that I would gain such a collection of skills and knowledge or face such an array of successes and disappointments as well as situations that would help me grow.

At the most profound level, this experience has changed how I think about learning and success. I have come to respect and embrace the growth mindset instead of employing a fixed mindset. I have also learned to question the individualistic idea of success and knowing. As an individual, employee, mother, partner, friend and citizen, I have experienced and witnessed the power of acknowledging the concept of not-knowing yet as well as the importance of cooperation in the face of new challenges and opportunities at many levels in life. The very essence of this dissertation brings forth the value of not-knowing yet and cherishes the interconnected and interdependent relationships that we humans have with each other and with the surrounding societal and natural environments. Furthermore, through cooperation, these relationships can help us find creative answers to the small and big questions in life.

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On the terrace of my home in Nokia, Finland, on a sunny Sunday in May 2022.
Riikka Tapaninaho

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ABSTRACT

Given the constantly increasing relevance of complex sustainability challenges, companies are being confronted with the question of how they can contribute to sustainability and create value that is in line with the economic, social and ecological sustainability aims. Sustainability refers to integrating and fulfilling economic, social and environmental sustainability dimensions without prioritising one over. However, management theory and practice have both been criticised for limiting companies' sustainability contributions to an instrumental view of sustainability in which economic objectives often overrule other sustainability ones. Indeed, the organisation- and economic-centric value creation models prevailing in the value creation literature and management theories are ill suited to address complex sustainability issues that extend and require cooperation beyond organisational boundaries. Therefore, novel approaches are needed to understand value creation in the context of sustainability. Stakeholder theory is one such approach that offers a multifaceted understanding of the role of business in society and value creation with and for stakeholders. While stakeholder theory was not originally designed to directly address sustainability, this theory has increasingly been used to describe business and value creation in relation to sustainability. Along the recent conceptual development, stakeholder theorists have called for more empirical studies on how value is created within stakeholder relationships including the examination of potential synergies, conflicts and competing demands in the context of sustainability.

The overall aim of this dissertation is to increase understanding of how stakeholder theory can be used to address complex and systemic sustainability challenges. Specifically, it examines how businesses can create value with and for stakeholders in the context of sustainability. Conceptually, the dissertation builds on stakeholder theory, stakeholder value creation and corporate sustainability literatures. The dissertation consists of four independent studies in addition to the integrative chapter. The studies involve a thorough literature review, two empirical single case studies and the application of a discursive approach to CEO interview data. A pragmatic research philosophy and a qualitative research approach have been employed in order to offer theoretically and practically relevant research results for

organisational actors to address sustainability as an important issue within their operating environment.

Study I is a thorough literature review which provides this dissertation with a theoretical foundation. It examines distinctive narratives in stakeholder value creation and how they consider sustainability. The results of the review direct attention to multiple narratives that exist within stakeholder value creation research. The narratives vary in how they approach stakeholders, value and sustainability. The recommendations are made for future stakeholder value creation research in the context of sustainability.

Study II is a single case study on circular economy business, and it examines at the organisational and inter-organisational levels how and what kind of value is created within stakeholder relationships in a circular economy business. The results of the study present a stakeholder relationship model for value creation that serves in explaining and analysing value creation in the context of sustainability. The model includes the key constructs of joint value creation activities and multidimensional value, which are needed to advance systemic sustainability in society.

Study III is a single case study on green infrastructure design project in a multistakeholder setting. At the organisational and inter-organisational levels, the study examines how collaboration and decision making among multiple stakeholders and value perspectives happened. The results highlight activities and capabilities that support negotiations and decision making on what is of value and enable sustainable value creation.

Study IV takes CEOs under scrutiny and examines how corporate sustainability and associated tensions are constructed in the language use of CEOs, representing the individual level of analysis in the dissertation. The results consist of instrumental, normative and transformative discourses with corresponding reasonings, dominant topics, dominant tensions and tension response strategies. In particular, the simultaneous existence of multiple discourses in the CEO language use highlights the complexity and multiple meanings related to sustainability. Furthermore, the tensions between business and sustainability are constructed differently in each discourse in terms of different stakeholder demands and systemic views. The study contributes by introducing the novel transformative discourse.

To conclude, this dissertation argues that to create value in the context of sustainability, businesses must 1) adopt a systemic and relational view of value creation with a focus on stakeholder relationships; 2) build on joint value creation activities at multiple levels of society and beyond organisational boundaries; 3) perceive value as multidimensional; 4) address the complexity, tensions and

competing demands related to sustainability; and 5) profoundly understand the relationships with the surrounding societal and natural environments. With these insights, this dissertation contributes to stakeholder theory by showing its relevance in addressing complex and systemic sustainability issues. Specifically, it contributes to the stakeholder value creation literature by providing theoretically and empirically grounded findings that consolidate and extend prior understanding of stakeholder value creation in the context of sustainability. Additionally, this dissertation contributes to the corporate sustainability literature by depicting stakeholders and stakeholder relationships as the nexus between business and sustainability as well as by showing how multidimensional value creation within stakeholder relationships allows for addressing complexity in sustainability and promoting systemic sustainability.

KEYWORDS: stakeholder theory, stakeholder value creation, corporate sustainability, systemic sustainability, tensions

TIIVISTELMÄ

Monimutkaisten kestävyyshaasteiden edessä yritykset joutuvat pohtimaan, miten ne voivat edistää kestävyyttä ja luoda arvoa, joka on linjassa taloudellisten, sosiaalisten ja ekologisten tavoitteiden kanssa. Kestävyydellä tarkoitetaan taloudellisten, sosiaalisten ja ekologisten ulottuvuuksien samanaikaista huomioimista ja edistämistä niistä mitään priorisoimatta. Johtamistutkimusta ja -käytäntöä on kritisoitu instrumentaalisesta näkemyksestä, jossa taloudelliset tavoitteet saavat usein etusijan muiden tavoitteiden kustannuksella. Arvonluontikirjallisuudessa ja johtamisteorioissa vallitsevat organisaatio- ja talouskeskeiset arvonluontimallit soveltuvat huonosti organisaatiorajat ylittävää yhteistyötä edellyttävien kestävyyskysymyksien tarkastelemiseen. Sen vuoksi tarvitaan uusia lähestymistapoja arvonluonnin ymmärtämiseksi kestävyyden kontekstissa. Sidosryhmäteoria on yksi tällainen lähestymistapa, joka tarjoaa monipuolisen ymmärryksen liiketoiminnan roolista yhteiskunnassa ja sidosryhmäyhteistyössä tapahtuvasta arvonluonnista. Vaikka sidosryhmäteoriaa ei alun perin suunniteltu ottamaan kantaa kestävyysasioihin, sitä on käytetty kasvavissa määrin kuvaamaan liiketoimintaa ja arvonluontia kestävyyden edistämiseksi. Viimeaikainen sidosryhmätutkimus on nostanut esiin tarpeen empiiriselle tutkimukselle siitä, miten arvoa luodaan sidosryhmäsuhteissa sekä minkälaisia synergioita, ristiriitoja ja kilpailevia vaatimuksia sidosryhmäsuhteissa esiintyy kestävyyden kontekstissa.

Tämän väitöskirjan tavoite on lisätä ymmärrystä siitä, miten sidosryhmäteoriaa voidaan käyttää monimutkaisiin ja systeemisiin kestävyyshaasteisiin vastaamisessa. Se tarkastelee erityisesti sitä, miten liiketoiminnassa voidaan luoda arvoa kaikille sidosryhmille yhdessä sidosryhmien kanssa kestävyyden kontekstissa. Käsitteellisesti väitöskirja perustuu sidosryhmäteoriaan sekä sidosryhmäarvonluontia ja liiketoiminnan kestävyyttä käsittelevään kirjallisuuteen. Väitöskirja koostuu neljästä itsenäisestä tutkimuksesta johdantoluvun lisäksi. Tutkimukset sisältävät perusteellisen kirjallisuuskatsauksen, kaksi empiiristä yksittäistapaustutkimusta sekä diskursiivisen lähestymistavan toimitusjohtajien haastatteluaineistoon. Väitöskirjassa on käytetty pragmaattista tutkimusfilosofiaa ja laadullista tutkimusotetta, joiden tavoitteena on tarjota niin teoriassa kuin käytännössä olennaisia tutkimustuloksia,

jotka tukevat organisaatioiden toimijoita näiden pyrkiessä vastaamaan kestävyyshaasteisiin omissa toimintaympäristöissään.

Tutkimus I on perusteellinen kirjallisuuskatsaus, joka tarjoaa väitöskirjalle teoreettisen perustan. Tutkimus tarkastelee sidosryhmäarvonluonnin erilaisia narratiiveja sekä sitä, miten ne huomioivat kestävyyden. Tutkimuksen tulokset nostavat esiin useat erilaiset narratiivit, joita sidosryhmäarvonluontikirjallisuudessa esiintyy. Narratiivit eroavat toisistaan sen suhteen, miten ne lähestyvät sidosryhmiä, arvoa ja kestävyyttä. Tutkimus antaa suosituksia siitä, miten sidosryhmäarvonluontia voi tulevaisuudessa tutkia kestävyyden kontekstissa.

Tutkimus II on tapaustutkimus kiertotalousliiketoiminnasta. Se tarkastelee organisaatiotasolla ja organisaatioiden välisellä tasolla sitä, miten ja minkälaista arvoa sidosryhmäsuhteissa luodaan kiertotalousliiketoiminnan yhteydessä. Tutkimuksen tulokset esittävät arvonluonnin sidosryhmäsuhdemallin, joka selittää ja auttaa analysoimaan arvonluontia kestävyyden kontekstissa. Malli tarjoaa avainkäsitteinä yhteiset arvonluonnin aktiviteetit sekä moniulotteisen arvon, joita molempia tarvitaan systeemisen kestävyyden edistämiseksi yhteiskunnassa.

Tutkimus III on tapaustutkimus viherrakentamiseen liittyvästä suunnitteluprojektista useiden sidosryhmien kesken. Tutkimuksessa tarkastellaan organisaatiotasolla ja organisaatioiden välisellä tasolla sitä, miten yhteistyö ja päätöksenteko useiden eri sidosryhmien ja arvonäkökulmien välillä tapahtuivat. Tulokset nostavat esiin toimintatapoja ja kyvykkyyksiä, jotka tukivat neuvotteluja ja päätöksentekoa siitä, millä on arvoa, sekä mahdollistivat kestävän arvonluonnin.

Tutkimus IV tarkastelee sitä, miten liiketoiminnan kestävyys ja siihen liittyvät jännitteet rakentuvat toimitusjohtajien kielenkäytössä. Tutkimus edustaa yksilötason analyysia väitöskirjassa. Tulokset koostuvat instrumentaalisesta, normatiivisesta ja transformatiivisesta diskurssista, jotka rakentavat liiketoiminnan kestävyyttä erilaisten perustelujen, aiheiden, jännitteiden sekä jännitteisiin vastaamisstrategioiden kautta. Toimitusjohtajien kielenkäytössä esiintyvät diskurssit korostavat erityisesti kestävyyteen liittyvää monimutkaisuutta ja monimerkityksellisyyttä. Jännitteet liiketoiminnan ja kestävyyden välillä rakentuvat jokaisessa diskurssissa eri tavalla suhteessa eri sidosryhmien odotuksiin sekä erilaisiin systeemisiin näkemyksiin. Tutkimuksen uutuusarvo perustuu transformatiivisen diskurssin tunnistamiseen ja esittämiseen.

Tämä väitöskirja väittää, että luodakseen arvoa kestävyyden kontekstissa liiketoiminnassa tulee 1) omaksua systeeminen ja relationaalinen näkemys arvonluonnista, jossa huomio on sidosryhmäsuhteissa, 2) rakentaa yhteisille arvonluonnin aktiviteeteille yhteiskunnan eri tasoilla yli organisaatiorajojen, 3)

ymmärtää arvo moniulotteisena, 4) käsitellä kestävyyteen liittyvää monimutkaisuutta, jännitteitä ja kilpailevia vaatimuksia sekä 5) ymmärtää syvällisesti suhteita yhteiskunnallisiin ja ekologisiin ympäristöihin. Väitöskirja edistää sidosryhmäteoriaa osoittamalla sen relevanssin monimutkaisiin ja systeemisiin kestävyysongelmiin vastaamisessa. Erityisesti väitöskirja antaa panoksensa sidosryhmäarvonluontikirjallisuudelle tarjoamalla teoreettisesti ja empiirisesti perusteltuja tuloksia, jotka vahvistavat ja laajentavat aiempaa ymmärrystä sidosryhmäarvonluonnista kestävyyden kontekstissa. Lisäksi väitöskirja edistää liiketoiminnan kestävyyttä käsittelevää kirjallisuutta asettamalla sidosryhmät ja sidosryhmäsuhteet liiketoiminnan ja kestävyyden keskiöön – eräänlaiseksi yhdyssiteeksi niiden välillä – sekä osoittamalla, miten sidosryhmäsuhteissa tapahtuva moniulotteinen arvonluonti mahdollistaa kestävyyteen liittyvän monimutkaisuuden käsittelyn sekä systeemisen kestävyyden edistämisen.

AVAINSANAT: sidosryhmäteoria, sidosryhmäarvonluonti, liiketoiminnan kestävyys, systeeminen kestävyys, jännitteet

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ORIGINAL PUBLICATIONS

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Study II   Tapaninaho, R., & Heikkinen, A. (2022). Value creation in circular economy business for sustainability: A stakeholder relationship perspective. Business Strategy & the Environment, 1–13. https://doi.org/10.1002/bse.3002

Study III   Tapaninaho, R., & Lähde, E. (2019). Multi-Stakeholder Cooperation for Green Infrastructure: Creating Sustainable Value. In A. K., Dey & H., Lehtimäki (Eds.) Evolving Business Models in Ecosystem of Disruptive Technologies and Social Media (pp. 169–181). Bloomsbury.

Study IV   Tapaninaho, R. (2022). Examining the competing demands of business and sustainability: What do corporate sustainability discourses reveal? Submitted to an academic journal.

AUTHOR'S CONTRIBUTION

Study I   As the first author, I was responsible for the data generation and
              analysis, writing and revising the manuscript as well as was in charge
              of the publishing process. My co-author, Professor Kujala, provided
              help and guidance in every phase of the research process. Especially,
              we developed together the research design, iteratively developed the
              categorisation of the literature and discussed the results of the analysis
              in different phases of the research. Professor Kujala closely
              participated in writing the final version of the paper.

Study II   As the first author, I was responsible for the research design, data
              generation and analysis, writing and revising the manuscript as well as
              was in charge of the publishing process. My co-author, Senior
              Lecturer Heikkinen provided help and guidance in every phase of the
              research process and especially in refining the findings as well as
              finalising and revising the article.

Study III   As the first and corresponding author, I had the main responsibility
              for writing the paper as a whole and was in charge of the publishing
              process. I participated in the research design and practical
              implementation, including collecting and analysing data, writing the
              paper, and discussing the results.

Study IV   I was the sole author of the study and received insightful feedback
              and comments from Professor Kujala and Senior Lecturer Heikkinen
              and several other scholars during the research project.

1 INTRODUCTION

1.1 Background

Given the constantly increasing relevance of complex sustainability challenges, companies are being confronted with the question of how they can contribute to sustainability and create value that is in line with the economic, social and ecological sustainability aims. In a similar vein, various management scholars have requested that extant management theories should be revised to directly address sustainability (Derry, 2014; Margolis & Walsh, 2003; Starik & Kanashiro, 2013). Management theory and practice have both been criticised for limiting companies' sustainability contributions to an instrumental view of sustainability in which economic objectives often overrule other sustainability ones (Gladwin et al., 1995; Hahn et al., 2015; Hengst et al., 2020; Laine, 2010; Mäkelä & Laine, 2011; Schaltegger et al., 2019; Tregidga et al., 2018; Van der Byl & Slawinski, 2015). In effect, business contributions to sustainability have often remained moderate or insignificant (Dyllick & Muff, 2015; Hahn et al., 2010, 2015).

The concept of sustainability was originally destined to underline the interconnectedness and interdependence of economic, social and environmental systems and the need to sustain these systems simultaneously (Bansal & Song, 2017; Gao & Bansal, 2013; Hahn et al., 2017). In a business context, sustainability refers to integrating and fulfilling economic, social and environmental sustainability dimensions without prioritising one over another as well as perceiving companies as embedded within societal and natural systems (Gao & Bansal, 2013; Gladwin et al., 1995). A systemic understanding of sustainability naturally increases the complexity of and pinpoints the inherent tensions in sustainability that need to be addressed (Bansal & Song, 2017; Hahn et al., 2015, 2018). The tendency of organisational actors to mitigate and downplay tensions and contradictions does not correspond to the complexity that the organisational life entails, for example, related to sustainability; instead, multiple approaches and strategies are needed to understand and cope with that complexity (Hahn et al., 2015, 2018; Lewis, 2000; Onkila & Siltaoja, 2017; Smith and Lewis, 2011).

Indeed, complex issues require multifaceted responses. This dissertation builds on stakeholder theory as a management theory (Freeman, 1984; Freeman et al., 2010) and the corporate sustainability literature. Stakeholder theory parallels the sustainability concept and related literature as it understands business with a systemic and relational view that focuses on the interconnectedness and interdependence of stakeholders and stakeholder relationships within a business system and as part of larger systems (Freeman et al., 2020). In 1984, Freeman wrote a seminal strategic management book based on a stakeholder approach designed to help managers during turbulent times. Today—almost 40 years later—increased instability, uncertainty and complexity have augmented the strategic relevance of stakeholder theory and its holistic approach to business and value creation (Freeman et al., 2020). According to stakeholder theory, companies and stakeholders are dependent on each other and should work together to create value and address issues of importance to them. The complexity and uncertainty of modern times require the participation of multiple stakeholders in shared discussions and decision making on how to create a sustainable and equitable future (Funtowicz & Ravetz, 2003; Sitra, 2020).

Value creation and trade are central concepts in stakeholder theory, which guides businesses to create as much value as possible with and for stakeholders (Freeman, 1984, 2010; Freeman et al., 2010, 2020). Stakeholder theorists have created a burgeoning body of research on these concepts. For example, scholars have examined the effects of stakeholder management on firm performance (Choi & Wang, 2009; Garcia-Castro et al., 2011; Garcia-Castro & Francoeur, 2016; Hillman & Keim, 2001; Verbeke & Tung, 2013; Wang et al., 2008), value creation and appropriation among stakeholders (Blyler & Coff, 2003; Coff, 2010; Garcia-Castro & Aguilera, 2015; Kivleniece & Quelin, 2012), what is of value to stakeholders (Garriga, 2014; Harrison et al., 2010; Harrison & Wicks, 2013) and how accounting could be developed in stakeholder terms (Brown & Dillard, 2015; Hall et al., 2015; Harrison & Van der Laan Smith, 2015; Mitchell et al., 2015). Furthermore, since the theory asserts that business consists of value-creating relationships, stakeholder theorists have employed different perspectives to understand how value is created within stakeholder relationships (Bosse et al., 2009; Brickson, 2005, 2007; Bridoux et al., 2011; Bridoux & Stoelhorst, 2014; Donaldson & Preston, 1995; Freeman et al., 2007; Harrison et al., 2010; Haksever et al., 2014; Jones & Wicks, 1999; Kujala et al., 2019; Myllykangas et al., 2010; Tantalo & Priem, 2016).

Recently, the important role of stakeholders in business and value creation has been highlighted in practice. For example, almost 200 Chief Executive Officers (CEOs) from the Business Roundtable in the US have signed the Statement on the

Purpose of a Corporation, which aims for long-term value creation for all stakeholders and replaces an earlier statement that focused solely on shareholder wealth maximisation (Business Roundtable, 2019; Harrison et al., 2020). The new statement refers to customers, employees, suppliers, communities and shareholders and asserts that the environment is protected through sustainable business practices (Business Roundtable, 2019). Harrison et al. (2020) argued that this statement might mark a turning point for how management theory and practice are understood, depicting a change from the shareholder primacy doctrine, which still prevails in the strategic management and business literature, to a multistakeholder perspective. Moreover, Freeman et al. (2020, p. 226) contended that businesses today reflect the main tenets of stakeholder theory and the business leaders of the 21st century:

> understand that having shared values and shared purpose, a long-term orientation, consciously building trust and fostering agility in the system lead to greater value creation. It is not stakeholders versus shareholders, or economic versus social value. In today's business world, "and" is the most important word.

Stakeholder theory is one of the most used management theories in corporate responsibility and sustainability research for understanding the role of companies in society (Frynas & Yamahaki, 2016; Montiel & Delgado-Ceballos, 2014). Furthermore, the relevance of cooperative stakeholder relationships in the context of sustainability has been widely acknowledged (Freudenreich et al., 2019; Gibson, 2012; Hörisch et al., 2014; Schaltegger et al., 2019; Slawinski & Bansal, 2015; Starik & Rands, 1995; Steurer et al., 2005; Waddock & Kuenkel, 2020). For example, researchers have examined how complex socio-economic issues are addressed to in multistakeholder and issue-based settings (Dentoni et al., 2016; Payne & Calton, 2004; Pinkse & Kolk, 2012; Roloff, 2008; Rühli et al., 2017; Schneider & Sachs, 2015). While stakeholder theory was not originally designed to address sustainability, this theory has increasingly been used to describe business and value creation in relation to sustainability (Freudenreich et al., 2019; Hörisch et al., 2014; Schaltegger et al., 2019). For example, to develop stakeholder theory's applicability to sustainability management, Hörisch et al. (2014) examined their similarities and differences. Hörisch et al. (2014) contended that integrative stakeholder theory shows the most potential in the context of sustainability (see Freeman et al., 2010; Jones & Wicks, 1999). The integrative stakeholder theory combines the following aspects of stakeholder theory: descriptive, i.e. how companies act towards stakeholders; instrumental, i.e. how companies' actions towards stakeholders affect firm performance; and normative, i.e. how companies should act towards

stakeholders. Hörisch et al. (2014) also argued that stakeholder and sustainability management scholars perceive ethics and business as intertwined and business beyond economic success.

Indeed, stakeholder theorists have acknowledged that sustainability is an increasingly important value in society and that companies have a responsibility to address sustainability with their stakeholders. However, researchers have expressed a need for more study on how value is created within stakeholder relationships in the context of sustainability (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019). For example, Hörisch et al. (2014) called for more research in various empirical contexts and, in particular, case studies in which stakeholders hold varying views and interests related to sustainability. Furthermore, Freudenreich et al. (2020) claimed that insufficient attention has been paid to a close analysis of the dynamics within stakeholder networks in the context of value creation and business models for sustainability. To answer such calls, this dissertation builds on prior research and deepens knowledge on how businesses and their stakeholders can create value together while considering the increased relevance and urgency of sustainability issues. In particular, this dissertation empirically examines how value is created within stakeholder relationships, including potential synergies and conflicts (Freudenreich et al., 2020), as well as how competing and contradictory stakeholder demands and values can be addressed without resorting to trade-offs (Schaltegger et al., 2019). Hence, it sheds light on the opportunities as well as the competing demands and contradictions that are present in complex issues, such as sustainability.

1.2   Aim of the dissertation

The overall aim of this dissertation is to increase understanding of how stakeholder theory can be used to address complex sustainability challenges. Specifically, it examines *how businesses can create value with and for stakeholders in the context of sustainability*. To create a holistic understanding of the research phenomenon—stakeholder value creation in the context of sustainability—I build on stakeholder theory, stakeholder value creation and corporate sustainability literatures and four independent studies that provide theoretically and empirically grounded results to answer the dissertation's research question. The first study is a literature review, while the other three are based on empirical data that was generated during the research process. The condensed title and corresponding research question of each study are as follows:

- Study I: A literature review on stakeholder value creation and sustainability
    - Research question: What are the distinctive narratives of stakeholder value creation and how do they consider sustainability?
- Study II: Stakeholder value creation in circular economy business
    - Research question: How and what kind of value is created within stakeholder relationships in circular economy business?
- Study III: Sustainable value creation in green infrastructure collaboration
    - Research question: How do collaboration and decision making among multiple stakeholders and value perspectives happen?
- Study IV: Corporate sustainability in CEO language use
    - Research question: How are corporate sustainability and associated tensions constructed in the language use of CEOs?

Conceptually, this dissertation centres around a broad understanding of stakeholders, including 'any group or individual who can affect or is affected by the achievement of the organisation's objectives' (Freeman, 1984, p. 46) as well as value that is created within cooperative stakeholder relationships and encompasses more than economic measures (Bosse et al., 2009; Bridoux & Stoelhorst, 2016; Donaldson & Preston, 1995; Freudenreich et al., 2020; Garriga, 2014; Harrison et al., 2010; Harrison & Wicks 2013; Hörisch et al., 2014; Jones & Wicks, 1999, Kujala et al., 2019; Myllykangas et al., 2010; Schaltegger et al., 2019; Tantalo & Priem, 2016). Sustainability is understood as a systemic and complex context, and it requires the simultaneous and integrated fulfilment of interconnected and interdependent economic, social and environmental sustainability dimensions (Gao & Bansal, 2013; Gladwin et al., 1995). Additionally, this dissertation acknowledges that inherent tensions exist between the interdependent but often contradictory elements of sustainability (Hahn et al., 2018; Schad et al., 2016). Empirically, this dissertation covers two independent data sets on sustainability-related contexts—the circular economy and green infrastructure—and a data set generated in personal interviews with CEOs about sustainability in business. Moreover, the data of the literature review comprises a significant volume of published articles on stakeholder value creation.

As a whole, this dissertation contributes to stakeholder theory (Freeman, 1984; Freeman et al., 2010, 2020) by showing how societal and systemic sustainability aims can be promoted through business–stakeholder relationships (Johnson-Cramer et al., 2021). In particular, it contributes several empirical research findings to the literature that consolidate and extend prior understanding of stakeholder value

creation in the context of sustainability (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019). First, the findings contribute to stakeholder theory and the stakeholder value creation literature by theoretically and empirically reinforcing the understanding of business and value creation as systemic and relational (Freeman, 1984; Freeman et al., 2020). The findings illustrate how the functioning of a business or an organisational activity related to sustainability are dependent on multiple stakeholder relationships and cooperation beyond organisational boundaries. Second, the dissertation describes joint value creation activities at the institutional and operational levels and shows how value creation occurs in practice. Specifically, discussions and negotiations about what is of value to stakeholders occur during joint value creation activities, and complexity, tensions and competing demands are addressed. Joint value creation activities also allow for the creation or destruction of multidimensional value for businesses, stakeholders and society, potentially contributing to systemic sustainability at the societal level. Third, this dissertation offers a definition of multidimensional value. Fourth, it sheds light on the complexity, tensions and competing demands that have been acknowledged as important but require more attention in the literature (Freudenreich et al., 2020; Onkila & Siltaoja, 2017; Schaltegger et al., 2020). Fifth, the systemic and relational view is also advanced theoretically and empirically in relation to the natural environment, which has received little attention in the literature (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019).

Along with its contributions to the stakeholder literature, this dissertation offers insights for the corporate sustainability literature by depicting stakeholders and stakeholder relationships as the nexus between business and sustainability and showing how value creation within stakeholder relationships allows tensions in sustainability to be addressed and systemic sustainability to be promoted. Broadly, the findings of this dissertation challenge the prevailing organisation- and economic-centric value creation models in the value creation literature and management theories.

1.3   Research design

1.3.1   Four independent studies

Along with this integrative chapter, the dissertation's research question—How can businesses create value with and for stakeholders in the context of sustainability?—has been answered through four independent studies with their own specific research questions and designs. Figure 1 summarises the research design of each study, including the title, level of analysis, research question, data and method of analysis.

Study I **A literature review on stakeholder value creation and sustainability** *Theoretical foundation* **RQ:** What are the distinctive narratives of stakeholder value creation and how do they consider sustainability? **Data:** 210 scholarly articles during 1985-2015. **Method of analysis:** Literature review with inductive content analysis.	Study II **Stakeholder value creation in circular economy business** *Organisational /Inter-organisational level of analysis* **RQ:** How and what kind of value is created within stakeholder relationships in circular economy business? **Data:** Single case study comprising 20 in-depth interviews with the company representatives and stakeholders. **Method of analysis:** Inductive content analysis.
Study III **Sustainable value creation in green infrastructure collaboration** *Organisational / Inter-organisational level of analysis* **RQ:** How do collaboration and decision making among multiple stakeholders and value perspectives happen? **Data:** Single case study comprising seven in-depth interviews with the representatives of participating organisations. **Method of analysis:** Organic thematic analysis.	Study IV **Corporate sustainability in CEO language use** *Individual level of analysis* **RQ:** How are corporate sustainability and associated tensions constructed in the language use of CEOs? **Data:** Eight in-depth interviews with CEOs. **Method of analysis:** Discursive approach with inductive content analysis.

Figure 1.   Research design

Study I asks what the distinctive narratives about stakeholder value creation are and how do they consider sustainability. For that purpose, a thorough literature review of stakeholder value creation studies in leading academic journals was conducted, providing this dissertation with a theoretical foundation. Through an inductive content analysis of 210 scholarly articles, the results direct attention to multiple different narratives that exist within stakeholder value creation research with either explicit or implicit reference to sustainability. Narratives without any

reference to sustainability were also uncovered. The study findings reveal how foundational assumptions and premises guide thinking and research and emphasise the importance of explicit sustainability consideration if management theory was intended to develop in the context of sustainability (Derry, 2012; Gladwin et al., 1995; Schaltegger et al., 2019).

Study II focuses on stakeholder value creation at the organisational and inter-organisational levels within the topical sustainability-related context of a circular economy. A circular economy has been acknowledged as one possible solution to address sustainability challenges by remodelling extant production and consumption patterns in line with sustainability principles (Ghisellini et al., 2016). Hence, a circular economy offers businesses and stakeholders opportunities to create value that is aligned with sustainability. The study uses a case study approach and inductive content analysis to examine the kind of value that is created within stakeholder relationships in circular economy business and how it is created. Altogether, 20 company representatives and stakeholders were interviewed. The findings illustrate the key constructs of joint value creation activities and multidimensional value, which are needed to advance systemic sustainability in society. The study's main contribution to the circular economy value creation literature stems from the stakeholder relationship perspective and the developed stakeholder relationship model for value creation in a circular economy business.

Study III also has an organisational- and inter-organisational-level focus. It examines a single case study in which public and private organisations collaborate on a design process for a new green infrastructure element: a storm water wetland. The study's exploration of green infrastructure adds another topical, sustainability-related context to this dissertation. Green infrastructure has become a notable solution for addressing sustainability challenges, such as climate change mitigation and biodiversity loss, in urban environments. To understand how collaboration and decision making among multiple stakeholders and value perspectives happened, data from interviews with representatives of the participating stakeholder organisations was inductively analysed using an organic thematic approach. The findings narrate ongoing changes towards systemic sustainability at the city level and demonstrate how stakeholders with different starting positions and value expectations were able to decide on novel sustainability-related solutions. Furthermore, the results underline activities and capabilities that can support similar projects in the future, contributing to the stakeholder and urban design literature.

Study IV examines a scarcely addressed issue in stakeholder theory related to complexity, tensions and competing demands that emerge at the intersection of

business and sustainability. At the individual level of analysis, the study explores how corporate sustainability and associated tensions are constructed in the language use of CEOs. A discursive approach with inductive content analysis was employed to understand the meanings attributed to sustainability issues in business. The results portray three somewhat contradictory discourses with multiple meanings. These discourses construct the tensions between business and sustainability in different ways in terms of competing stakeholder demands and underlying systemic views. The findings contribute to the corporate sustainability literature and underline that complexity and competing demands related to sustainability complicate managerial efforts to gear their businesses towards sustainability.

1.3.2 Overall research process

The journey that led to this dissertation and the four aforementioned studies started in 2015 when I moved from business to academia to conduct research as a PhD candidate. During my career as a management consultant, I often wondered whether something was missing in how we understood and developed businesses. Although the discourse might have been about something else, the ultimate objective always seemed to be based on prioritising economic and quantifiable objectives—especially concerning fundamental decisions on how to improve business operations and business performance. Therefore, from the beginning of the dissertation process, my utmost interest has been in understanding how business could be understood more holistically and beyond the economic objectives that dominant it nowadays.

I have not been interested in specific firms or industries, sustainability-oriented companies that have already transformed their business models or entrepreneurs that have embarked on their businesses with a social mission. Instead, I have been intrigued about how the majority of companies that are strongly embedded in the current market system could incorporate complex sustainability objectives as part of the new normal of business. For these purposes, stakeholder theory has served as a theoretical and philosophical foundation for my dissertation. Stakeholder theory is often connected to pragmatic philosophy, which has been discussed in stakeholder terms as *stakeholder pragmatism* (Johnson-Cramer et al., 2021). A pragmatic research approach aims to offer practically relevant research results for organisational actors in order to address important issues within their operating environment (Dmytriyev et al., 2017; Wicks & Freeman, 1998). Since I have prioritised the provision of

valuable insights to help existing businesses develop within the context of sustainability, I chose to adopt a pragmatic research approach for this dissertation.

The first step in my research process involved becoming acquainted with stakeholder theory. I soon realized that multiple approaches exist in the stakeholder value creation literature; these approaches not only highlight stakeholder theory's richness but also its contradictory views, such as those related to sustainability. For example, stakeholder theory has been criticised for representing a conventional and instrumental view of business responsibilities (Heikkurinen, 2013) with an underlying Western economic rationale and focus on firms that poorly serves the context of sustainability (Banerjee, 2000, 2001; Derry, 2012; Gladwin et al., 1995; Clifton & Amran, 2011). Furthermore, the theory's managerial orientation has been critiqued (Derry, 2012; Hummels, 1998). However, it is one of the main management theories used to understand the broad responsibilities of business in society, including increased attention on directly addressing sustainability.

In the second step in my research process, I conducted empirical studies that helped me see the central role of stakeholders in the nexus of business and sustainability. Specifically, interviews with CEOs in 2016, key green infrastructure collaboration stakeholders in 2017 and circular economy company representatives and key stakeholders in 2019–2021 confirmed stakeholder theory's relevance as the foundation of this dissertation. In particular, the studies revealed opportunities and challenges embedded in stakeholder relationships in the context of sustainability. Moreover, multiplicity and multiple perspectives were both needed and found to be challenging in value creation with and for stakeholders in the context of sustainability.

For me, the dissertation research process has been revolutionary in the sense that I have learned to acknowledge and appreciate contradictions and seemingly opposing forces—the yin and yang—in business and in the face of challenging issues, such as sustainability. One of my guiding principles is to advance more harmonious relationships with ourselves, each other and the natural environment. To promote harmony, inherent tensions and contradictions need to be appreciated and addressed through continuous effort as individuals and in relation to others. I agree with the main tenets of the paradox perspective in management and organisation studies about the opposing forces that might initially seem contradictory when perceived within their internal boundaries; however, their external boundaries connect them and present them as interrelated and synergistic elements of the whole system (Cameron & Quinn, 1988; Smith & Lewis, 2011). Therefore, I hope that this dissertation supports not only better appreciation of

contradictions but also better understanding of the interdependencies between different, even opposing elements as common ground for creating value with and for stakeholders in the context of sustainability.

1.3.3 Structure of the dissertation

The dissertation is structured as follows. The first chapter has laid the foundation for the dissertation by positioning it in the intersection of the stakeholder and corporate sustainability literature. The dissertation's aim and research question have been presented along with its expected contributions to the literature. Additionally, the research design section briefly described the research processes used in the independent studies and the dissertation.

The second chapter discusses the key concepts of the dissertation. After an understanding of the basic premises of stakeholder theory, the stakeholder concept in the context of sustainability is provided. Then, value creation is discussed in light of the extant literature. After that, systemic and complex sustainability is elaborated as one of the key concepts and context of the dissertation. The chapter also includes a synthesis of the conceptual background and describes the perception that stakeholders and stakeholder relationships act as the nexus between business and sustainability.

The third chapter sheds light on the philosophical underpinnings and methodological choices of the dissertation within a qualitative research approach and discusses the data generation and analysis processes of Studies I–IV in more detail. In the fourth chapter, the main objectives, results and contributions of those studies are summarised. Additionally, their overarching themes are synthesised to show how the studies are connected and how they collectively help answer the dissertation's research question.

The fifth chapter thoroughly discusses the arguments presented in the dissertation in relation to the research question and their contributions to theory and practice. In addition, the dissertation is assessed based on pragmatic evaluation principles and trustworthiness. Finally, limitations and avenues for future research are presented.

2   KEY CONCEPTS

2.1   Stakeholder theory

This dissertation builds on stakeholder theory as a management theory, which has its roots in Freeman's (1984) seminal book, *Strategic Management: A Stakeholder Approach*. While the book can be considered a landmark for a broad range of stakeholder research (Donaldson & Preston, 1995; Laplume et al., 2008), stakeholder thinking was first discussed in the management literature about 20 years earlier by scholars at the Stanford Research Institute and in the works of Swedish scholars Rhenman and Stymne (Strand & Freeman, 2015). Strand and Freeman (2015, p. 66) argued that many of the basic premises of stakeholder theory have Scandinavian origins, such as the 'jointness of interests, cooperative strategic posture, and rejection of a narrowly economic view of the firm'. Indeed, the main tenets of stakeholder theory underline the role of stakeholders and position cooperative stakeholder relationships at the centre of business; they also highlight that different stakeholders ultimately have joint interests because stakeholders are dependent on each other (Freeman, 2010, 2017a; Freeman et al., 2010). Moreover, stakeholder theory expands the underlying narrow economic view of the firm and shareholder primacy by perceiving business from a multistakeholder perspective in which value creation comprises versatile value for all stakeholders, including shareholders (Harrison et al., 2020).

Stakeholder theory has been suggested as a new paradigm for strategic management because it depicts business within the wider socio-economic context, which is under constant change and encompasses the changing needs of relevant strategic stakeholders (Sachs & Rühli, 2011). Indeed, stakeholder theory comprises a broad understanding of the role of business in society and has been proposed as suitable for answering the societal-level concerns of the 21st century (Freeman, 2010; Sachs & Rühli, 2011; Strand & Freeman, 2015). Sachs and Rühli (2011) argued that the narrow economic view of the firm and the prevailing economic paradigm have proved especially ill-suited to the task of addressing the dynamic, complex and uncertain interactions in the world. In addition, this economically dominating view portrays a restricted perception of individuals as solely opportunistic and self-

interested decision makers and overemphasise shareholders, which, when guiding mainstream strategic management thinking in research and in practice, fails to depict strategic success as dependent on various stakeholders (Sachs & Rühli, 2011). Business is less about economic transactions and more about 'a set of interconnected relationships' (Freeman, 2017a, p. 3); hence, various stakeholder relationships affect the strategic success of a firm (Sachs & Rühli, 2011).

During the last few decades, stakeholder theory has been applied to burgeoning research in different domains in management and organisation theory. Freeman et al. (2010) emphasised that stakeholder theory offers ideas that can be useful in various disciplines and address multiple purposes and questions instead of a single purpose (Freeman et al., 2010). Kujala et al. (2022) highlighted the strong presence of stakeholder theory and stakeholder research in the fields of management and strategy, business and society as well as environmental management and environmental policy. In their literature review, Laplume et al. (2008, p. 1160) found that stakeholder scholars have been especially interested in examining stakeholder definitions and salience, stakeholder and firm actions and responses and the effects of stakeholder management on firm performance; they have also eagerly entered into theoretical debates. In addition, stakeholder value creation (Tapaninaho & Kujala, 2019) and stakeholder engagement (Kujala et al., 2022) are two focal research interests of stakeholder scholars. Stakeholder studies cover organisation- and issue-centric approaches, and the latter is especially concerned with stakeholder network dynamics around a focal issue (e.g. Dentoni et al., 2016; Frooman, 2010; Payne & Colton, 2004; Pinkse & Kolk, 2012; Roloff, 2008; Rowley, 1997; Rühli et al., 2017; Schneider & Sachs, 2015). In recent years, stakeholder theory has increasingly been used to explore sustainability (e.g. Freudenreich et al., 2020; Hörisch et al., 2014; Schaltegger et al., 2019; Tapaninaho & Kujala, 2019).

Donaldson and Preston (1995) identified different ways of approaching stakeholder theory and related concepts in the literature and distinguished three aspects of stakeholder theory: the instrumental aspect, which examines the effects of stakeholder management on firm performance; the descriptive/empirical aspect, which depicts a firm as consisting of different stakeholder interests that all have intrinsic value; and the normative aspect, which acknowledges stakeholders based on their interests in the firm and considers interests having intrinsic value that should be considered without instrumental reasons. While Donaldson and Preston (1995) highlighted the distinctive character of these aspects using arguments, evidence and, ultimately, implications explaining the stakeholder theory of the firm, they also emphasised that the aspects were mutually reinforcing and all had a normative

core—which is a fundamental element in stakeholder theory. Indeed, stakeholder theory perceives business and ethics as inseparable; every business decision has a moral dimension (Freeman et al., 2010; Harris & Freeman, 2008; Strand & Freeman, 2015), and stakeholders' interests have intrinsic value (Donaldson & Preston, 1995). Consequently, stakeholder theory has been widely used in research on business ethics (e.g. Kujala, 2001; Phillips, 1997; Purnell & Freeman, 2012; Wicks, 1996), corporate social responsibility (e.g. Brower & Mahajan, 2013; Clarkson, 1995; Garriga & Mele, 2004; Jamali, 2008; Wood, 1991) and corporate sustainability (e.g. Perrini & Tencati, 2006; O'Dwyer et al., 2005; Sharma & Henriques, 2005).

In Finland, stakeholder research has also been lively. Regarding the Scandinavian (or Nordic) roots of stakeholder thinking, Professor Juha Näsi was a focal actor in the advancement of stakeholder studies in Finland in the 1980s (e.g. Näsi, 1979, 1982). Scholars have examined topics, such as the role of non-human nature (e.g. Laine, 2005; Heikkinen et al., 2019; Näsi, 1980; Näsi et al., 1998) and human-animal relationships (Tallberg et al., 2021) in stakeholder theory, stakeholder relationships and environmental management (Onkila, 2010), stakeholder interpretations of sustainability reporting (Joensuu et al., 2018), relationships between companies and non-governmental organisations (Joensuu et al., 2014), stakeholder relationships in conflict situations (Kujala et al., 2012; Lehtimäki & Kujala, 2017), the dynamics of stakeholder relationships in value creation in the context of organisational change (Myllykangas et al., 2010) and the role stakeholder influences and stakeholder management in organisational survival (Pajunen, 2006). In addition, Fougère and Solitander (2020) discussed and problematised multistakeholder governance, Lähdesmäki et al. (2019) examined stakeholder salience in the context of small businesses and Olkkonen et al. (2017) proposed a novel stakeholder relationship between energy companies and producer consumers, i.e. prosumers.

This dissertation is interested in value creation as a focal concept in stakeholder theory and is positioned within recent developments in stakeholder theory in the context of sustainability (Freudenreich et al., 2020; Hörisch et al., 2014; Schaltegger et al., 2019). These studies were built on an integrative type of stakeholder theory, which merges the instrumental, descriptive and normative aspects of stakeholder theory. Integrative stakeholder theory represents stakeholder thinking, which was embedded in Freeman's (1984) seminal book and re-articulated by Freeman et al. (2010, 2020) and others to underline the essence of understanding business through value creation with and for stakeholders with a normative core.

2.2 Stakeholders in the context of sustainability

A central question in stakeholder theory concerns the definition of a stakeholder (Laplume et al., 2008; Miles, 2017). Despite the centrality of the concept, Miles's (2017) systematic literature review revealed that there are multiple ways to conceptualise and identify a company's stakeholders. The historical roots of the stakeholder concept go back to the 1960s, when it was first mentioned by management researchers in the United States and Sweden (Strand & Freeman, 2015). Nearly 40 years ago, Freeman (1984, p. 46) defined stakeholders 'as any group or individual who can affect or is affected by the achievement of the organisation's objectives'. Since then, stakeholder theorists have tried to answer the normative question of whom managers should consider and empirically examine whom managers actually consider (Laplume et al., 2008); in other words, they have tried to understand what or who is a stakeholder.

The stakeholder concept has been defined narrowly, e.g. to include only stakeholders that have power over companies or bear a risk, and broadly, e.g. to include stakeholders without such power, for example non-human nature and marginalised communities. Contextual factors, such as the heterogeneity of stakeholders and individual or contextual features that influence stakeholder considerations, have also been discussed (Laplume et al., 2008). Mitchell et al.'s (1997) model is the most well-known descriptive account of how managers consider stakeholders. It consists of three relationship attributes against which managers define salient stakeholders: power, legitimacy and urgency. The more attributes a stakeholder possesses, the more salient they are perceived by the manager. Since the stakeholder concept remains contested and finding a universal definition is not a realistic objective, Wiley (2017) suggested that focused and context-specific stakeholder identifications, or stakeholder genres, guide future inquiries. Furthermore, instead of stable stakeholder definitions, who or what is counted as a stakeholder is socially constructed through language (Onkila, 2011) and depends on the theoretically or practically relevant problem that one is trying to solve (Freeman, 2017b).

In this dissertation, the term stakeholder is understood based on Freeman's (1984) broad conceptualisation of human stakeholders as those who can influence or are influenced by an organisation's activities. This definition is quite suitable in the context of sustainability for several reasons. First, it has been used in the literature on stakeholder value creation in the context of sustainability (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019). Second, it includes all stakeholders

without whose support businesses would be unable to exist or survive. Third, it includes all stakeholders who are affected by business activities. Fourth, broad conceptualisation allows for its contextual use and is aligned with the pragmatist idea that the purpose of a definition is to solve a practical problem (Dmytriyev et al., 2017; Freeman, 2017a; Freeman et al., 2010). Finally, this definition systematically depicts different stakeholders and their roles in a constantly changing business environment (Freeman, 1984). The traditional stakeholder models have been criticised for being too focused on managers and firms, which can result in the unwitting and unnoticed omission of stakeholders who are relevant in the context of sustainability (Derry, 2012). Using this broad definition while explicitly considering sustainability can expand the horizon of value creation to include stakeholders who have not traditionally been considered relevant or required companies' immediate attention, including marginal (Derry, 2012) or fringe stakeholders, such as the poor (Hart & Sharma, 2004).

A central discussion related to sustainability concerns whether non-human nature or the natural environment should be considered a stakeholder. The affirmative position builds on the premise that the natural environment is the primary stakeholder for companies (Driscoll & Starik, 2004; Haigh & Griffiths, 2009; Starik, 1995). For example, Driscoll and Starik (2004) added a fourth relationship attribute—proximity—to Mitchell et al.'s (1997) list of attributes and argued that they can be used to conceptualise the natural environment as the primordial stakeholder for companies. Indeed, Kujala et al. (2017) acknowledged the environment as a stakeholder along with customers, employees, owners, financiers, suppliers, dealers, competitors, community, governments, non-governmental organisations and the media. Onkila (2009, 2011) showed that the environment is considered a stakeholder in the rhetoric of business professionals; however, justifications for not giving a stakeholder status for the environment were also detected (Onkila, 2011). In addition to the natural environment, stakeholder theorists have increasingly discussed animals as stakeholders (Tallberg et al., 2021).

The opposing position argues that the non-human nature should not be given stakeholder status but should be presented by human stakeholders as intermediaries (Freeman et al., 2000; Phillips et al., 2003; Phillips & Reichart, 2000; Schaltegger et al., 2003). This argument is based on the reasoning that nature, as a non-human entity, is not able to communicate its interests and can only be considered by human stakeholders. Recent literature on stakeholder value creation in the context of sustainability has highlighted that the interests of nature or the natural environment are brought forward by human stakeholders (Hörisch et al., 2014; Freudenreich et

al., 2020; Schaltegger et al., 2019), while acknowledging the possibility of perceiving the natural environment as a stakeholder, too (Schaltegger et al., 2019). As an example of stakeholders in the context of sustainability, Freudenreich et al. (2020) identified customers, business partners, employees, societal stakeholders and financial stakeholders as relevant and, especially, societal stakeholders as representing the interests of the natural environment. In either case, stakeholder theorists increasingly agree on the importance of considering non-human nature or the natural environment as part of companies' stakeholder models.

In sum, most stakeholder literature in the context of sustainability builds on the broad stakeholder definition offered by Freeman (1984) and focuses on companies and stakeholders within their surrounding societal environment, while the interests of nature are presented by human stakeholders (Hörisch et al., 2014). This dissertation adopts the broad understanding of a stakeholder but clarifies the distinction between the terms 'nature' and 'the natural environment'. Specifically, I build on Laine's (2005) distinction between these concepts who argued that these concepts have been employed interchangeably in the literature and continued that humans should not be detached from the concept of nature as they are part of it. Instead loosely and inconsistently using the concept of nature, the concept of natural environment denotes 'something which surrounds something else', and therefore, could be used in depicting stakeholder networks as embedded in the surrounding natural environment and made explicitly visible in companies' stakeholder models (Laine, 2005, p. 76). This approach is aligned with the systemic understanding of sustainability, which highlights the dependence of humans and economic activities on the natural environment and ecological systems (Gladwin et al., 1995; Waddock, 2011). Indeed, researchers have recommended that management and organisation studies explicitly consider the natural environment (Gladwin et al., 1995; Heikkinen et al., 2018; Heikkurinen, 2017; Marcus et al., 2010). Therefore, in this dissertation, businesses and their stakeholders are perceived as embedded within their surrounding societal and natural environments, establishing a starting point for understanding value creation in the context of sustainability.

2.3   Value creation within stakeholder relationship

Value creation touches upon the purpose of business as well as what kind of value is created, for whom and how. The theoretical foundation of this dissertation, stakeholder theory, directly addresses value creation and trade, as 'business is about creating as much as value as possible for stakeholders, without resorting to trade-offs' (Freeman et al., 2010, p. 28). The stakeholder relationship is the focal unit of analysis in value creation because value is created in cooperative stakeholder relationships (Freeman et al., 2010, 2020; Hörisch et al., 2014). Within these relationships, stakeholders are perceived as contributors to value creation and receivers of value (Freeman et al., 2010, 2020; Freudenreich et al., 2020; Schaltegger & Figge, 2000). Furthermore, 'value flows in both directions from the company to a stakeholder and from a stakeholder to the company' (Freudenreich et al., 2020, p. 8).

Value creation is often discussed and operationalised in terms of business models. The traditional business model literature focuses on how a firm can create and capture value through the services and products it offers customers with corresponding value propositions (Teece, 2010). For example, the business model canvas, which is often used as a strategic tool to create and develop business models, covers customer value propositions and related offerings, customer groups, customer relationships, distribution channels, resources, functions, partners, expense structures and income flows (Osterwalder, 2004; Osterwalder & Pigneur, 2010). Hence, the traditional business model literature mainly focuses on firms, customers and partners, leaving the stakeholder view rather limited. To extend the traditional business model configuration, a growing body of literature on sustainable business models is integrating a broad set of stakeholders and sustainability directly into companies' value creation models (e.g. Abdelkafi & Täuscher, 2016; Bocken et al., 2014; Freudenreich et al., 2020; Gauthier & Gilomen, 2016; Schaltegger et al., 2012, 2016; Stubbs & Cocklin, 2008; Upward & Jones, 2016). However, the development of business models aligned with sustainability has proved challenging, and it has been suggested that a stakeholder perspective could assist in integrating sustainability into the existing value creation models of companies (Freudenreich et al., 2020; Hörisch et al., 2014; Schaltegger et al., 2019).

While the traditional value creation and business model literature has focused on value in economic terms and highlighted the business and customer points of view, the stakeholder perspective changes the conception of the business model by expanding the focus to include multiple value-creating stakeholder relationships and value that is created together for all stakeholders (Freeman et al., 2010; Freudenreich

et al., 2020; Schaltegger et al., 2019). Hence, the focus on value creation shifts from inside the company to outside of it and incorporates multiple stakeholders. Freudenreich et al. (2020) defined the joint purpose and stakeholder relationships as well as the questions concerning with whom, for whom, how and what kind of value is created as key elements of a sustainable business model based on a stakeholder perspective. In a stakeholder theory-based business model that also embraces sustainability, the traditional objective of making profits shifts to the creation of sustainability-related value for all stakeholders (Hörisch et al., 2014; Schaltegger et al., 2019).

Stakeholder theorists have acknowledged the increased importance of sustainability in society and recently developed stakeholder theory's applicability further in addressing sustainability as part of business and value creation (Freudenreich et al., 2020; Hörisch et al., 2014; Schaltegger et al., 2019). For example, Hörisch et al. (2014) developed a conceptual framework in which sustainability is perceived as a collective value around which stakeholders interact and stakeholder relationships are managed. Based on the individual sustainability interests of stakeholders, mutual interests are developed, and stakeholders are supported in promoting sustainability and acting as intermediaries for non-human nature. The promotion of sustainability is supported by enabling sustainability-related value creation for all as well as regulation and education (Hörisch et al., 2014).

Schaltegger et al. (2019) conceptualised a stakeholder business case for sustainability and showed how addressing a sustainability issue creates value for a broad set of stakeholders. The business case underlines the crucial role of stakeholder participation in finding solutions to complex sustainability problems. Business success and impacts are defined in terms of 'a set of combined bundles of social, environmental, and economic aspects for multiple stakeholders' that are needed to motivate stakeholders for value creation for sustainability and to contribute to sustainability (Schaltegger et al., 2019, p. 202).

In a similar vein, Freudenreich et al. (2020) presented a stakeholder theory perspective on sustainable business models and value creation. The framework underlines the importance of stakeholder relationships and joint activities in value creation, depicting how stakeholders create and receive value around a joint sustainability-related purpose. The framework enables the analysis of a company's business model and stakeholders' individual value considerations with respect to sustainability. In sum, the stakeholder value creation literature in the context of sustainability underlines synergies and mutual interests between businesses, stakeholders and sustainability instead of viewing them as in conflict. It also

highlights the need to create sustainability as a shared value among stakeholders (Freudenreich et al., 2020; Hörisch et al., 2014; Schaltegger et al., 2020).

While stakeholder theory has the potential to inform the traditional and sustainable business model literature, the opposite is also true. The sustainable business model literature shows how sustainability can enter into the value creation and business model vocabulary, such as through stakeholder value propositions and the reinforcement of interdependent relationships with the natural environment. For example, Schaltegger et al. (2016, p. 6) offered the following definition of a business model for sustainability:

> [It should help with] describing, analyzing, managing, and communicating (i) a company's sustainable value proposition to its customers and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries.

Meanwhile, Abdelkafi and Täuscher (2016) defined the environmental value proposition and argued that relationships and feedback loops between companies, customers and the natural environment should be better understood in the context of sustainability.

In stakeholder theory, the concept of value is understood in broad terms. To begin with, value is an extremely multifaceted concept, and it is connected to our values (Donaldson, 2021). Donaldson (2021) discussed intrinsic values as guiding and justifying our reasoning, acting at a profound level and, ultimately, affecting value creation. Intrinsic values, such as sustainability, socio-economic wealth, fairness, health and happiness, represent the highest values worth pursuing without instrumental reasons. Based on the ideas of practical reasoning and practical inference, intrinsic values affect what is considered valuable, and, together with facts, such as available data and empirical theories, they result in justified action and, ultimately, value creation (Donaldson, 2021).

In general, stakeholder theorists perceive value as 'anything that has the potential to be of worth to stakeholders' (Harrison & Wicks, 2013, pp. 100–101). This definition highlights the subjective nature of value. For example, value has been defined in terms of stakeholder utility and stakeholder utility functions that portray specific value preferences of stakeholders in relation to the companies with which they interact (Harrison et al., 2010; Harrison & Wicks, 2013; Tantalo & Priem, 2016). Garriga (2014) defined value in terms of stakeholder capabilities, which depict value as context-specific and something that is enabled for stakeholders within company–stakeholder interactions. Meanwhile, stakeholder happiness and well-being have

been considered value types that are simultaneously beneficial for companies and their stakeholders (Jones & Felps, 2013a, 2013b). In stakeholder terms, the total performance of a business can be understood as the total value created for customers, suppliers, financiers, employees and communities (Freeman, 2017a; Freeman et al., 2020; Tantalo & Priem, 2016). In conclusion, the multifaceted nature of value brings forth tangible and intangible value dimensions that can be appreciated by stakeholders.

The question of how value is created within stakeholder relationships has interested many stakeholder theorists, and the following key concepts related to stakeholder value creation have been discussed: reciprocity, trust, joint interests, shared purpose and synergy. For example, it has been argued that value creation within stakeholder relationships is based on reciprocity (Bosse et al., 2009, 2010; Bridoux & Stoelhorst, 2016; Harrison et al., 2010; Jones et al., 2018) and that experiences of justice and trust (Bosse et al., 2009; Harrison et al., 2010; Jones & Wicks, 1999; Kujala et al., 2019; Myllykangas et al., 2010) improve reciprocity and value creation within stakeholder relationships. Schneider and Sachs (2017) demonstrated that trust and cooperation serve as antecedents for value creation within multistakeholder networks. Furthermore, value creation is affected by the history of each stakeholder relationship as well as the aims of the stakeholders and their ability to learn, interact and share information (Myllykangas et al., 2011). Kujala et al. (2019) emphasised that, in addition to trust, stakeholder value creation requires joint interests and the ability to collaborate.

Indeed, building on joint interests is a focal tenet in stakeholder theory and stakeholder value creation (Freeman, 2010). While the individual interests of stakeholders are acknowledged, business is based on finding connections between these interests, as 'no stakeholder stands alone in the process of value creation' (Freeman, 2010, p. 8). In the case of seemingly competing and conflicting stakeholder interests, instead of making trade-offs, efforts should be centred on finding solutions that satisfy all stakeholders and can be facilitated or transcended by a shared purpose and shared values (Freeman, 2010; Freeman et al., 2010, 2020). Meanwhile, Tantalo and Priem (2016) offered stakeholder synergy and stakeholders' multi-attribute utility functions as constructs for making decisions that enable simultaneous and enhanced value creation for all. Onkila (2011) also emphasised that managers should pay attention to differences in stakeholder relationship instead of managing stakeholder relationships with one single approach.

In sum, the central premise in stakeholder theory builds on subjective but overlapping stakeholder interests and value expectations; when these elements are

considered and managed, overall value creation can be enhanced over time (Freeman, 1984, 2010; Freeman et al., 2010, 2020; Harrison & Wicks, 2013; Tantalo & Priem, 2016). While the literature mainly focuses on value creation, Haksever et al. (2004) discussed value destruction for stakeholders along financial, nonfinancial and time dimensions, and Harrison et al. (2020) called for more research on value creation and destruction.

Just recently, Freeman et al. (2020) stressed the importance of understanding business and value creation as systemic and relational, which has been at the centre of stakeholder theory since the beginning (Freeman, 1984). The systemic view can be explained with the help of systems theory, where it is rooted. Systems theory is interested in understanding a phenomenon holistically instead of only as the sum of its parts (Mele et al., 2010). The systemic view adheres to the idea that 'everything is connected to everything else' (Sterman, 2001, p. 10). It focuses 'on the interactions and on the relationships between parts in order to understand an entity's organization, functioning and outcomes' (Mele et al., 2010, p. 127) and examines the functioning and well-being of a system from a long-term perspective (Sterman, 2001). Additionally, systems are understood as hierarchically organised, since smaller systems are part of larger systems (Bansal & Song, 2017; Kauffman, 1993). For example, business systems are part of broader systems, such as ecological and societal systems (Bansal & Song, 2017). While companies and organisations are perceived as micro-level systems, the surrounding natural environment is a macro-level system (Mele et al., 2010). The viability of a business system is dependent on its ability to manage relationships with other systems in order to achieve internal equilibrium and satisfy the expectations of supra-systems (Mele et al., 2010). In a similar vein, Freeman et al. (2020) argued that the systemic and relational view of business situates value creation within stakeholder relationships. As Freeman (2017a, p. 3) wrote:

> Business can be understood as a set of value-creating relationships among groups that have a stake in the activities that make up the business. Business is about how customers, suppliers, employees, financiers (stockholders, bondholders, banks, etc.), communities, and managers interact and create value. To understand a business is to know how these relationships work.

Hence, interconnected and interdependent stakeholder relationships contribute to the flourishing of the business system as part of bigger systems (Freeman et al., 2020). In a sustainability-related context, the importance of deeply understanding stakeholder relationships has been underlined (Freudenreich et al., 2020; Hörisch et al., 2014; Onkila, 2011; Schaltegger et al., 2019). For example, different types of

stakeholder relationships are constructed through language, for example, as collaborative but also as conflicting (Onkila, 2011). Indeed, the presence of potentially contradicting stakeholder relationships increases in the context of sustainability.

2.4   Systemic and complex sustainability context

The systemic view is inherent in the commonly shared understanding of sustainable development and encompasses the interconnections and interdependencies between economic, societal and environmental systems, which have been of particular interest in sustainability research based on systems theory (Bansal & Song, 2017). Sustainable development refers to 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987, p. 43). This definition underlines the idea that, to sustain all systems—namely, the economic, social and natural systems—necessary economic development should occur within the limits of the natural systems (Bansal & Song, 2017; WCED, 1987). The systemic view also adheres to the idea that the world's sustainability problems are interrelated (Gladwin et al., 1995) and require collective efforts to find solutions (WCED, 1987). Additionally, the long-term focus of sustainable development is accentuated by highlighting the needs of future generations. In a similar vein, Dyllick and Hockerts (2002, p. 131) defined sustainability in stakeholder and business terms as 'meeting the needs of a firm's direct and indirect stakeholders (e.g., shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet the needs of future stakeholders as well', also respecting the carrying capacity of the natural environment. Sustainability as a concept has been criticised by management scholars (de Figueiredo & Marquesan, 2022; Purser et al., 1995; Shrivastava, 1994, 1995; Shrivastava & Hart, 1994). Specifically, de Figueiredo and Marquesan (2022) claimed that the sustainability concept fails to touch upon or establish limits for economic activities, and it represents an anthropocentric view in which, for example, economic growth is supported at the expense of the natural environment.

Indeed, despite increased awareness of complex sustainability issues, the definitional diversity and lack of clarity related to sustainability in a business context (Bansal & Song, 2017; Montiel & Delgado-Ceballos, 2014) and more broadly (Livesey, 2002) has resulted in multiple interpretations and responses in both practice and research. For example, Livesey (2002) described how responses vary from highly

anthropocentric and economically dominating to responses that question the ability of current economic systems to address social equity and ecological integrity. Gladwin et al. (1995) identified technocentric and ecocentric worldviews as opposites, with the former prioritising economic and technological development and the latter taking a critical view of the economy in defence of the natural environment. Sustaincentrism was suggested as a solution based on an integrative and systemic view of sustainability (Gladwin et al., 1995). Similar contrasting approaches can also be found in discussions around weak and strong sustainability (Holland, 1997) as well as instrumental and integrative views of corporate sustainability (Gao & Bansal, 2013). While the instrumental view of corporate sustainability has dominated practice (Gallo & Christensen, 2011; Tregidga et al., 2018) and research (Van der Byl & Slawinski, 2015), companies have increasingly started to apply an integrative view of corporate sustainability (Gao & Bansal, 2013) and understand and sustain their relationships with natural systems (Winn & Pogutz, 2013).

In particular, the instrumental or business case view, which prioritises economic objectives over other sustainability objectives, is problematic because it risks the achievement of long-term sustainability, including economic sustainability and the viability of business systems. Furthermore, the instrumental view often downplays the inherent tensions in sustainability (Hahn et al., 2015, 2018; Laine, 2010; Mäkelä & Laine, 2011), such as between business and society (Bansal & Song, 2017) and between economic, social and environmental systems (Hahn et al., 2015; Van der Byl & Slawinski, 2015).

One promising solution to overcome the instrumental view's downplaying of tensions is to employ a paradox perspective (Bansal & Song, 2017). Indeed, the paradox perspective on corporate sustainability (Hahn et al., 2018) has recently gained traction among corporate sustainability researchers. This perspective acknowledges the inherent tensions and competing demands related to sustainability and highlights the importance of their identification and management with different strategies (Hahn et al., 2015, 2018; Van der Byl & Slawinski, 2015). A paradox is understood 'as [a] persistent contradiction between interdependent elements' (Schad et al., 2016, p. 19), while tension is understood as a paradoxical relationship between the interdependent elements of a paradox (Hahn et al., 2018; Wannags & Gold, 2020). A paradox can be perceived as inherent within systems and material reality as well as constitutive (Hahn & Knight, 2020; Schad & Bansal, 2018). Tensions are not only inherent in organisational structures (Cameron & Quinn, 1988; Hahn & Knight, 2020), systems and material reality (Hahn & Knight, 2020; Schad & Bansal, 2018) but also socially constructed through the discourses and practices of organisational

actors (Hahn & Knight, 2020; Putnam et al., 2016). Furthermore, environmental conditions, such as the plurality of stakeholder demands, requests for change and the scarcity of resources, affect which inherent paradoxes become salient through the cognitive processes of organisational actors (Smith & Lewis, 2011). The paradox perspective on corporate sustainability represents an integrative view of sustainability issues, which 'accommodates interrelated yet conflicting economic, environmental, and social concerns with the objective of achieving superior business contributions to sustainable development' (Hahn et al., 2018, p. 237).

The paradox perspective on corporate sustainability and stakeholder theory have similar overarching themes. They both share the idea that, instead of trade-offs or either-or solutions, novel creative solutions should be sought to overcome tensions (Hahn et al., 2015, 2018; Schad et al., 2016) and competing stakeholder demands (Freeman, 1984, 2010; Freeman et al., 2020; Tantalo & Priem, 2016). From the paradox perspective, several tension response strategies have been offered. For example, acceptance and resolution strategies explicate how tensions can be accepted or resolved by finding a novel solution to simultaneously serve the opposing poles of a paradox (synthesis strategy) or by using different strategies for each pole (separation strategy; Hahn et al., 2015; Poole & Van de Ven, 1989; Smith & Lewis, 2011). The transcendence strategy, as a type of synthesis strategy, is linked to the ability to think paradoxically, challenge assumptions and reconstruct seemingly opposing poles as complementary and interwoven (Lewis, 2000).

In stakeholder theory, competing demands are perceived as springboards for developing better solutions; hence, contestation and friction are seen as beneficial for improved stakeholder value creation (Freeman, 2017b; Freeman et al., 2020). Concepts, such as the jointness of stakeholder interests (Freeman, 2010; Kujala et al., 2019), stakeholders' multi-attribute utility functions and stakeholder synergy (Tantalo & Priem, 2016), have been used to explain the interdependence and interlinkages between seemingly competing stakeholder interests. Addressing such interests and satisfying the long-term needs of all stakeholders enables and maximises value creation over time (Freeman et al., 2010, 2020; Tantalo & Priem, 2016). The use of creative imagination also plays a role here (Civera & Freeman, 2019; Freeman, 2017b). Conflicting interests and trade-offs can be overcome by rethinking problems and using imagination to find common ground and opportunities for enhanced value creation for all stakeholders (Freeman, 2010). In particular, creative (or moral) imagination allows for a broad reconfiguration of stakeholder relationships and creates value that is beneficial for all, including society, the natural environment and industries. As such, creative imagination enables the

depiction of the broad responsibilities of business and stakeholders and catalyses positive transformative changes in business-stakeholder relationships and in society (Civera & Freeman, 2019). While trade-offs are often made in managerial decision making as easy solutions to address conflicting interests, by persistently using creative imagination, which is 'the only infinite resource we really have', trade-offs can be avoided as new ways to satisfy the needs of multiple stakeholders are found (Freeman, 2017b, p. 460).

Both theories highlight the role of managers in addressing tensions (Hahn et al., 2015) and competing demands (Freeman, 1984; Freeman et al., 2010). However, the paradox perspective on corporate sustainability perceives inherent tensions related to sustainability at multiple levels, e.g. between economic, ecological and social dimensions of sustainability or between individuals, organisations and systems (Hahn et al., 2015), while stakeholder theory situates the emergence of tensions and contradictions within stakeholder relationships and different stakeholder values (Schaltegger et al., 2019).

In sum, this dissertation understands sustainability as a systemic and complex context. Sustainability requires the integration and fulfilment of its interconnected economic, social and environmental dimensions as well as the perception of businesses and organisations as deeply embedded in their societal and natural systems (Gao & Bansal, 2013; Gladwin et al., 1995). Furthermore, the inherent tensions related to sustainability have been acknowledged (Hahn et al., 2018) and require attention and the creation of novel solutions by businesses and their stakeholders.

2.5   Synthesis of the conceptual background

Conceptually, this dissertation builds on the stakeholder value creation and corporate sustainability literature. Both literature topics focus on interconnected and interdependent relationships within systems and understand business with a systemic and relational view. The particularities within each literature stream can inform and complement each other. Therefore, I bridge the stakeholder and corporate sustainability literature by perceiving stakeholders and stakeholder relationships as the nexus between business and sustainability and synthesising the conceptual background accordingly.

Stakeholder theory's key concepts of stakeholders, stakeholder relationships and value creation in the context of sustainability are incorporated into this dissertation

in several ways. First, the theory is used to broadly understand the impact of business on stakeholders in society as well as their impact on business. Second, this dissertation follows the main tenets of stakeholder theory, which assert that value creation occurs within stakeholder relationships. Businesses cannot exist without their stakeholders, and value is created for all stakeholders including those that are not necessarily involved in direct value-creating relationships with businesses. Furthermore, the value created within stakeholder relationships is perceived as subjective from the stakeholder point of view. Third, the crucial role of stakeholder cooperation in the face of sustainability issues is acknowledged in this dissertation and perceived as a necessity. In line with the recent stakeholder value creation literature, businesses and their stakeholders are considered capable of promoting sustainability (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019). The ability to promote sustainability within business-stakeholder relationships is based on the created synergy that is enabled by building on the joint nature of stakeholder interests and satisfying the value expectations of multiple stakeholders (Freeman et al., 2010, 2020; Tantalo & Priem, 2016). This dissertation adheres to the idea that the created synergy allows for simultaneous creation of value for businesses and stakeholders and the promotion of systemic sustainability.

The corporate sustainability literature provides this dissertation with the key concepts of systemic sustainability, the natural environment and tensions related to sustainability. Systemic sustainability comprises economic, social and environmental systems that are interconnected at multiple levels and directs attention to the relationships within and between those systems. Sustainability requires the sustainment of all systems. In a business context, this means integrating and fulfilling the economic, social and ecological dimensions of sustainability (Gao & Bansal, 2013; Gladwin et al., 1995). Furthermore, the systemic view of sustainability challenges current stakeholder models in which a company is often placed in the middle of dyadic relationships with its stakeholders; instead, relationships are depicted as complex and non-linear without giving the central position to the company (Bansal & Song, 2017).

Due to its focus on the relationships between economic activities and the natural environment (Bansal & Song, 2017), the corporate sustainability literature provides this dissertation with a better understanding of the natural environment upon which businesses and stakeholders depend. In addition to understanding business and stakeholder relationships within the societal context, relationships with the natural environment are important for sustainability. However, artificial detachment from the rest of nature (Shrivastava, 1994) has led humans to forget that they are part of

nature (Gladwin et al., 1995; Laine, 2005) and deeply dependent on ecological systems (Gladwin et al., 1995; Marcus et al., 2010).

Finally, the paradox perspective on corporate sustainability (Hahn et al., 2015, 2018) is used in this dissertation as a theoretical lens through which to address complexity, tensions and competing demands at the intersection of business and sustainability. The concept of tension sheds light on the relationships between interdependent elements of sustainability, which often appear to be contradictory and draw in opposite directions. In essence, the corporate sustainability literature highlights the complexity of sustainability.

3   METHODOLOGY

3.1   Pragmatism as a research philosophy

The research philosophy used in a study affects the kinds of questions, methodologies and evidence that are considered relevant as well as the foundational assumptions and ontological and epistemological viewpoints that are employed (Wicks & Freeman, 1998). Pragmatism has been acknowledged as a suitable research philosophy in management and organisation studies, since business is above all practical in nature (Dmytriyev et al., 2017). The roots of pragmatism lie in the constant quest for a better life (Rorty, 1979). Indeed, the question of how we could live better has intrigued pragmatists, such as Richard Rorty, John Dewey and William James (Freeman et al., 2010). Consequently, pragmatism guides researchers reflecting on 'whether or not information (scientific data, a novel, a treatise on ethics) is useful—useful in the sense of helping people to better cope with the world or to create better organizations' (Wicks & Freeman, 1998, p. 129). Before starting a research project, a pragmatist asks whether the research can help practitioners solve a central issue, offer concrete practical implications and make lives better (Dmytriyev et al., 2017).

For a management researcher, the key principles of pragmatism centre around making practical contributions and perceiving business as inherently moral. Regarding the first principle, the usefulness of a scientific effort is evaluated in terms of its ability to develop and offer solutions to important, practical problems (Freeman et al., 2020; Dmytriyev et al., 2017; Parmar et al., 2015; Wicks & Freeman, 1998). Consequently, a pragmatist's objective is to make relevant, practical contributions to address important issues that practitioners face. This is also a focal issue in stakeholder theory, which approaches business practically and highlights the need to provide managers with useful solutions to address and satisfy stakeholders' competing needs (Dmytriyev et al., 2017; Freeman et al., 2017). In particular, stakeholder theory can be used to determine, in practical terms, how companies can create value with and for stakeholders (Freeman et al., 2020). Regarding the second principle, pragmatists understand the nature of organising, business and capitalism as inherently moral (Wicks & Freeman, 1998). While business and ethics are often

treated separately, pragmatists perceive them as integrated. As such, in stakeholder terms, pragmatists would assert that research and practice should aim to make people's lives better and not prioritise one stakeholder over another (Dmytriyev et al., 2017; Freeman et al., 2017). Overall, the aim of pragmatic research and experimentation is to support human purposes and the flourishing of humanity (Wicks & Freeman, 1998).

Meanwhile, understanding business with a normative core is particularly relevant in the context of sustainability (Hörisch et al., 2014). Responsibility and sustainability researchers agree that businesses are expected and have a moral responsibility to consider sustainability issues (Bansal & Song, 2018). While addressing sustainability makes sense business-wise, it is also the right thing to do. The constant quest to find better ways to live also resonates well with the concepts of sustainability and sustainable development.

Sustainability can also be seen as a constantly moving target without a single ideal destination. For example, in the beginning of *Philosophy and the Mirror of Nature,* Rorty (1979) wrote the following:

> When we think about the future of the world, we always have in mind its being at the place where it would be if it continued to move as we see it moving now. We do not realize that it moves not in a straight line, but in a curve, and that its direction constantly changes.

In line with Rorty's thinking, the concept of systemic sustainability directs attention to interconnected systems that constantly change, evolve and influence each other (Sterman, 2001) and that require continuous attention and joint efforts. Moreover, promoting a fairer and more democratic society in order to create a future that is better than the present is a focal element of pragmatism (Rorty, 1999) as well as sustainability.

A researcher also needs to answer the ontological question, 'What is there in the world?', and the epistemological question, 'What is knowledge, and what are the sources and limits of knowledge?' (Eriksson & Kovalainen, 2008, p. 13). Ontologically, pragmatists acknowledge the existence of material reality, i.e. the world 'out there'; however, they underline the role of language, which intervenes and inhibits objective observation of the world (Wicks & Freeman, 1998, p. 126). In essence, pragmatists contend that language provides humans with their only way to understand and deal with the world (Freeman et al., 2020; Parmar et al., 2016; Rorty, 1999; Wicks & Freeman, 1998). As Wicks and Freeman (1998, p. 126) put it, 'As soon as one tries to formulate sentences to describe any events of "facts", it becomes

evident that any emergent views are embedded in human experience, language, and culture.' In this sense, pragmatists do not adhere to the positivist idea of objectively observed reality, naturally leading to epistemological discussions related to knowledge (Rorty, 1999).

According to Rorty (1999), pragmatists do not aim to find universal truths or true knowledge, as is the case in the positivist paradigm, but evaluate knowledge with respect to its usefulness and practical impact, including by promoting objectives, such as social hope (Rorty, 1999). Furthermore, pragmatists abandon the dichotomy of facts and values that is present in the positivist research philosophy (Wicks & Freeman, 1998) and inherently perceive business and all business decisions using moral considerations (Freeman, 1994; Harris & Freeman, 2008). Hence, pragmatist epistemology portrays knowledge in terms of its usefulness and practical impacts (Rorty, 1999) and integrates facts and values (Wicks & Freeman, 1998).

In sum, the philosophical underpinnings of this dissertation draw upon pragmatism and its main principles in several ways. First, the dissertation focuses understanding and finding answers to one of today's most topical business issues, that is, how businesses can create value in the context of sustainability. Second, it takes a normative stance in highlighting the responsibility of businesses and their stakeholders to engage with sustainability issues and acknowledges that all decisions and actions influence others, ultimately affecting the flourishing of humanity and the natural environment. The notion that every decision with actions affects the surrounding environment and other actors is inherent in systems thinking, too (Sterman, 2001). Third, it explains stakeholder value creation in the context of sustainability based on the ontological assumptions that there is a material reality and structural conditions that affect how the events in organisational life unfold (Putnam & Fairhurst, 2015; Schad & Bansal, 2018). The dissertation recognises that, in the context of sustainability, the natural environment and its biophysical dimensions should be given more attention (Gladwin et al., 1995; Schad & Bansal, 2018). Fourth, it acknowledges the crucial role of language, which people use to make sense of the world as individuals and in interactions with others. Furthermore, this dissertation perceives the researcher as an active actor who has framed the research problem through vocabulary that has been chosen (Dmytriyev et al., 2017; Parmar et al., 2016).

3.2   Qualitative research approach

The qualitative research approach is well suited for examining novel, complex phenomena because it enables the exploration and creation of a holistic understanding of the research topic within the studied context (Eriksson & Kovalainen, 2008). The pragmatic research philosophy (Freeman et al., 2020) and the qualitative research approach both allow for the application of multiple research methods (Eriksson & Kovalainen, 2008). Consequently, to acquire a holistic comprehension as well as in-depth knowledge of the dissertation topic, I used different qualitative methods in the independent studies. The studies involve a thorough literature review, two empirical single case studies and the application of a discursive approach to CEO interview data. Next, I will briefly present each method and the justifications for choosing those methods.

To create theoretical foundation and a comprehensive understanding of the research topic, a thorough literature review was conducted on stakeholder value creation and how the extant research considers sustainability. According to Short (2009), a thorough literature review is useful when considerable time has gone by since the last review was conducted and when the new review provides a comprehensive view that represents articles from top management and specialty journals and considers the strengths and weaknesses of the extant literature. The guidelines offered by Short (2009) were followed in Study I. The previous review of stakeholder theory was published in 2008 and focused on the theory as a whole (Laplume et al., 2008). Since considerable time had passed and since no review of stakeholder value creation existed, a new literature review was much needed and well justified. The literature review covered seven main management journals and four specialty journals in which the discussion had been the liveliest. By thoroughly analysing the article content and presenting an overview of distinctive narratives within the literature, the results revealed the strengths and weaknesses of stakeholder value creation research in relation to sustainability and identified fruitful avenues for future research.

While a thorough literature review enabled a holistic understanding of the extant research, empirical research designs were crucial for understanding the research phenomenon from different perspectives and contexts. As the literature review demonstrated, stakeholder theory and stakeholder value creation have been increasingly applied to sustainability directly. Yet, the research was dispersed, controversial viewpoints existed, and more research was recommended. Therefore, I chose to conduct single case studies in two different sustainability-related contexts

in order to acquire in-depth knowledge (Dyer & Wilkins, 1991; Eriksson & Kovalainen, 2008; Stake, 2005). Instead of positivistic-oriented case study approaches (e.g. Eisenhardt, 1989; Yin, 2009), I selected the interpretive case study approach, in which subjective conceptions cannot be understood without the context in question and which aims for a thick description (Stake, 2005, Welch et al., 2011). Indeed, case study research methods have been praised by pragmatists as they enable the search for business solutions within specific contexts (Dmytriyev et al., 2017). Likewise, I wanted to understand businesses, stakeholders, sustainability and their relationships in their particular contexts and was not aiming for generalisation of the findings. Although the primary focus of interpretive case studies is particularisation instead of generalisation (Stake, 2005; Welch et al., 2011), rich interpretative case studies can inform and develop theory (Dyer & Wilkins, 1991; Eriksson & Kovalainen, 2008).

Furthermore, I have been intrigued by how business leaders, such as CEOs from large companies, perceive sustainability issues in business. Therefore, I interviewed CEOs to examine how they discuss sustainability. Since I was especially interested in their language use, I familiarised myself with discursive research approaches. Given the crucial role of language and language use in understanding and dealing with the world (Freeman et al., 2020; Parmar et al., 2016; Rorty, 1999; Wicks & Freeman, 1998), a discursive approach felt justified and was adopted to understand how CEOs make discursively sense of and attribute meanings to sustainability in a business context. Furthermore, in the context of sustainability, language use and vocabulary affect, for example, how sustainability is understood in business and how broadly or narrowly stakeholders and their needs are taken into consideration (Derry, 2012).

In this dissertation, a discourse is understood 'as *a particular way of talking about and understanding the world (or an aspect of the world)*' (Jørgensen & Phillips, 2002, p. 1). Discursive approaches acknowledge the crucial role of context and subjective understandings, as the meanings constructed though language are perceived as embedded in their social and historical context and subject to change and subjective interpretation (Hardy et al., 2004). I found the discursive approach meaningful because prior research underlined the effects of discourses on reality and the practices that they entail. The effects of discourses and language are usually discussed in terms of functions and consequences (Eriksson & Kovalainen, 2008; Heikkinen, 2014; Potter & Wetherell, 1987; Sheep et al., 2017; Takala et al., 2012), meaning that language can be used purposefully (more or less consciously) and that language use and discourses influence how organisational reality unfolds. During my review of

discursive approaches that had become popular in management studies, I came across criticism towards the all-explaining power of discourses, claiming that language and discourses construct reality (e.g. Alvesson & Kärreman, 2011; Putnam & Fairhurst, 2015). For example, Putnam and Fairhurst (2015) suggested that more attention be paid to the material conditions confronting organisations, e.g. institutional structures and economic disparities, as well as the interactions between discourses and the material world that shape the emergence of specific organisational realities. Schad and Bansal (2018) argued that material reality and systems are particularly important in the context of sustainability. Consequently, the discursive approach applied to the CEO interview data focused not only on constructed meanings but also on how material conditions embedded in organisational, social and environmental systems were constructed and represented though language.

3.3   Data generation and analysis

This dissertation uses four data sets to understand how businesses can create value with and for stakeholders in the context of sustainability. Although the data sets were generated for the specific purposes of each independent study, they offer the dissertation different yet interconnected perspectives and levels of analysis for understanding the research phenomenon. Table 1 summarises the data generated in the studies as well as the methods and levels of analysis that were employed. In the following sections, I will detail the choices made related to the data generation and analysis processes in the independent studies.

Table 1. Study data generation and analysis summary

Study	Data generation	Data analysis	Level of analysis
Study I: A literature review on stakeholder value creation and sustainability	A systematic collection of scholarly articles on stakeholder value creation published between 1985–2015 (n=210)	Content classification systems and inductive content analysis	Theoretical foundation
Study II: Stakeholder value creation in circular economy business	Personal interviews with company and stakeholder representatives around circular economy business (n=20)	Inductive content analysis	Organisational and inter-organisational
Study III: Sustainable value creation in green infrastructure collaboration	Personal interviews with representatives of key stakeholder organisations involved with the studied green infrastructure project (n=7)	Inductive approach with organic thematic analysis	Organisational and inter-organisational
Study IV: Corporate sustainability in CEO language use	Personal interviews with CEOs from large, leading Finnish companies (n=8)	Discursive approach with inductive content analysis	Individual

3.3.1 Study I: A literature review on stakeholder value creation and sustainability

The literature review on stakeholder value creation (Study I) provides this dissertation with a theoretical foundation. To create a comprehensive understanding of the extant research, we looked for scholarly articles published in the main management and specialty journals (Short, 2009) across three decades, from 1985—one year after the publication of the seminal stakeholder book by R. Edward Freeman—to 2015—when the research project began. The seven top management journals were *Academy of Management Review, Academy of Management Journal, Strategic Management Journal, Journal of Management, Administrative Science Quarterly, Journal of Management Studies* and *Organization Studies*. The specialty journals included *Journal of Business Ethics, Business & Society, Business Ethics Quarterly* and *Organization & Environment*. Various search word combinations—namely *stakeholder value creation, stakeholder theory* and *value creation, stakeholder* and *value creation* as well as *stakeholder value*—were used in available databases and search engines, such as EBSCOhost, Google Scholar, JSTOR, ProQuest, SAGE and Wiley. To ensure that sustainability-

related articles were gathered, the last search round used the key words *stakeholder theory* and *sustainable/sustainability.*

As the first author, I read the abstracts of all of the articles and, if necessary, their introductions and conclusions to determine their relevance to the study topic. To be selected, an article had to give a focal role to stakeholders when examining value creation, and the conception of value had to extend beyond shareholder value to discuss other stakeholders; these criteria were derived from the foundational assumptions and premises of stakeholder theory (Freeman, 1984; Freeman et al., 2010). After three search rounds, from November 2015 to November 2016, 210 scholarly articles were selected for inclusion in the study.

The articles were coded and analysed using a content classification system (Krippendorff, 2004; Weber, 1990), which was inductively and iteratively developed during the analysis process. The thematic codes covered the following attributes: 1) publication year, 2) author names, 3) article title, 4) journal, 5) research questions, 6) theories, 7) empirical methods and settings, 8) key findings, 9) view of stakeholders, 10) view of value and 11) view of sustainability. All data were entered into a Microsoft (MS) Word table, and all abstracts were collected in another MS Word file.

While closely reading articles from top management journals, we noticed that they differed with respect to their views on stakeholders and value. This led us to develop an inductive categorisation approach, which positioned articles along two different dimensions, representing a focal firm or a stakeholder orientation, as well as an economic value or a multiple value perspective. The close reading of the specialty journal articles confirmed our categorisation, and those studies were analysed and categorised accordingly. As a result, the literature was finally presented according to four categories, forming a stakeholder value creation typology. After categorisation, we thematised the articles in each category and analysed whether sustainability was explicitly or implicitly considered or not referenced at all.

In sum, following Short's (2009) recommendations for a thorough literature review, we presented the results in a concise form (stakeholder value creation typology), created a story based on different narratives on stakeholder value creation and provided novel insights by examining them in relation to sustainability. Furthermore, we paved the way for future research (Short, 2009) to strengthen the position of stakeholder value creation research in the context of sustainability.

3.3.2 Study II: Stakeholder value creation in circular economy business

During the literature review, I became acquainted with and interested in sustainable business model literature and, consequently, wanted to conduct a single case study on a company with a business model that was developed to align with sustainability. In 2016, I interviewed CEOs from large Finnish companies for Study IV and received permission from one of them to examine their sustainability-related business around the circular economy. In addition, in 2019, I joined Circular Economy Catalysts: From Innovation to Business Ecosystems (CICAT2025), a research project funded by the Strategic Research Council at the Academy of Finland, which solidified my decision to proceed with a case study related to circular economy business as I was able to acquire a comprehensive understanding of the topic.

A circular economy is an interesting and topical context for examining sustainability-related value creation for several reasons. First, it is high on the governmental agenda in Finland, which aims to become a global leader in this approach (Finnish Government, 2019). Second, the potential of a circular economy to address alarming sustainability challenges, such as resource scarcity, biodiversity loss and climate change, by redesigning current production and consumption patterns in society has been acknowledged (Ellen Macarthur Foundation, 2015; Geissdoerfer et al., 2017; Ghisellini et al., 2016). However, moving towards circularity in businesses has proved to be challenging (Frishammar & Parida, 2019).

While planning the research design for Study II, I was primarily interested in the case company's business model around the circular economy. However, the very first interview with the director responsible for the circular economy business revealed, at first even disappointedly, that a detailed examination of the business model and value creation within the company was not crucial for understanding what was truly happening around its sustainability-related value creation and business development efforts. Instead, I noticed that the focal firm's value creation model was dependent on stakeholders at multiple levels of society and extending beyond organisational boundaries. This greatly affected how the study proceeded. In addition to key company representatives (including the CEO, two business directors and three managers), it was crucial to interview stakeholders who were relevant to the circular economy business and/or advancing the circular economy in Finland. We used the snowball sampling method (Noy, 2008) and asked each interviewee to name other potential interviewees. In total, 20 company representatives and stakeholders were interviewed during 2019–2021 to create a thick description that

considered the particularities and the context of the case, as is characteristic of interpretive single case studies (Stake, 2005). Additionally, company documents and publicly available data were used as secondary data to create a holistic contextual understanding.

During the interviews, the importance of better understanding the stakeholder relationships around the circular economy business became clear. Therefore, the data analysis began by organising the data in terms of the key stakeholders and their aims, key relationships with other stakeholders and activities as well as the different value types created, expected or received related to the circular economy. As value creation within stakeholder relationships seemed to occur as part of different activities, an inductive, detailed coding and content analysis process (Gioia et al., 2013; Krippendorff, 2004) was effectuated with respect to the activities and value types. Following the Gioia et al.'s approach (2013), the first-order codes represented the terms that the interviewees used. After that, similarities and differences in the coded data were sought, resulting in second-order categories with more abstraction. Then, the second-order categories were further abstracted into aggregate or theoretical dimensions. As a result of the coding and analysis, we developed an explanatory and analytical model (Tsoukas, 2009) that showed how the aggregate dimensions with the respective second-order categories related to each other and explained value creation in a circular economy (see Gioia et al., 2013). Although single case studies do not aim for generalisability as such, we argued that the developed stakeholder relationship model for value creation in a circular economy is transferable (Welch et al., 2011) to other cases related to value creation in a sustainability-related context. Moreover, Study II provides this dissertation with the organisational and inter-organisational levels of analysis needed to understand stakeholder value creation in the context of sustainability by illustrating how value creation expands beyond a single company.

3.3.3   Study III: Sustainable value creation in green infrastructure collaboration

Study III continues the organisational and inter-organisational levels of analysis and single case study approach that appreciates the particularities of the context (Dyer & Wilkins, 1991). The selected case concerned the design process of a nature-based stormwater management system, which was a novel green infrastructure solution that was entering into city planning and construction in Finland at that time. Green

infrastructure has increasingly been acknowledged as a notable solution to climate change mitigation and biodiversity loss in urban environments (Demuzere et al., 2014). For example, various strategies at the European Union (EU) level promote efforts related to green infrastructure and engaging various stakeholders at multiple levels of society to examine how the EU-level objectives could be addressed at the national and city levels.

The design process in the studied case involved representatives from four public and two private organisations, representing a fruitful context for examining how the design project participants were able to cooperate and make decisions related to a novel nature-based solution that could offer multiple benefits and create sustainable value. At that time, I was active in a Business to Nature (B2N) research project funded by the Academy of Finland, and I participated in a Green Building seminar where I met the paper's second author. The second author was affiliated with the Department of Architecture at Aalto University and had worked as a designer for the stormwater management. She was planning to retrospectively examine the design process and looking for a co-author from management and organisation studies; since our interests converged, we decided to collaborate on the study.

We interviewed representatives from all participating stakeholder organisations, including the second author, who was working in the consulting firm responsible for the landscape design studies at that time. Since the second author had been part of the design project from the beginning, we were able to obtain detailed information about the solution as well as the project itself. Only one of the original project participants declined the interview request; however, another employee from the same organisation who had broad knowledge of the project and the subject in general was suggested as an interviewee. The participating organisations were the Helsinki Region Environmental Services Authority (responsible for urban water services), the Public Works Department (responsible for the planning, building and maintenance of public open areas), the City Planning Department (responsible for urban land use planning), the Environmental Centre (responsible for supervisory work required by environmental legislation) and two consulting firms in the domains of water engineering, hydrology and landscape design.

Altogether, seven semi-structured, thematic interviews were conducted in 2017 after the nature-based storm water management solution had already been implemented and was functioning in the city centre of Helsinki. In addition to how the design process had proceeded and how the participants had experienced it, we were interested in how they would have improved the somewhat cumbersome

process when reflecting retrospectively. Hence, we had an explicit goal of making practical contributions to supporting similar projects in the future.

As the case represented a scarcely studied and novel phenomenon, we used an inductive data analysis approach. We aimed to deeply understand the case within its specific context and with all its complexity and tell a good story based on a rich description instead of focusing on the development of general, theoretical constructs (Dyer & Wilkins, 1991). We familiarised ourselves with the transcribed data and listed frequently occurring issues and themes. We adopted an organic thematic analysis, 'where coding and theme development processes are organic, exploratory and inherently subjective, involving active, creative and reflexive researcher engagement' (Braun & Clarke, 2016, p. 3). The data were coded, and, after various analysis and discussion rounds, the themes were constructed in cooperation to answer the research question (Braun & Clarke, 2016). The themes represented how project stakeholders negotiated and decided what was of value and what was crucial for the project's success, contributing to the extant understanding of sustainability-related value creation and projects in multi-stakeholder settings.

3.3.4   Study IV: Corporate sustainability in CEO language use

Study IV scrutinises CEOs as individual managers, representing the individual level of analysis in this dissertation. Specifically, in-depth interviews with eight CEOs from large, leading Finnish companies were conducted in 2016. I was particularly interested in how CEOs, as influential actors in society, discuss and address sustainability in business. The inclusion of a managerial perspective in this dissertation felt justified because business leaders, such as CEOs, play a crucial role in developing more sustainable and responsible businesses (Stubbs & Cocklin, 2008) and creating new discourses for achieving greater sustainability (Waddock, 2019). Furthermore, I wanted to target large companies from traditional industries related to a carbon-neutral society that were significantly affecting societal sustainability aims. The industries covered energy, manufacturing, construction and industrial chemicals. Although I targeted companies that were already taking a stand on sustainability, I expected to confront contradictions and difficulties given the industries with which the companies were involved.

As CEOs represent the corporate elite, potential challenges related to access, power, openness and feedback were considered at the beginning of the research project (Welch et al., 2002), and an elite researcher was contacted. According to the

received recommendations, interview requests were ultimately emailed to 18 CEOs three months before the meetings, connecting the study purpose to the topicality of the subject, emphasising academic neutrality and confidentiality and referencing the relevant professional background of the researcher (see Koskinen, 2019). The acceptance ratio of the interview invitations was 44%, resulting in eight in-depth interviews with CEOs (seven male, one female). Meanwhile, interviews with two corporate sustainability directors were excluded from the data, as they differed significantly from the interviews with the CEOs. While some researchers have experienced trouble with the openness of the elite, the interviewees in this instance seemed comfortable assimilating the role of spokesperson for their company with that of an individual with strong opinions and a degree of frankness. During the interviews, I encouraged openness 'by steering a course between therapist and spy; in other words, stressing academic neutrality while showing empathy towards the interviewee' and/or by building on opportunities for intellectual discussion and reflection (Welch et al., 2002, p. 625).

A discursive data analysis approach was chosen because it is ideal for analysing the construction of meanings and understanding organisational phenomena that is often rife with various, even paradoxical demands (Nyberg & Wright, 2012). Meanwhile, an inductive content analysis (Hardy et al., 2004; Takala et al., 2012) was conducted to analyse the CEOs' language use. The focus was on understanding the meanings attributed to corporate sustainability, the ways of reasoning about corporate sustainability and whether tensions or contradictions were expressed.

The data analysis was conducted in three steps (Ailon, 2013; Heikkinen et al., 2017). First, I coded and categorised frequently occurring meanings and themes. Second, based on the coded data and emerging categories, I closely examined how corporate sustainability was constructed and reasoned. I identified three emerging, distinctive discourses that constructed and reasoned about sustainability in a business context in different ways. Third, I constantly re-examined the discourses as the study progressed, for instance, in relation to existing literature and the societal context (Ailon, 2013; Heikkinen et al., 2017).

The data analysis process yielded three discourses that were not only contradictory with each other but also contained internal tensions or juxtapositions. Building theoretically on the paradox perspective on corporate sustainability (Hahn et al., 2015, 2018), this finding led to a closer examination of the contradictions and tensions within the constructed meanings of the discourses and related responses. The results were presented as three discourses with different ways of reasoning for

corporate sustainability, including the dominant topics, the dominant tension and tension response strategies.

4   FINDINGS

4.1   Summary of the independent studies

To show how the independent studies address the dissertation's research question and are connected to each other, Table 2 summarises the studies, including their aims, results and main contributions. The subsequent sections briefly discuss the studies' overarching themes.

Table 2.   Summary of the independent studies

Study	Study I: A literature review on stakeholder value creation and sustainability	Study II: Stakeholder value creation in circular economy business	Study III: Sustainable value creation in green infrastructure collaboration	Study IV: Corporate sustainability in CEO language use
Title	Reviewing the stakeholder value creation literature: Towards a sustainability approach	Value creation in circular economy business for sustainability: A stakeholder relationship perspective	Multi-stakeholder cooperation for green infrastructure: Creating sustainable value	Examining the competing demands of business and sustainability: What do corporate discourses reveal?
Authors and year	Tapaninaho & Kujala (2019)	Tapaninaho & Heikkinen (2021)	Tapaninaho & Lähde (2019)	Tapaninaho (2022)
Publication outlet	Leal Filho, W. (Ed.), Social responsibility and sustainability: how businesses and organizations can operate in a sustainable and socially responsible way. Springer.	Business Strategy and the Environment	Dey, A. K. & Lehtimäki, H. (Eds.) Evolving business models in ecosystem of disruptive technologies and social media. Bloomsbury.	Submitted to an academic journal.
Research question	What are the distinctive narratives of stakeholder value creation and how do they consider sustainability?	How and what kind of value is created within stakeholder relationships in circular economy business?	How do collaboration and decision making among multiple stakeholders and value perspectives happen?	How are corporate sustainability and associated tensions constructed in the language use of CEOs?
Theoretical background	Stakeholder theory and stakeholder value creation literature	Circular economy and stakeholder value creation literature	Stakeholder, urban design and social-ecological systems literature	Corporate sustainability literature
Findings	A stakeholder value creation typology	A stakeholder relationship model for value creation in a circular economy business, including joint value creation activities and multidimensional value for advancing sustainability	Activities and capabilities that support decision making and sustainable value creation in multi-stakeholder projects	Instrumental, normative and transformative discourses with corresponding reasonings, dominant topics, dominant tensions and tension response strategies
Contributions	Contributes to stakeholder theory with a research overview of stakeholder value creation, revealing distinctive narratives that vary how they approach stakeholders, value and sustainability; strengthens stakeholder theory in the context of sustainability	Contributes to the circular economy value creation literature by depicting value creation as a systemic and relational phenomenon as well as by defining multidimensional value	Contributes to the stakeholder and urban design literature with a practical focus on advancing multi-stakeholder projects around sustainability	Contributes to the corporate sustainability literature with a novel transformative discourse and a more nuanced understanding of the tension between business and sustainability rooted in competing stakeholder demands and underlying systemic views

4.2 Study I: A literature review on stakeholder value creation and sustainability

Study I's thorough literature review provides this dissertation with a theoretical foundation by examining distinctive narratives in stakeholder value creation and how they consider sustainability. The motivation for the research was based on controversial points of view within the extant literature regarding whether stakeholder theory as a traditional management theory could or should serve in the context of sustainability. On the one hand, stakeholder theory is one of the most used management theories for approaching corporate responsibility and sustainability issues (Frynas & Yamahaki, 2013; Montiel & Delgado-Ceballos, 2014) and it has been developed accordingly (Hörisch et al., 2014). On the other hand, among other issues, it has been criticised for representing a restricted Western, anthropocentric and focal firm-oriented view of business that poorly addresses broad sustainability challenges (Banerjee, 2000, 2007; Clifton & Amran, 2011). In addition, Phillips et al. (2003) questioned whether stakeholder theory should or could address all moral issues, such as those related to sustainability. Hence, the objective of Study I was to holistically understand existing stakeholder value creation research and how it considers sustainability.

The results of the literature review reveal distinctive narratives of stakeholder value creation, which are divided into four categories based on their views on stakeholders and value. The categories are 1) a focal firm orientation with an economic value perspective, 2) a focal firm orientation with a multiple value perspective, 3) a stakeholder orientation with an economic value perspective and 4) a stakeholder orientation with a multiple value perspective. Category 1 consists of narratives that take an instrumental approach to stakeholder value creation and emphasise the importance of the business performance of the focal company. The narratives cover themes related to stakeholder identification, the effects of stakeholder management on firm performance and dynamics in value creation. Category 2 consists of narratives emphasising the responsibility of companies to create value that extends beyond economic value, including, for example, social, environmental, stakeholder and sustainability value. The narratives touch upon critics of the traditional corporate social responsibility (CSR) approach, stakeholder identification and salience, stakeholder management practices, an expanded view of value creation and environmental and sustainability management. The narratives in Category 3 underline the importance of stakeholder cooperation for business performance, moving the focus from the focal firm to stakeholder relationships. The

narratives concern trust as a focal element for cooperation networks, blurring organisational boundaries as well as value creation and capture logics within stakeholder relationships. Category 4 includes narratives that centre on cooperative stakeholder relationships in which value is created beyond economic measures. The themes of the narratives explore the grounds for responsible business behaviour, what is of value and principles and mechanisms related to how value is created. Furthermore, there was a great deal of variation in how the narratives considered sustainability; this concept was either addressed explicitly or implicitly or not referenced at all.

Study I makes two contributions to stakeholder theory and the stakeholder value creation literature. First, it answers calls to investigate one of the key concepts of stakeholder theory through a thorough literature review. The developed stakeholder value creation typology highlights the underlying premises and assumptions of stakeholder value creation research, showing differences in relevant studies' orientation towards stakeholders (focal firm or stakeholder orientation) and value perspective (economic or multiple value perspective). Second, the literature review suggests that the studies in which stakeholders and stakeholder relationships are positioned at the centre of business (stakeholder orientation) and value is perceived as having a multiple value perspective that reaches beyond economic value (multiple value perspective) offer a relevant foundation for understanding stakeholder value creation in the context of sustainability.

In addition, the review presents sustainability-related studies within stakeholder theory and emphasises the need for explicit sustainability consideration in future research. The recommendations for future research include considering systemic, multi-level stakeholder relationships and cooperation as well as broadly understanding value and value creation when conducting research in the realm of sustainability. Hence, Study I joins other efforts to develop stakeholder theory in the context of sustainability (Freudenreich et al., 2019; Hörisch et al., 2014; Schaltegger et al., 2019).

4.3   Study II: Stakeholder value creation in circular economy business

Study II's single case study on the circular economy business of a Finnish energy company examined the kind of value that was created within stakeholder relationships in the company's circular economy business and how it was created.

The study provides this dissertation with a topical and sustainability-related phenomenon and represents the organisational and inter-organisational levels of analysis. During the last decade, the case company had been redesigning its business to be more aligned with sustainability and had developed a circular economy business model around biogas production with various stakeholders at the local, regional and national levels. Although prior research has acknowledged the importance of stakeholder collaboration in a circular economy (Barreiro-Gen & Lozano, 2020; Eikelenboom & de Jong, 2021; Frishammar & Parida, 2019; Geissdoerfer et al., 2018; Jonker et al., 2020; Jonker & Faber, 2018; Marjamaa et al., 2021; Sarja et al., 2021), empirical research has been limited. Indeed, the extant literature on value creation in a circular economy mainly contains company-centric models, and there have been calls for more research on stakeholder relationships beyond organisational boundaries (Centobelli et al., 2020; Eikelenboom & de Jong, 2021; Lüdeke-Freund et al., 2019).

The main results of the study are presented as a stakeholder relationship model for value creation in a circular economy business. The model serves as an explanatory and analytical model for understanding value creation in a sustainability-related phenomenon, such as a circular economy. It consists of five joint value creation activities, critical points for value creation and the conception of multidimensional value. The joint value creation activities occur at two levels: 1) enabling the operating environment for circular economy and 2) implementing the circular economy business and operations. The activities at the operating environment level include sharing the CE story, co-constructing knowledge for political decision making and developing the industry. The activities at the business implementation level include creating local CE ecosystems and refining the business model. The activities involved various stakeholder relationships at national, regional and local levels. Within these joint value creation activities, stakeholders cooperated; the subjective value expectations of the stakeholders became visible and negotiated; and the value for business, stakeholders and society was created or destroyed. The results also defined multidimensional value and identified six types of value that were relevant to the case: sustainability, economic, political, ecological, social as well as safety and quality value.

Study II makes two contributions to the circular economy value creation literature in which company- and business model-centric perspectives on value creation have prevailed to date (Frishammar & Parida, 2019; Lüdeke-Freund et al., 2019). First, value creation in a circular economy business is conceptualised as a relational and systemic phenomenon that crosses organisational boundaries. The results show how

value creation occurs and is enabled within joint value creation activities through which stakeholders from different levels of society cooperate. Instead of focusing on the firm-centric business model and a traditional set of stakeholders, a broad set of stakeholders must engage in joint value creation activities in order to develop a company's circular economy business and advance the circular economy and sustainability at the societal level.

Second, to understand what is meant by value in the context of a circular economy, multidimensional value was defined as a 'subjective, fluid and context-specific value that is created or destroyed within stakeholder relationships and comprises what is valuable or worthy for business, stakeholders and society' (Tapaninaho & Heikkinen, 2022). Derived from the empirical results of the case study and the stakeholder value creation literature (Freudenreich et al., 2020; Garriga, 2014; Haksever et al., 2004; Harrison & Wicks, 2013; Tantalo & Priem, 2016), this value definition sheds light on stakeholders' subjective value considerations that are essential for understanding the phenomenon around sustainability-related value creation. The sustainability value type—referring to sustainability aims at the systemic and societal levels—was valued in most of the stakeholder relationships within the case. However, some stakeholders relevant to the circular economy business emphasised other value types or prioritised one over another. Such stakeholders also need to be motivated for value creation. Therefore, to create synergy that also contributes to sustainability at the societal level, it is important to understand the subjective value expectations within stakeholder relationships and aim to create as much value as possible for all stakeholders (Freeman, 1984, 2010; Freeman et al., 2010; Harrison & Wicks, 2013; Tantalo & Priem, 2016). The findings also show how multidimensional value could be destroyed if stakeholder relationships were not considered fruitful and if critical points in each value creation activity were not achieved. Overall, the multidimensional value definition extends the circular economy value creation literature with a focus on economic firm value capture and customer value (e.g. Centobelli et al., 2020) to include multidimensional value creation or destruction for multiple stakeholders.

4.4 Study III: Sustainable value creation in green infrastructure collaboration

Study III used a single case study to explore collaboration and decision making in a multi-stakeholder project related to the design of a green infrastructure element, a

storm water wetland. This case represents a topical issue related to climate change mitigation in urban environments for which green infrastructure and ecosystem services have been suggested as useful solutions (Demuzere et al., 2014). To develop such solutions, multi-stakeholder cooperation has been acknowledged as necessary (Ahern et al., 2014; Lennon et al., 2016). However, green infrastructure and ecosystem services are novel concepts that have not yet acquired a stable position within urban planning and construction (Lähde & Di Marino, 2018). This has made it difficult to demonstrate to different stakeholders the benefits that green infrastructure solutions could offer people and nature in urban environments (Gómez-Baggethun & Barton, 2012; Lennon & Scott, 2014).

Green infrastructure can be defined as 'a strategically planned network of natural and semi-natural areas with other environmental features designed and managed to deliver a wide range of ecosystem services' (European Commission, 2013, p. 3). Ecosystem services have become a central concept to depict and understand what kind of benefits humans can gain from ecosystems (Millennium Ecosystems Assessment, 2005) or the services that nature can offer humans (Daily, 1997; TEEB, 2010). The services can be categorised into the provision of goods and products, e.g. clean water or food; regulating services, e.g. water retention, purification and pollination; supporting services, e.g. nutrient cycling; and cultural services, e.g. aesthetics and recreation (Millennium Ecosystem Assessment, 2005). These services require well-functioning ecosystems (Constanza et al., 1997). The ecosystem services related to green infrastructure are often connected to climate change mitigation and urban water management, through which various ecological, social and economic benefits, such as increased biodiversity and recreation opportunities and decreased costs, can be created (Ashley et al., 2013).

In the studied case, the design process involved private consultants and various public, local and regional authorities who collaboratively identified, discussed, negotiated and decided on the desired outcomes and benefits from the novel system, which was part of Keski-Pasila's construction project in Helsinki. The main function of the storm water wetland was to offer a nature-based solution to purify potentially polluted storm water before it ended up in the culturally important Töölönlahti Bay.

Study III's results highlight activities and capabilities that supported negotiations and decision making on what is of value and enabled sustainable value creation. Hence, the design project comprised the planning framework, in which what was of value was negotiated, and the capabilities that were important for the project's success. The project started from economically- and technically-oriented premises and value considerations and expanded to discuss and decide on multiple value

aspects—namely, economic, social, environmental and cultural value—during the design process. The capabilities revolved around knowledge sharing, organisational capabilities, project management and the crucial role of change agents. Furthermore, the project was intertwined with ongoing systemic change occurring at the city level. The project and city-level activities informed each other and influenced the ongoing changes towards more systemic thinking about sustainability. However, the results reveal that incorporating sustainability systematically into city-level strategies and creating shared understandings and measures for novel solutions, such as green infrastructure, were challenging.

Study III mainly contributes to the urban design (Gómez-Baggethun & Barton, 2012; Lennon & Scott, 2014), stakeholder value creation (Hörisch et al., 2014) and multi-stakeholder cooperation literature (Sharma & Kearins, 2013) by deepening knowledge on multi-stakeholder projects and value creation around sustainability. Above all, the contributions are practical, as the study results offer insights on how to decide and define shared objectives in complex, inter-organisational projects related to sustainability. In particular, the need for knowledge sharing, mutual learning, open discussions (including listening and being heard) and good project management were highlighted. Furthermore, replacing traditional, organisation-centric agency and responsibilities with collective efforts and a personal capability to abandon one's conventional field of expertise and deal with uncertainties related to sustainability were considered important for making decisions on novel nature-based solutions. The role of individuals who acted as change agents and subject matter experts was also accentuated as they offered decision makers versatile information about the possible outcomes and benefits of the storm water wetland. The results also offered insights on interlinkages within social-ecological systems, such as urban water systems, and how people and ecological systems are connected to and affect each other.

4.5   Study IV: Corporate sustainability in CEO language use

Study IV provides this dissertation with an individual, managerial perspective on the research phenomenon by focusing on the inherent tensions between business and sustainability and competing demands that decision makers face related to sustainability. It builds on the paradox perspective on corporate sustainability (Hahn et al., 2015, 2018) and scrutinises CEOs in order to examine how corporate sustainability and associated tensions are constructed in their language use. The study

analyses CEO language use according to following empirical research questions: 1) What kinds of meanings are constructed for corporate sustainability and how is sustainability reasoned? and 2) What kinds of tensions do the constructed meanings carry and what are the responses?

According to the paradox perspective on corporate sustainability, it is important to make the inherent tensions and competing demands related to sustainability visible to organisational decision makers and direct attention towards finding solutions while using different strategies (Hahn et al., 2015, 2018; Van der Byl & Slawinski, 2015). Both research and practice have emphasised a rather instrumental business case view of sustainability that has downplayed the inherent tensions between business and sustainability (Laine, 2010; Mäkelä & Laine, 2011; Tregidga et al., 2018; Van der Byl & Slawinski, 2015). As such, Study IV adopted the paradox perspective to closely examine the complexity related to business and sustainability from the CEO perspective.

The findings are presented as three discourses—instrumental, normative and transformative discourses—and include different ways of reasoning for corporate sustainability with corresponding dominant topics, tensions and tension response strategies. Corporate sustainability is reasoned and constructed differently in each discourse, and tensions and responses to those tensions emerge in different ways. While the tensions between business and sustainability were present in each discourse, they were constructed differently in relation to different stakeholders and systemic views.

The instrumental discourse represents a rational and utilitarian reasoning with the dominant topics that constructed sustainability as 1) a strategy and source of growth; 2) an invisible hand of the free market; and 3) a trigger for continuous improvement. The dominant tension in the instrumental discourse was constructed in relation to the current market system, which was still a battlefield of competing interests related to economic and other sustainability objectives. In particular, business to business (B2B) customers' economic objectives were juxtaposed with the sustainability ambitions of the CEOs' companies. Despite competing demands, sustainability was constructed as a strategic issue for companies with constantly but incrementally increasing importance. The tension response strategy depicted high agency for the CEOs' companies in addressing sustainability, downplayed tensions and suggested incremental changes to business practices.

The normative discourse builds on moral and aspirational reasoning and sustainability was constructed as 1) an ambiguous concept; 2) humankind's biggest challenge; and 3) an aspiration. The dominant tension in the normative discourse

was constructed in relation to a broad systemic view including the global sustainability challenges faced by the planet and humankind. The interests of the planet and humankind were contrasted with the interests or difficulties of contemporary companies in addressing them due to various obstacles, while the moral responsibility to act was acknowledged. The response strategy to tensions lowered the agency of the CEOs' companies in addressing sustainability, expanded tensions and consequently suggested incremental changes to business practices.

The transformative discourse is based on change- and future-oriented reasoning. The dominant topics constructed sustainability as 1) increasing transparency and awareness; 2) changing values; and 3) disruption. The dominant tension in the transformative discourse was constructed in relation to a broad systemic view in which the societal structures and systems are changing. In addition, the problems related to the carrying capacity of the natural environment were considered and solutions were elaborated. In particular, the values of younger generations were contrasted with those of older generations. Changing values, increasing awareness and transparency as well as significant disruptions were described as transformative forces fostering change in society. While the instrumental and normative discourses conveyed incremental changes to current corporate sustainability activities, the transformative discourse showed the potential to overcome or transcend the tensions between business and sustainability, as transformative forces were discussed and radical changes to business practices were suggested within changing societal systems. Hence, the tension response strategy conveyed an intermediate level agency for the CEOs' companies in addressing sustainability and showed how tensions can be overcome with including radical changes to business practices.

In sum, the findings show how corporate sustainability and associated tensions are simultaneously constructed in the language use of CEOs with different meanings and with respect to different stakeholders and systemic views, presenting implications for both theory and practice. Study IV primarily contributes to the corporate sustainability literature in several ways. First, it introduces the novel transformative discourse to complement the instrumentally and normatively connotated discourses (Heikkinen, 2014; Mäkelä & Laine, 2011; Siltaoja, 2009) and reasonings (Hahn et al., 2015, 2016; Hengst et al., 2020) identified in prior research. Second, it contributes to the paradox perspective on corporate sustainability (Hahn et al., 2018) by underlying multi-discursivity (Poldner et al., 2017), which describes how CEOs respond to competing demands. Moreover, the results shed light on how different conceptions of corporate sustainability prime the tension between business and sustainability as well as response strategies in different ways. Finally, it argues

that more attention should be paid to individuals' conceptions of the social and ecological systems in which business and sustainability are understood.

4.6   Synthesis of the overarching themes in the studies

The four studies share overarching themes that have been used to answer this dissertation's research question. These themes have been synthesised as 1) value creation within stakeholder relationships; 2) joint value creation activities; 3) multidimensional value; 4) complexity, tensions and competing demands and; 5) conceptions of social and ecological systems. Each theme is briefly discussed below.

4.6.1   Value creation within stakeholder relationships

To depict the essence of business and value creation in the context of sustainability, the four studies ground value creation within stakeholder relationships instead of emphasising value creation from a company-centric perspective. Based on the results of the literature review on stakeholder value creation, I argue that a focus on systemic, multi-level stakeholder relationships and cooperation for the creation of value beyond economic measures best explains stakeholder value creation in the context of sustainability (Tapaninaho & Kujala, 2019). In a similar vein, both case studies demonstrate that value creation in the context of sustainability occurs within stakeholder relationships at different levels in society and extends beyond organisational boundaries (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019). Additionally, the CEOs' corporate sustainability discourses portray business and value creation as meeting the needs of different stakeholders; although the customer relationships were perceived as the main driver for business, other stakeholder relationships were also discussed, especially those related to sustainability (Tapaninaho, 2022).

4.6.2   Joint value creation activities

The study findings show that interaction, cooperation and value creation within stakeholder relationships occur via joint value creation activities. While the literature review discusses principles, processes and practices that are considered essential for stakeholder cooperation and value creation (Tapaninaho & Kujala, 2019), joint value

creation activities are particularly emphasised in the case studies on the circular economy (Tapaninaho & Heikkinen, 2022) and green infrastructure collaboration (Tapaninaho & Lähde, 2019). Additionally, in the CEOs' corporate sustainability discourses, sustainability-related activities and value creation models were strongly connected with joint activities, such as partnering and learning in stakeholder cooperation (Tapaninaho, 2022).

Joint value creation activities take place at the institutional and operational levels (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019). At the institutional level, joint value creation activities are needed in order to build shared understandings and legitimate novel sustainability-related solutions, develop political and regulatory environments as well as create common practices and measures for new solutions. At the operational level, joint activities aim to develop value creation models and stakeholder value propositions that are valuable to different stakeholders as well as construct networks and partnerships through which sustainability-related business operations can be implemented. Additionally, multi-stakeholder projects in the context of sustainability are common, and they offer fruitful platforms for developing novel solutions and creating value with stakeholders at multiple levels in society. The institutional- and operational-level activities are intertwined, informing and affecting each other (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019). This highlights the importance of all joint value creation activities in creating value in the context of sustainability.

4.6.3   Multidimensional value

All four studies understand value as having a multiple value perspective that is related, for example, to economic, ecological, social, cultural, political, quality, safety, stakeholder and/or sustainability value. Furthermore, value is discussed from subjective points of view and perceptions based on what is valued by an individual and/or a stakeholder. The following definition of multidimensional value summarises what is meant by value within the studies:

> Multidimensional value is [a] subjective, fluid and context-specific value that is created or destroyed within stakeholder relationships and comprises what is valuable or worthy for business, stakeholders and society (Tapaninaho & Heikkinen, 2022).

Sustainability is not included in the definition, although it is an increasingly important value within stakeholder relationships, according to the studies' results. However,

the studies showed that sustainability remains an ambiguous concept for many practitioners and that it is discussed in different terms and dimensions (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019; Tapaninaho, 2022). While a comparison of the empirical data sets is not appropriate due to their differences, sustainability as a holistic concept that integrates all dimensions of sustainability was discussed with more clarity in the circular economy case study, which included interviews held in 2019–2021, than in the green infrastructure case study and the CEO interviews, for which the data was generated in 2017 and 2016, respectively.

4.6.4 Complexity, tensions and competing demands

Studies I–IV highlighted the complexity, tensions and competing demands at the intersection of business and sustainability in several ways. First, the literature review pointed out that the stakeholder value creation research field is riddled with tensions and remains incoherent with respect to whether and how businesses and their stakeholders could address sustainability (Tapaninaho & Kujala, 2019). Second, the case studies showed that value creation and cooperation within stakeholder relationships in the context of sustainability are not straightforward, for example, due to a lack of knowledge or limited understanding of novel sustainability-related solutions; hence, legitimation efforts for new sustainability-related solutions are required (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019). Third, the studies showed that stakeholders' demands related to business and sustainability can vary to a great extent, increasing the complexity for managers, such as CEOs, when developing businesses in the context of sustainability (Tapaninaho, 2022). Furthermore, Study IV revealed that the tensions between business and sustainability are constructed not only in relation to competing stakeholder demands but also with respect to the individual's underlying systemic view, i.e. their narrow or broad conception of the surrounding social-ecological systems.

4.6.5 Conceptions of social and ecological systems

Conceptions of social and ecological systems refer to how the broader societal and natural environments surrounding businesses and their stakeholders are understood and taken into consideration. The literature review revealed critics of management theories, including stakeholder theory, in terms of the limited attention paid to the natural environment surrounding businesses and their ignorance of a broad set of

stakeholders including marginalised stakeholders in the context of sustainability (Tapaninaho & Kujala, 2019).

Both case studies empirically show how social and ecological systems are considered within stakeholder relationships. The circular economy study illustrates how the effects of a circular economy business were discussed with respect to the natural environment—e.g. respecting planetary boundaries, decreasing carbon dioxide emissions, saving the Baltic Sea—and social well-being—e.g. caring for future generations (Tapaninaho & Heikkinen, 2022). Additionally, the circular economy was discussed as a novel economic and societal model that could be more aligned with sustainability than the current model (Tapaninaho & Heikkinen, 2022). In the study on green infrastructure collaboration, the nature-based stormwater management system and the ecosystem services offered by the solution enabled stakeholders to depict and understand the relationships between human activities, social systems and ecological systems (Tapaninaho & Lähde, 2019). For example, stakeholders discussed the effects of the novel solutions on the natural environment, e.g. water quality and increased biodiversity, and social well-being, e.g. aesthetics and recreational opportunities for people. They also discussed the harmful effects of polluted stormwater on the culturally important Töölönlahti Bay that could have occurred if the traditional drainage system had been used (Tapaninaho & Lähde, 2019).

Finally, the CEOs' corporate sustainability discourses demonstrated that individuals may simultaneously have multiple, different views towards the surrounding social and ecological systems (Tapaninaho, 2022). For example, the discourses either emphasised the current market system (instrumental discourse) or took a broader view of socio-ecological systems (normative and transformative discourses). Consequently, the constructed systemic views were connected to conceptions of corporate sustainability and considered stakeholders (Tapaninaho, 2022).

5   DISCUSSION AND CONTRIBUTIONS

5.1   Theoretical contributions

This dissertation examines how businesses can create value with and for stakeholders in the context of sustainability. I argue that *to create value in the context of sustainability, businesses must 1) adopt a systemic and relational view of value creation with a focus on stakeholder relationships; 2) build on joint value creation activities at multiple levels of society and beyond organisational boundaries; 3) perceive value as multidimensional; 4) address the complexity, tensions and competing demands related to sustainability; and 5) profoundly understand the relationships with the surrounding societal and natural environments.* This assertion pertains to the idea that sustainability necessitates cooperation beyond organisational boundaries, to which organisation-centric views are ill suited. Furthermore, it builds on the stakeholder value creation and corporate sustainability literature as well as the synthesised results of the independent studies included in this dissertation.

This dissertation contributes to stakeholder theory (Freeman, 1984; Freeman et al., 2010, 2020) by improving understanding of how this theory addresses complex and systemic sustainability issues (Johnson-Cramer et al., 2021). Specifically, it contributes to the stakeholder value creation literature in the context of sustainability (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019). Additionally, this dissertation contributes to the corporate sustainability literature by depicting stakeholders and stakeholder relationships as the nexus between business and sustainability as well as by showing how multidimensional value creation within stakeholder relationships allows for addressing complexity in sustainability and promoting systemic sustainability. Broadly, by representing stakeholder theory as a management theory, this dissertation provides an alternative to the organisation-centric and economically-oriented value creation models dominating the mainstream value creation literature and management theories.

This dissertation offers several theoretical contributions. First, it contributes to stakeholder theory and the stakeholder value creation literature by theoretically and empirically reinforcing the understanding of business and value creation as systemic and relational (Freeman, 1984; Freeman et al., 2020). When companies adopt a systemic and relational view, attention is directed to the interconnected and

interdependent relationships within a business system and in relation to broader systems (Freeman et al., 2020). The interactions within these relationships affect how a system, e.g. a business system, functions and what kind of outcomes emerge (Mele et al., 2010). The systemic and relational view parallels the systemic view inherent in sustainability, which focuses on the relationships between interconnected and interdependent economic, social and environmental systems at multiple levels. The systemic and relational view is present in Studies I–IV, as they place value creation for sustainability within cooperative stakeholder relationships beyond organisational boundaries. Meanwhile, the company-centric view is challenged in the studies because value creation within the complex context of sustainability requires stakeholder cooperation at multiple levels in society. Paradoxically, perceiving business through value-creating stakeholder relationships increases the complexity of the business but is required to address the complexity related to sustainability. Overall, the results of this dissertation support the characterisation of stakeholder relationships as the focal unit of analysis in the stakeholder value creation literature in the context of sustainability (Hörisch et al., 2014; Freudenreich et al., 2020; Schaltegger et al., 2019).

Second, this dissertation contributes to the stakeholder value creation literature by showing how value creation within stakeholder relationships concretely occurs in intertwined joint value creation activities at different levels of society and extending beyond organisational boundaries. The empirically derived and discussed joint value creation activities at the institutional and operational levels (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019) deepen knowledge on joint activities that have been considered crucial in stakeholder value creation in the context of sustainability (Freudenreich et al., 2020). By distinguishing institutional-level activities, this dissertation shows how stakeholders can collaboratively establish conditions for sustainability-related businesses and operations in society, an issue that has not yet acquired enough attention within stakeholder value creation research (Schaltegger et al., 2019). Additionally, by highlighting that joint value creation activities at different levels are intertwined, this dissertation expands the organisation-centric value creation model conceptions prevailing in the mainstream value creation literature. On the one hand, the operational-level activities related to implementing a company's value creation models are dependent on collaborative efforts and other joint value creation activities at the institutional level. On the other hand, the activities at the institutional level affect and are affected by the operational-level activities. In sum, discussions and negotiations about what is of value to stakeholders constantly occur during joint value creation activities, and complexity,

tensions and competing demands are addressed. Moreover, in joint value creation activities, multidimensional value is created or destroyed for businesses, stakeholders and society, potentially contributing to systemic sustainability as well.

Third, this dissertation offers a definition of multidimensional value (Tapaninaho & Heikkinen, 2022) that parallels and contributes to the extant stakeholder value creation literature by reinforcing the understanding of stakeholder value as subjective (Garriga, 2014; Haksever et al., 2013; Harrison et al., 2009; Harrison & Wicks, 2013; Tantalo & Priem, 2016) and subject to change as stakeholders interact and cooperate. It also includes the possibility of value destruction, an issue that has scarcely been addressed in the stakeholder literature and requires more research (Harrison et al., 2020). Additionally, the definition highlights the holistic and systemic sustainability value type, among others. While prior research has argued that sustainability becomes a collective or shared value (Hörisch et al., 2014; Schaltegger et al., 2019) or a joint purpose (Freudenreich et al., 2020), the empirical results in this dissertation revealed that this is not always the case (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019; Tapaninaho, 2022). Therefore, subjective stakeholder value expectations must be understood as multidimensional in order to engage all key stakeholders in value creation for sustainability (Tapaninaho & Heikkinen, 2022). Without the support of stakeholders who are hesitant or do not agree on sustainability-related aims, the promotion of sustainability at the systemic and societal level is hindered. Hence, bundles of value (Schaltegger et al., 2019) and stakeholder value propositions (Schaltegger et al., 2016) need to motivate different stakeholders in order to contribute to sustainability (Schaltegger et al., 2019; Tapaninaho & Heikkinen, 2022). While the definition of multidimensional value was developed in the context of circular economy business, it is transferable to other sustainability-related contexts in order to understand value creation within stakeholder relationships (Tapaninaho & Heikkinen, 2022).

Fourth, this dissertation maintains that more attention should be given to the complexity, tensions and competing demands at the intersection of business and sustainability, thereby contributing to the stakeholder value creation literature (Freudenreich et al., 2020; Hörisch et al., 2014; Schaltegger et al., 2019). The literature has characterised the potential conflicts and competing value expectations, demands and values within stakeholder relationships as important and requiring more research (Freudenreich et al., 2020; Schaltegger et al., 2019). This dissertation also builds on the paradox perspective on corporate sustainability (Hahn et al., 2018) and brings forward the complexity that organisational decision makers face when dealing with competing demands related to sustainability (Tapaninaho, 2022). Tensions in

corporate sustainability refer to the paradoxical relationships between the interdependent elements of sustainability (Hahn et al., 2018; Wannags & Gold, 2020), such as between economic and broader societal sustainability objectives. The concept of tension is useful for stakeholder value creation in the context of sustainability, as it directs attention to multiple levels and factors affecting tensions. For example, tensions can be depicted not only between economic, social and environmental objectives but also between different levels of analysis, such as between individuals, organisations and systems (Hahn et al., 2015). In Study IV, tensions between business and sustainability were understood as derived from competing stakeholder demands as well as from the underlying systemic view that affects the construction of the tension (Tapaninaho, 2022). Hence, according to this dissertation, the tensions between business and sustainability stem not only from competing stakeholder demands but also from different conceptions of the surrounding social and ecological systems.

Furthermore, the results of this dissertation contribute to stakeholder theory by shifting the focus from managerial agency to the dynamics of business–stakeholder relationships (Johnson-Cramer et al., 2021) with regard to addressing complexity, tensions and competing demands. The literature emphasises the role of managers in attending to competing stakeholder demands (Freeman, 1984; Freeman et al., 2010, 2020) and tensions in corporate sustainability (Hahn et al., 2015). However, the results of the case studies in this dissertation give a more prominent role to stakeholder relationships and joint value creation activities in which competing demands and tensions are brought forward and either solved or not solved as a result of stakeholder interactions at multiple levels in society (Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019). The role of a manager is to understand and nurture these relationships (Freeman, 1984; Freeman et al., 2020), such as by appreciating and participating in finding solutions to competing demands within joint value creation activities; however, the outcomes are beyond the individual manager's influence. In line with the relational and systemic view and systems theory, relationships are not linear or dyadic (Bansal & Song, 2017), and the outcomes depend on all interactions and relationships within a system and in relation to broader systems (Mele et al., 2010). The systemic and relational view also perceives relationships as dynamic and in constant move in and between systems. Hence, the systemic and relational view on value creation complicates the managerial task to attend competing stakeholder demands but is also needed in order to create value that is aligned with sustainability.

Fifth, the systemic and relational view of value creation expands the focus of companies so that they can better understand their relationships with broader societal and natural environments. While the stakeholder value creation literature has mainly focused on understanding value creation within the societal environment of companies and their stakeholders (Freeman et al., 2020; Hörisch et al., 2014), this dissertation expands the view to include relationships with the natural environment, which has been of particular interest to sustainability researchers (Bansal & Song, 2017; Hörisch et al., 2014) and which has only recently acquired more attention in the stakeholder value creation literature (Freudenreich et al., 2020; Schaltegger et al., 2019). The synthesised results of Studies I–IV discussed societal and natural environments under the conceptions of social and ecological systems. The literature review revealed the critics of the lack of attention given to the natural environment by management theories, such as stakeholder theory, and requested that the natural environment should have a more prominent place in such theories (Tapaninaho & Kujala, 2019). However, the intertwined, multi-fold relationships and effects between organisational activities and the natural environment were acknowledged and discussed in each empirical study context.

In particular, the studies on circular economy business (Tapaninaho & Heikkinen, 2022) and green infrastructure (Tapaninaho & Lähde, 2019) show how impacts of the natural environment, such as climate change, diminishing natural resources and polluted water, were interpreted as feedback sent from the natural environment about harmful human activities. Consequently, many stakeholders found it important to consider the effects of their own activities and positively affect the natural environment. Meanwhile, the empirical results underlined that conceptions of the natural environment and the societal environment are dependent on the individual or the stakeholder and are constructed through language and interaction with others (Tapaninaho, 2022). Therefore, based on the corporate sustainability literature and the empirical research results of this dissertation, the natural environment should be given a prominent place as the context in which companies and their stakeholders operate (Gladwin et al., 1995; Heikkinen et al., 2018; Laine, 2005; Marcus et al., 2014; Schaltegger et al., 2019) and more attention should be paid to individuals' and stakeholders' conceptions of that environment.

In sum, this dissertation contends that stakeholder value creation in the context of sustainability is rooted in the intertwined and interdependent stakeholder relationships within their societal and natural environments. Stakeholders interact and cooperate in joint value creation activities in which complexity, tensions and competing demands can be addressed and multidimensional value be created or

destroyed. As a result, value is created or destroyed for businesses, stakeholders and society, and sustainability is advanced through the synergy that occurs (Tantalo & Priem, 2016). Moreover, this synergy advances value creation for all and enables the advancement of sustainability at the systemic and societal level (Hörisch et al., 2014; Schaltegger et al., 2019; Tapaninaho & Heikkinen, 2022; Tapaninaho & Lähde, 2019). Through these conclusions, this dissertation contributes to stakeholder theory by showing how systemic sustainability issues can be addressed within business–stakeholder relationships (Johnson-Cramer et al., 2021).

5.2 Managerial implications

To stay true to the pragmatic research philosophy, one of my key objectives has been to support practitioners in developing their businesses and value creation in the context of sustainability. Therefore, this dissertation offers several insights for business practitioners and public sector actors on how to develop practices and policies with respect to sustainability in cooperation with stakeholders. In addition, implications for education are discussed.

First, the stakeholder concept is useful for managers when identifying stakeholders that affect or are affected by a company's business. In the context of sustainability, a broad understanding of the definition of a stakeholder is needed. In this dissertation, I have not offered a thorough list of relevant stakeholders because stakeholders are context specific and depend on the problem that is being addressed (Freeman et al., 2010; Hörisch et al., 2014). For example, in the circular economy business case, stakeholders, such as owners, employees, B2B customers, consumers, future generations, partners, competitors, permission authorities, politicians, cities, ministries, government officials, industry and development organisations, research organisations, the European Parliament and the European Commission were discussed. Meanwhile, in addition to identifying stakeholders and stakeholder relationships within a business system, managers need to be able to discern their relationships with the natural environment. This includes evaluations of how companies and their stakeholders affect the natural environment and how they can support the flourishing of the natural environment upon which they are dependent.

Second, the results of the dissertation support a systemic and relational understanding of business and value creation that is accentuated and required in the context of sustainability. Understanding value creation with a systemic and relational view challenges the prevailing manager- and organisation-centric views and depicts

business through value-creating stakeholder relationships in which companies do not necessarily hold the focal position at the centre of all stakeholder relationships but are part of systems in which effects are difficult to predict. The systemic and relational view sheds light on the complexity and tensions related to sustainability and business systems consisting of multiple stakeholder relationships. Managers today should acknowledge and accept this complexity and be able to identify tensions between current business practices, broad sustainability objectives and competing stakeholder demands and look for novel solutions with their stakeholders.

Third, this dissertation provides managers with the concept of multidimensional value in order to depict what kind of value businesses can create and for whom. It challenges the prevailing economic understanding of value or customer value as part of business models and value creation. Multidimensional value depicts value beyond economic measures and helps find and negotiate value propositions for all stakeholders. Furthermore, managers need to be able to reflect on the kind of value that they are creating or destroying within their broader societal and natural environments.

Fourth, this study does not provide solutions that fit all businesses and business models but illustrates how value creation can be understood and organised beyond organisational boundaries according to joint value creation activities at different levels of society. In addition to the business model of a company, other activities become particularly important in the context of sustainability. To engage stakeholders in joint activities, companies need to be able to anticipate what would motivate a stakeholder from their perspective as well as accept and relish the process of negotiation, contestation and collaboratively finding solutions.

Fifth, the results of Study IV demonstrate that sustainability is understood in multiple ways. It is important to become aware of different ways of talking about and giving meanings to sustainability in order to understand not only one's own assumptions, conceptions and ways of reasoning but also how others approach the subject. The first step in creating shared understandings is to bring forth different understandings. The results of Study IV also show how the transformative way of constructing and reasoning about corporate sustainability helps individuals comprehend the constantly moving, systemic and complex sustainability phenomenon. Furthermore, transformative discourse allows existing ways of living and doing business in relation to sustainability to be challenged.

For policy makers, this dissertation offers insights on how companies and their stakeholders, including public organisations, can promote sustainability through

cooperation at multiple levels in society. Companies play a crucial role in addressing ambitious objectives and strategies related to climate change mitigation, biodiversity loss and resource scarcity at the global, EU, national and municipal levels. Furthermore, the Sustainable Development Goals (SDGs; United Nations, 2015) have entered corporate and governmental agendas, and their promotion requires stakeholder cooperation and value creation that is aligned with sustainability. In particular, societal-level sustainability objectives can be promoted through the synergy that can be achieved within cooperative stakeholder relationships, in which multidimensional value is simultaneously created for businesses, stakeholders and society. This finding was most evident in the circular economy business case (Tapaninaho & Heikkinen, 2022) but also present in the green infrastructure case (Tapaninaho & Lähde, 2019) in which sustainability was promoted and value simultaneously created and deemed satisfactory for businesses, public organisations and citizens. Overall, the circular economy business and green infrastructure case studies have the potential to inform policy makers on value creation in the context of sustainability. Moreover, I hope that the results of this dissertation help policy makers to accept that many tensions and competing demands are inherently present and that they require, above all, the energy and courage to understand, appreciate and address them in cooperation with multiple stakeholders.

This dissertation also offers practical implications for education. As Schaltegger et al. (2019) argued, understanding business with a stakeholder view and in relation to sustainability provides opportunities for developing teaching curricula in various disciplines, including business. For example, basic management books still rely heavily on traditional business views and vocabulary. Economically-oriented and firm-focused business models and profit maximisation objectives dominate the main business narratives. The stakeholder view of value creation would provide students with a completely different perception of the purpose of business, what is of value and how value is created. I argue that understanding business through stakeholder value creation would also improve student competencies related to addressing sustainability issues. In Study IV, the interviewed CEOs emphasised that values were changing, especially among younger generations who were increasingly making decisions in line with sustainability criteria (Tapaninaho, 2022). As such, developing one's business to correspond to the changing values of future talent was considered crucial; this idea could and should be transferred to education more profoundly than before as well.

5.3 Evaluation of the study

According to pragmatism, as with any other way of constructing knowledge about the world, research is a language game (Wicks & Freeman, 1998). Therefore, this dissertation is only one narrative among others aiming to understand business, value creation, stakeholders and sustainability. One way to assess a study was suggested by Freeman et al. (2010, p. 78) who built on Gonin (2007) and proposed following questions that are used in this dissertation for the evaluation:

1) Does this work answer the question(s) it proposes?
2) Was the question meaningful and appropriate?
3) Are there alternative modes of research that could lend insights into the research question(s)?
4) What are the direct consequences of this research?
5) If we teach this insight to managers and students, what might be the result if they act on it?
6) What is the background narrative(s) of this research?
7) How will we begin to see ourselves and others if we act on this work?
8) How will this work shape the context in which value creation and trade takes place?

Regarding the first question, the overall aim of this dissertation was to increase understanding of how stakeholder theory can be used to address complex sustainability challenges. The research question was formulated around how businesses can create value with and for stakeholders in the context of sustainability. This dissertation has theoretically and empirically demonstrated how understanding business and value creation as a systemic and relational phenomenon in which value creation occurs within stakeholder relationships helps address systemic and complex sustainability issues that can only be solved through cooperation. The results of Studies I–IV demonstrated that the themes related to value creation within stakeholder relationships, joint value creation activities, multidimensional value, complexity, tensions and competing demands related to sustainability as well as conceptions of social and ecological systems are important for understanding value creation in the context of sustainability. Therefore, I have answered the dissertation's research question. Regarding the second question, the research question is deemed meaningful and appropriate, as both research and practice in general have shown that sustainability is constantly increasing its relevance to and importance for businesses, stakeholders and society at large.

Regarding the third question, there are definitely alternative research models that could have lent insights into this research question. For example, a multiple case study approach could have permitted comparative analysis and perhaps resonated better with research ideals to create more generalisable results. Meanwhile, a quantitative research approach, e.g. a survey questionnaire, could have been used to understand, for example, the sustainability perceptions of a broader set of decision makers and stakeholders. Additionally, focus groups could have examined meanings related to sustainability in a business context. The most interesting new research model to apply would have probably been action or ethnographic research; I could have entered an organisation on a long-term basis and followed how stakeholder relationships and sustainability were perceived and developed as part of the business.

Regarding the fourth question, reflecting on the direct consequences of this research is difficult. While Studies I–IV are easily available, at least to the academic audience, the consequences of the dissertation as a whole are difficult to estimate. Hopefully, it offers relevant content for academics and practitioners seeking to understand business beyond manager- and organisation-centric approaches in which economic value creation often still prevails and engages them in transforming businesses and value creation to include a broad set of stakeholders and contributions to systemic sustainability.

The fifth question related to teaching is easier to answer, as the content of this dissertation is present in all of my teaching at the University. I have witnessed how the concepts of stakeholder and sustainability are considered relevant by master's degree students today. I assume that the results of this dissertation will allow students and managers to understand business in a more complex and versatile way than it is understood today according to the mainstream business literature.

Regarding the sixth question, the background narrative of this research is embedded in my business practice and teaching experiences, through which I have witnessed that economic and profit maximisation doctrines still dominate as the main narratives, while sustainability and stakeholder approaches are acquiring increasing relevance in both instances. I strongly believe that business conducted according to the mainstream narratives that give the priority to economic objectives and profit maximisation does not support the long-run well-being of business, humanity and the natural environment.

Regarding the seventh question, I hope that acting in greater accordance with the narrative presented in this dissertation will help us start to see ourselves and others in a more humane way. In particular, we could more clearly see the interconnectedness and interdependence of humans as well as the natural

environment. Understanding these connections could result in improvements in how we foster cooperation and acknowledge sustainability as a shared issue that touches us all.

Regarding the eight question, this dissertation renders the context, in which value creation and trade take place, complex, dynamic and stimulating. This context is challenging but inspirational as it enables us to create something new together that can have positive effects on the quality of life of humans and the natural environment. Hence, the dissertation aims to improve the simultaneous flourishing of businesses, stakeholders, societies and the natural environment.

The quality of this research has also been evaluated in terms of the following elements of trustworthiness: dependability, transferability, credibility and confirmability (Eriksson & Kovalainen, 2008; Lincoln & Guba, 1985). Regarding dependability, each independent study detailed how its research process was conducted. Furthermore, this dissertation has summarised these studies and the research process as a whole. Regarding transferability, each study discussed its research results in relation to prior research, and the dissertation as a whole is directly connected to extant corporate sustainability and stakeholder value creation research. The credibility of the dissertation relies on my ability to demonstrate that I am familiar with the topic and that I have a sufficient amount of data for the claims I have made (Eriksson & Kovalainen, 2008). The credibility of my claims in this dissertation is based on a thorough review of the stakeholder value creation literature (Study I) and the three empirical data sets used to acquire a holistic understanding of the research phenomenon (Studies II–IV). Though subjective in nature, my interpretations are based on a vigorous analysis of study data that also reflects the literature. Furthermore, Studies I–III included co-authors who were involved in the analysis process to varying extents and who engaged in shared reflections and elaboration of the interpretations. Regarding confirmability, the findings and interpretations in this dissertation are connected and explained in relation to the results and data generated in Studies I–IV. Hence, I have aimed to show how the results of those studies answered the overall aim and research question of the dissertation.

5.4   Limitations and future research recommendations

This dissertation, as any research endeavour, has limitations. First, it is strongly built on stakeholder theory as a management theory, whereas the corporate sustainability literature has had a complementary role. The literature could have been used in another way, or other theories or issue-based multi-stakeholder settings within stakeholder theory could have been used as a starting point. However, stakeholder theory in its original form was chosen because it understands value creation and trade from the business perspective and has been used in studies related to business and value creation in the context of sustainability. Second, this dissertation is limited to certain data sets and contexts. The circular economy business and green infrastructure case studies offered two different sustainability-related contexts and served as proxies for examining stakeholder value creation in the context of sustainability. Other sustainability contexts could have portrayed the results differently; therefore, future research on other empirical settings is recommended.

Third, longitudinal studies could have been used to examine how traditional business models evolve in the long term to be more aligned with sustainability and how they could shape, for example, joint value creation activities in the long run. Fourth, cultural consideration also influences research results. Therefore, since Finland has been identified as a forerunner in sustainability issues (Strand & Freeman, 2015; Quarshie et al., 2019), future research could explore other cultural contexts to comparatively examine the studied research phenomenon of stakeholder value creation in the context of sustainability. Fifth, while this dissertation did not seek generalisability as such, many of the research results are transferable to other contexts, as they allow for the creation of context-specific content. Furthermore, the results strongly echo and confirm recent stakeholder value creation research in the context of sustainability.

Meanwhile the research findings pave the way for interesting future research avenues that are beyond the scope of this dissertation. For example, more knowledge is needed on the relationships between businesses, stakeholders and the natural environment. In particular, how business actors and different stakeholders understand, perceive and experience the intertwined relationships and feedback links with the natural environment is an interesting subject for future research. The future research should also include the examination of the inherent tensions within these relationships and how the tensions are understood and constructed, such as by building on the paradox perspective on corporate sustainability (Hahn et al., 2015, 2018). The paradox perspective can also be useful for more closely examining the

relationships from the point of view of prevailing tensions between anthropocentric and economic objectives, e.g. an economic growth doctrine embedded in a neoliberal capitalistic view, and the planet, e.g. constant ecological degradation, which has been an issue of key concern to scholars who represent the ecocentric management perspective (de Figueiredo & Marquesan, 2022; Purser et al., 1995; Shrivastava, 1994, 1995; Shrivastava & Hart, 1994). As researchers and practitioners increasingly agree on the limits of the carrying capacity of the planet—which has, for example, been discussed in terms of planetary boundaries (Steffen et al., 2015)—fundamental decisions about and changes in how we understand business are needed. Herein, stakeholder value creation serves as a theoretical and practical approach for understanding organisational actors and supporting them in assessing, negotiating, selecting, developing and implementing the needed novel approaches.

More knowledge is also needed on how business actors understand and talk about stakeholders. While future generations and humankind as a whole are discussed, it is not clear how deeply they are embedded into businesses and value creation models. Tensions represent a focal issue here as well. Regarding sustainability, it is important for companies to expand their sphere of stakeholders to naturally include, for example, the poor or other marginalised stakeholders and highlight the interconnectedness of sustainability problems that must be addressed through collective efforts (Gladwin et al., 1995). Indeed, the underlying idea of sustainable development and the SDGs is improving the quality of life for all, including humankind and the natural environment, and especially for those who are most in need; this requires multistakeholder cooperation beyond organisational and national boundaries and systemic-level changes (United Nations, 2015; United Nations General Assembly, 2015). Although the data in this dissertation emphasised economic and ecological sustainability dimensions over global social issues, such as social equity, it is recognised that the future of business is in solving the most profound sustainability issues, such as poverty. Moreover, this dissertation claims that stakeholder value creation can provide a useful understanding of business within its broader societal and natural environments in order to promote systemic sustainability issues locally and globally.

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ORIGINAL PUBLICATIONS

STUDY
I

**Reviewing the stakeholder value creation literature:
Towards a sustainability approach.**

Tapaninaho, R., & Kujala, J.

Reviewing the Stakeholder Value Creation Literature: Towards a Sustainability Approach

Riikka Tapaninaho and Johanna Kujala

Abstract The purpose of this study is to examine distinctive narratives of stakeholder value creation and discuss how they consider sustainability. Based on an extensive research review spanning over three decades of material, we present four categories of the stakeholder value creation literature: (1) a focal firm orientation with an economic value perspective, (2) a stakeholder orientation with an economic value perspective, (3) a focal firm orientation with a multiple value perspective, and (4) a stakeholder orientation with a multiple value perspective. In each of these categories, we identified several narratives of stakeholders, value creation, and sustainability. This study reveals an increased interest in sustainability issues and their more coherent incorporation into stakeholder research in recent years. We suggest that, with respect to sustainability, future research should consider the dynamic, systemic, and multilevel nature of stakeholder relationships and collaboration. Additionally, a more versatile understanding of value and value creation, as well as a broader comprehension of stakeholders and their needs, should be incorporated into future research. Finally, conceptualising sustainability and the normative core of sustainable business, as well as elaborating on the purpose and role of business regarding sustainability, are interesting focus areas for future research.

Keywords Stakeholder theory · Value creation · Sustainability · Research review

1 Introduction

Stakeholder theory is one of the main management frameworks used to discuss social responsibility issues in business. As stakeholder theory perceives stakeholders broadly, referring to those who can affect or are affected by a firm's operations (Freeman 1984), the theory has acquired a prominent place as a framework that addresses social responsibility issues as a natural part of business. Moreover, stakeholder theory

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has been described as a management theory of the 21st century suitable for under-standing and redefining the role of business and value creation in society (Freeman 2010). Freeman et al. (2010) argue that stakeholder theory is fundamentally 'about value creation and trade and how to manage a business effectively. "Effective" can be seen as "create as much value as possible".' However, academics and business practi-tioners have given sustainability increased attention, leading to calls for management scholars to rethink extant management theories and their underlying assumptions in the context of sustainability (e.g., Derry 2012; Starik and Kanashiro 2013). Stake-holder theory has also been advanced directly regarding sustainability. In effect, Hörisch et al. (2014) examined the applicability of stakeholder theory in sustain-ability management and developed a conceptual framework to enhance the theory's application in the context of sustainability. Scholars have particularly emphasised the need to incorporate sustainability management into conventional management theories to have an impact on more sustainable business decisions instead of building distinctive theories and new languages to learn for this purpose (ibid.).

Stakeholder theory has served to analyse and understand multiple phenomena in various fields of the organisational sciences, such as strategic management (e.g., Free-man 1984; Haksever et al. 2004; Strand and Freeman 2015), corporate responsibility (e.g., Brower and Mahajan 2013; Sachs and Maurer 2009; Smith and Rönnegard 2016; Strand et al. 2015), business ethics (e.g., Phillips 1997; Purnell and Freeman 2012; Wicks 1996), and international business (e.g., Ansari et al. 2013; Christmann 2004; Lehtimaki and Kujala 2015). Moreover, stakeholder value creation has been used in many recent studies to better understand stakeholder concerns and coopera-tion (e.g., Garcia-Castro and Aguilera 2015; Garriga 2014; Harrison and Wicks 2013; Rühli et al. 2017; Schneider and Sachs 2015; Tantalo and Priem 2016). Therefore, we need a comprehensive understanding of what stakeholder value creation means in the organisational sciences and what value means in the stakeholder literature.

While stakeholder theory was not originally developed to address complex sus-tainability issues, its potential for further development has been acknowledged and acted on (Freeman 1994; Hörisch et al. 2014), and it has served as a traditional man-agement theory in research on corporate sustainability to some extent (Montiel and Delgado-Ceballos 2014). However, stakeholder theory, like other management theo-ries, has been criticised quite heavily for being too focused on economic, firm-centric value creation with anthropocentric premises in the context of sustainability (e.g., Banerjee 2000, 2001; Clifton and Amran 2011). Starik and Kanashiro (2013) have also criticised management theorists as lacking a systematic examination of sustain-able development, which has been the case in stakeholder research. In essence, calls have been made for researchers to pay attention to the premises of their research, including research questions, assumptions, and broader paradigms followed in their studies (e.g., Derry 2012).

The purpose of this study is to examine distinctive narratives of stakeholder value creation and discuss how they consider sustainability. Analysing the stakeholder value creation literature from the sustainability viewpoint allows researchers and practitioners to become more aware of the various uses of the concepts and of the impacts different research questions, settings, and ontological and epistemological

assumptions have on research findings. Hence, the findings of this study help us better understand how the chosen approaches influence the development of management theories and business practices.

Sustainability, or sustainable development, is understood in this study via its most profound definition, which refers to 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' and consists of economic, social, and environmental dimensions (United Nations World Commission on Environment and Development 1987). Sustainability has been regarded as somewhat difficult to translate and implement in traditional businesses (e.g., Gallo and Christensen 2011), and compromises have often been made between the economic, social, and environmental dimensions (Gallo and Christensen 2011). For true sustainability, though, all three dimensions should be considered equally and acted upon (Bansal 2005). Studies on strong sustainability take the issue even further and suggest that concerns related to the natural environment should be considered as an elementary part of all studies related to management and organisations (Heikkinen et al. 2018; Heikkurinen 2017). Relating to the idea of strong sustainability, this chapter discusses how the studies on stakeholder value creation contribute to sustainability when considered an important issue affecting organisations and society today.

The remainder of the chapter is organised as follows. In the next section, we will explain the collection and analysis of studies on stakeholder value creation. Then, based on an inductive categorisation, we will present the findings of our review in four categories according to their orientation toward stakeholders (i.e., focal firm or stakeholder orientation) and value (i.e., economic or multiple value perspective). In each of these categories, we identify several narratives of stakeholders, value creation, and sustainability. The chapter is concluded by discussing the stakeholder value creation narratives and their relation to sustainability.

2 Collection and Analysis of Studies on Stakeholder Value Creation

To examine the distinctive narratives of stakeholder value creation, we reviewed articles published in leading management journals from 1985 to 2015 and found 210 related scholarly articles for our review. We followed the advice given by Short (2009) and focused our search on eleven high-quality management journals including both top journals, such as *Academy of Management Review* and *Academy of Management Journal*, and specialty journals, such as *Business & Society* and *Journal of Business Ethics*. The journal choice was made with an objective to allow discussion with the mainstream management theories instead of concentrating on more conditioned journals, where the importance of sustainability issues would be more acknowledged (ibid.). In essence, we are participating in efforts to incorporate sustainability into conventional business thinking and language.

The research process was iterative in nature. It started by searching for and identifying relevant articles in the chosen journals. Altogether, three search rounds were conducted: in November–December of 2015, February–March of 2016, and September–November of 2016. Each search round was followed by a close reading and analysis of the articles, as well as the development and refinement of the inductive categorisation and distinctive narratives and documenting the findings. The analysis was finalised in 2018 after crosschecking and fine-tuning the findings, resulting in the final version of the article.

To identify and select relevant articles, we read the titles and abstracts of articles and, when necessary, their introductions and conclusions. We based the selection of articles on the following criteria: they had to examine value creation in a way that emphasised stakeholders and stakeholder relationships and needed to recognise that value could be created for one or more stakeholders other than shareholders. We chose these criteria based on the premises and main thesis of the stakeholder theory, which considers cooperation between various actors to be important (e.g., Freeman et al. 2007). We also chose these criteria based on the assumption that sustainability views value creation as extending beyond economic returns and shareholder value maximisation to achieving environmental and social benefits (e.g., Starik and Kanashiro 2013). Table 1 presents a summary of the selected articles.

After collecting the articles, we began our analysis by closely reading articles published in the top management journals. Based on our reading, we performed an inductive categorisation by paying attention to the perception of value in the articles and how each of the articles approached stakeholder issues. Consequently, we positioned the articles on two different dimensions, which ranged from a single value perspective to a multiple value perspective and from a focal firm orientation to a stakeholder orientation. We then extended our analysis to articles published in specialty journals. These articles confirmed our inductive categorisation and convinced

Table 1 Summary of the stakeholder value creation articles in this review

Journal	No.
Academy of Management Review	36
Academy of Management Journal	18
Strategic Management Journal	25
Journal of Management	5
Administrative Science Quarterly	4
Journal of Management Studies	14
Organization Science	12
Journal of Business Ethics	46
Business & Society	12
Business Ethics Quarterly	18
Organization & Environment	20
Total	210

Table 2 Content classification system for coding and analysis

Code	Description
Year	Publication year
Authors	Name of the authors
Article	Title of the article
Journal	Name of the journal
Research questions	Explicitly stated research questions
Theories	Theories used within the study
Empirical methods and setting	Empirical method, data collection, and description of data source
Key findings	Explicitly stated key findings in the article
View on stakeholders	Focal firm orientation or stakeholder orientation
View on value	A single value perspective or a multiple value perspective
View on sustainability	Explicit or implicit reference and view on sustainability

us to proceed accordingly. As a result, we divided all 210 articles into four categories along with the dimensions of a focal firm versus stakeholder orientation and an economic value versus multiple value perspective. To conduct a systematic examination of the articles, we used qualitative content analysis as a method of investigation (Krippendorff 2004; Weber 1990). This methodology allowed us to inductively develop a unified coding system and systematically analyse and extract relevant information from the articles. Table 2 presents the content classification system for coding and analysis.

Finally, we paid attention to the different views of sustainability in each of these categories. In general, we noted the clear (i.e., the article mentioned sustainability or sustainable development explicitly) and embedded sustainability references (i.e., the article did not use sustainability or sustainable development as a concept directly but used the social or environmental dimension implicitly) in the articles. In the next section, we will explain the results of our analysis in more detail and depict the four categories and their different narratives of stakeholders, value creation, and sustainability in each category.

3 Narratives of Stakeholder Value Creation

Our examination shows that authors have studied stakeholder value creation quite extensively and that the literature has widely acknowledged the responsibilities of business and the creation of versatile value beyond economic measures. We divided the previous studies on stakeholder value creation into four categories: (1) a focal firm orientation with an economic value perspective (25 articles), (2) a stakeholder orientation with an economic value perspective (20 articles), (3) a focal firm orienta-

	Focal firm orientation	**Stakeholder orientation**
Multiple value perspective	Focal firm orientation with a multiple value perspective (84 articles)	Stakeholder orientation with a multiple value perspective (81 articles)
Economic value perspective	Focal firm orientation with an economic value perspective (25 articles)	Stakeholder orientation with an economic value perspective (20 articles)

Fig. 1 Categories of stakeholder value creation articles

tion with a multiple value perspective (84 articles), and (4) a stakeholder orientation with a multiple value perspective (81 articles) (Fig. 1).

Our examination indicates that interest in sustainability issues and theory development within stakeholder value creation studies has increased recently. The fourth category, stakeholder orientation with a multiple value perspective, consisted of articles that widely acknowledge the responsibilities of businesses in society, the importance of stakeholder cooperation, and collaboration for versatile value creation and value beyond economic measures. Therefore, the fourth category shows the most potential to address the question of how stakeholder value creation relates to sustainability. We will now present the different narratives of stakeholder value creation within in each category in more detail. A more detailed description of the literature related to each category and narrative is presented in the Appendix.

3.1 Focal Firm Orientation and the Economic Value Perspective

The first category represents an instrumental view of stakeholder value creation, placing the focal firm and business performance in the centre of the study. Although over half of the articles referred to sustainability issues implicitly or explicitly—mainly in the form of common social performance measures, such as KLD or sustainability ratings—sustainability issues and measurements were treated as subordinate to traditional strategic issues and performance measures. Studies in this category criticise the stakeholder approach to value creation and capture for its lack of guidance for managers in situations in which trade-offs need to be made between stakeholders. Instead, some argued that the single objective function, with the primacy of the firm's long-term value maximisation, should always guide managerial decision-making (e.g., Jensen 2002). In a similar fashion, Sundaram and Inkpen (2004a) defended shareholder value maximisation as the primary corporate objective function, arguing that it is the only objective that will profit all stakeholders in the end. Hence, this category instrumentally investigates whether and how sustainability or stakeholder issues should be dealt with and follows the prevailing economic paradigm. Furthermore, scholars emphasised that stakeholder theory has not provided enough empirical evidence for its stakeholder value maximisation claim (Sundaram and Inkpen 2004b). The three stakeholder value creation narratives within this category were (1) the

narrative of stakeholder identification, (2) the narrative of stakeholder management influencing firm performance, and (3) the narrative of value creation and capture. In the following paragraphs, we will explain them in more detail.

3.1.1 The Narrative of Stakeholder Identification

Studies using this narrative show interest in the identification of stakeholders and analysing how and why companies respond to pressures from different stakeholders. Firm-stakeholder relationships were examined from the managerial or organisational perspective, as well as through understanding the accrued effects of the networks in which firms participate. Factors affecting salience and decisions regarding different stakeholder issues were linked to, for example, stakeholder status (Perrault 2017), directors' personal values and roles (Adams et al. 2011), and the organisational life cycle (Jawahar and McLaughlin 2001). Rowley (1997), however, built on social network analysis and stated that firms resist stakeholder demands based on the simultaneous effects of the stakeholder network density and the firm's centrality within this network.

3.1.2 The Narrative of Stakeholder Management Influencing Firm Performance

The studies using this narrative are interested in the relationship between stakeholder management and firm performance. They showed contradictory results concerning whether attending stakeholder concerns can be beneficial for a firm and what should come first in the managerial agenda. To start with, Berman et al. (1999) argued that firms address stakeholder concerns when they expect positive effects on financial performance. The studies that showed evidence of positive effects examined impacts on shareholder value (Hillman and Keim 2001), financial performance (Choi and Wang 2009), and long-term shareholder value (Garcia-Castro et al. 2011). Furthermore, Ogden and Watson (1999) examined whether a firm is able to improve the interests of shareholders and stakeholders simultaneously and showed that it is possible to align the interests of different stakeholders, at least to some extent, without compromising shareholder returns, although Garcia-Castro and Francoeur (2016) found that additional investments in stakeholders do not necessarily benefit firms linearly and can also become costly. Additionally, Wang et al. (2008) depicted the relationship between corporate philanthropy and financial performance in the form of an inverse U-shape, showing positive effects on financial performance in the beginning but negative effects after a certain point.

Innovations and temporal aspects were also taken into consideration within the studies trying to show the link between stakeholder management and competitive advantage. For example, the interconnections between innovations, stakeholder relationships, and competitive advantage were examined, underlining the importance of cultural and industry contexts when choosing the most efficient stakeholder man-

agement approach to create a competitive advantage through innovations (Harting et al. 2006). It was also argued that achieving a competitive advantage depends on a firm's ability to adapt and transform its stakeholder management practices over time (Verbeke and Tung 2013).

Finally, the studies regarding CEOs, stakeholder management, and business performance revealed, for instance, how it might be disadvantageous for a CEO to pursue stakeholder-related initiatives, as they can have negative effects on CEO compensation, even if there are financial improvements (Coombs and Gilley 2005). A newly appointed CEO may sacrifice long-term stakeholder value, such as pension funds, research and development (R&D) investments, and capital equipment investments, while attempting to create short-term profits in their self-interest (Harrison and Fiet 1999). It also seemed that the economic performance of a firm has a moderating effect on the CEO's stakeholder concerns (Dooley and Lerner 1994).

3.1.3   The Narrative of Dynamics in Value Creation

The dynamics of value creation were of interest in quite a few studies. For example, Bridoux and Stoelhorst (2014) showed that the heterogeneity of stakeholders allows firms to create sustained market value with both fairness and an arms-length approach to stakeholder management. Additionally, the roles of different stakeholders and environments in economic value creation were focused on, for example, through exploring the strategies to manage consumer benefited experiences (Priem 2007), examining the firm's political environment (Oliver and Holzinger 2008), and analysing the secondary stakeholders in the socially complex cases of product diversification (Su and Tsang 2015). Some of the studies approached value creation through the examination of who finally captures the value. As an example, Blyler and Coff (2003) suggested that, in the context of dynamic capability, internal stakeholders with social capital may capture the economic rents for their personal gain before they appear in traditional performance measures. To improve the management of stakeholder claims and value capture, Crane et al. (2015) argued that stakeholder accounting and financialising stakeholder claims could be helpful.

3.2   Stakeholder Orientation and the Economic Value Perspective

The second category, along with focusing on economic or business value, drew attention to the importance of stakeholder relationships and cooperation for business success and value creation. This view is also instrumental in nature; for example, the studies on instrumental stakeholder theory are situated within this category. These studies examined concepts such as trust in cooperation networks, the consequences of blurring organisational boundaries, and value creation and capture logics in multiple

stakeholder settings. As the economic value creation function of firms was emphasised in this category, only a few articles either implicitly or explicitly referred to sustainability. Three stakeholder value creation narratives within this category were (1) trust in cooperation networks, (2) blurring organisational boundaries, and (3) value creation and capture logics. In the following paragraphs, we will explain them in more detail.

3.2.1 The Narrative of Trust in Cooperation Networks

An overriding issue that many of the articles in this category discussed was trust. In effect, several articles based on instrumental stakeholder theory emphasised the role of trust and cooperation in creating organisational wealth and a competitive advantage (e.g., Jones 1995; Preston and Donaldson 1999). The influence of trust in stakeholder relationships was elaborated on even further by Wicks et al. (1999), who stated that the optimal level of trust in stakeholder relationships positively affects firm performance. Furthermore, Pirson and Malhotra (2011) contended that different organisational stakeholders appreciate different dimensions of trustworthiness. The studies on strategic partnerships (Ireland et al. 2002), innovation networks (Dhanaraj and Parkhe 2006), and interorganisational relationships (e.g., Barringer and Harrison 2000; Connelly et al. 2015) highlighted the fact that productive and cost-efficient cooperation and value creation require building trust into these relationships.

3.2.2 The Narrative of Blurring Organisational Boundaries

Another major narrative concerns the consequences of blurring organisational boundaries and roles of different actors in multi-stakeholder networks. Due to the blurring of organisational boundaries, understanding the role of different stakeholders in value creation was regarded as important. As an example, Korschun (2015) investigated the important role of employees and concluded that a strong identification with the company leads to adversarial stakeholder relationships, while a collectivistic organisational identity and seeing stakeholders as organisational members supports a cooperative approach. Kochan and Rubinstein (2000) emphasised the importance of employees, too, by giving employees a prominent place in value creation and improving the organisational performance of American organisations. The cognitive side of value creation and construction of a competitive advantage were also focused on, as using and exchanging resources within firm-constituent interactions would require 'communication about and interpretations of those exchanges' (Rindova and Fombrun 1999). Other contexts in which different stakeholder groups were examined included, for example, leaders and stakeholder management in radix organisations (Schneider 2002), external stakeholder engagement in creating sustainable shareholder value (Henisz et al. 2014), and cooperation between isolated firms and stakeholders with the help of government support institutions in the case of product upgrading in emerging markets (McDermott et al. 2009).

3.2.3   The Narrative of Value Creation and Capture Logics

Again, value creation and capture logics emerged as an important narrative. Garcia-Castro and Aguilera (2015) presented a conceptual framework of incremental value creation and appropriation, which expands the concept of value and value capture to consider all stakeholders of the firm. The scholars argued that value creation and appropriation should be viewed dynamically, as multiple stakeholders participate in value creation processes with their resources and capabilities, meriting their proportion of the economic rents created (ibid.). Priem et al. (2013) emphasised the role of consumers and stated that it is necessary to pay attention to value creation opportunities for consumers and corresponding business models and ecosystems.

However, some of the studies showed how value creation in stakeholder relationships may harm the value capture of a firm or an individual stakeholder group. For instance, Coff (2010) examined how different stakeholders participating in capability development may use their bargaining power for rent appropriation in different stages of the capability life cycle, causing direct effects on firm performance. Kivleniece and Quelin (2012) examined value creation and capture in public-private collaboration and stated that private actors' involvement might be jeopardised if public partner opportunism or external stakeholder activism restrained private actors' value capture. The empirical results of Poulain-Rehm and Lepers' (2013) study did not support the hypothesis that employee share ownership plans and employees' growing role in company decision-making would enhance value creation and capture for either shareholders or stakeholders. Finally, Bridoux et al. (2011) emphasised that a firm should adapt its motivational system to the heterogeneous motives of different employees to enhance collective value creation and interfirm performance.

3.3   Focal Firm Orientation and the Multiple Value Perspective

The third category approaches value creation mainly from the focal firm perspective but recognises the social or environmental responsibilities of companies in addition to economic value creation. Most of the studies in this category recognised the need to expand the view of stakeholder value creation further and challenged the current paradigm to develop more sustainable business practices. In effect, most of the articles in this category had either explicit or implicit sustainability references. However, the conceptions of sustainability-related values were not coherent, as some of the studies solely examined environmental value, while others more broadly discussed social or stakeholder value considerations but without further specifying value conception. The common themes emerged around five narratives: (1) challenging the traditional corporate social responsibility (CSR) approach, (2) stakeholder identification and salience, (3) stakeholder management practices, (4) an expanded view of

value creation, (5) environmental and sustainability management. In the following paragraphs, we will explain these five narratives in more detail.

3.3.1 The Narrative of Challenging the Traditional CSR Approach

The first narrative in this category criticises the traditional CSR and corporate social performance (CSP) approaches by aiming to understand responsible business practices through stakeholder theory (e.g., Clarkson 1995; Jamali 2008; Rowley and Berman 2000; Sachs and Maurer 2009; Smith and Rönnegard 2016). Sachs and Maurer (2009), for instance, argued that CSR research should move toward dynamic corporate stakeholder responsibility and should not artificially distinguish between economic and social responsibilities. Smith and Rönnegard (2016) even implied that stakeholder theory could be set as a paradigm for business and business responsibilities in the future. To challenge the traditional view of CSR, O'Riordan and Fairbrass (2014) provided a practical model for organisational decision-makers to conceive their firms as inherently linked with society and to address collective value creation for all stakeholders within the value chain. Furthermore, Margolis and Walsh (2003) encouraged researchers to set aside persistent attempts to explain the relationship between a firm's social and economic performance and concentrate instead on the question of when firm activities could be beneficial to society. In addition, Kroeger and Weber (2014) introduced a conceptual framework to measure the benefits of social value creation.

Other CSR- and CSP-related studies concentrated on the effects of good CSP on accessing finance (Cheng et al. 2014), the stakeholder landscape and its impacts on the breadth of corporate social performance (Brower and Mahajan 2013), and differences in firms' CSR responses to institutional pressures (Crilly et al. 2012). Moreover, some scholars studied firms' identity orientation toward stakeholders in explaining CSP activity (Bingham et al. 2011), the effects of the sociocognitive factors of the top management team and organisational decision-making structures on corporate social performance (Wong et al. 2011), and the impacts of changes in CSP on financial performance (Ruf et al. 2001). Additionally, some articles scrutinised stakeholder reactions and stakeholder relationships. Crilly et al. (2016) examined stakeholder evaluations and reactions to the social responsibility activities of multinational corporations, while Madsen and Rodgers (2015) investigated stakeholder attention to firm CSR activities and its effects on corporate financial performance, and Bendheim et al. (1998) concentrated on the best practices in firm-stakeholder relationships.

3.3.2 The Narrative of Stakeholder Identification and Salience

Identifying relevant stakeholders is a special narrative within the stakeholder literature. Probably the best-known model of stakeholder identification and salience was presented by Mitchell et al. (1997), who defined three relationship attributes

(i.e., power, legitimacy, and urgency) as relevant in defining stakeholder salience through managerial perception. To support this theory, Agle et al. (1999) found evidence for the attribute-salience relationships, while Bundy et al. (2013) examined how organisational identity and strategic frames guide managerial interpretations of issue salience. Whereas the studies mainly focused on manager-led processes of stakeholder identification, Tashman and Raelin (2013) suggested that stakeholder salience should move beyond managerial perceptions, as they might ignore important stakeholders due to market frictions. Other studies examined stakeholder identification based on the social identity of stakeholders (Crane and Ruebottom 2011), stakeholder salience in family business settings (Mitchell et al. 2011), stakeholder legitimacy (Phillips 2003), and the role of stakeholder culture in stakeholder-related decisions (Jones et al. 2007). Moreover, scholars have investigated firms' responses to conflicting institutional demands (Pache and Santos 2010) and secondary stakeholder action (Eesley and Lenox 2006), instrumental and normative perspectives on understanding why firms respond to stakeholders (Welcomer et al. 2003), and stakeholder orientations of boards of directors (Wang and Dewhirst 1992).

3.3.3   The Narrative of Stakeholder Management Practices

In this narrative, attention is drawn to the stakeholder management practices of focal firms. Managerial cognition and its effects on stakeholder management was identified as a research gap in the stakeholder literature (Laplume et al. 2008) and was examined by various scholars (e.g., Crilly and Sloan 2012). Moreover, De Luque et al. (2008) showed how managers' stakeholder and economic values relate to subordinates' perceptions of leadership and firm performance. Minoja (2012) called for an ambidextrous approach for stakeholder management to ensure stakeholder cooperation and long-term firm performance, while Kaufman (2002) argued that stakeholder management approaches should include a double fiduciary duty consisting of loyalty to corporate stakeholders, as well as loyalty to fair bargaining and freedom. Organisational factors such as organisational architecture (Crilly and Sloan 2013) and enterprise strategy (Crilly 2013) were also identified as influencing stakeholder management practices. Wheeler et al. (2002) highlighted the difficulties an organisation might face when developing more stakeholder-responsive orientations related to environmental and social issues throughout the organisation. Meanwhile, Winn (2001) examined what a multiple stakeholder decision-making model would look like. Some articles paid attention to stakeholder activism, for example, through the study of CEO ideology and its effects on social activism (Briscoe et al. 2014), as well as through the examination of differences in firms' responses to activism (Waldron et al. 2013).

3.3.4 The Narrative of an Expanded View on Value Creation

An expanded view of value creation was the fourth main narrative within this category. In this narrative, the traditional view of economic value creation is challenged, for instance, by arguing that value creation and capture, and what is of value are contingent and subjective, and these arguments should be considered in the research related to value creation and capture (Lepak et al. 2007). Haksever et al. (2004) showed how firms and their managers may, through their decisions, create or even destroy value for their stakeholders in different dimensions. The long-term success of the firms was sought by creating happiness and well-being for all stakeholders instead of following the objective function of shareholder wealth maximisation (e.g., Dierksmeier and Pirson 2009; Jones and Felps 2013a, b). Although the traditional view of the firm was challenged to a great extent, and business was suggested to be defined with regard to its ability to create common good (Shankman 1999), a strategic approach to social value creation was considered superior regarding social outcomes than a purely altruistic approach (Husted and de Jesus Salazar 2006).

Research on social entrepreneurship and social enterprises also took an extended view on value creation, by combining social problems with economic value creation. The studies investigated, for example, entrepreneurs' motivation to engage in social entrepreneurship (Fauchart and Gruber 2011; Miller et al. 2012). It was even argued that the role of entrepreneurship in society should be defined as naturally considering blended value creation, including financial, social, and environmental aspects (Zahra and Wright 2015). McMullen and Warnick (2015) regarded the blended value creation objective at its best as an ideal model, which should not be normative or a legal obligation for all new entrepreneurial ventures. In effect, the tensions between social missions and business objectives were recognised, and stakeholder theory was seen as a possible solution to manage them (Smith et al. 2013).

3.3.5 The Narrative of Environmental and Sustainability Management

Over the years, stakeholder theorists have been arguing whether the natural environment should have a stakeholder status. Although nature has been ascribed a stakeholder status (Starik 1995) or even given primacy in the stakeholder identification and salience processes based on its relationship attribute of proximity (Driscoll and Starik 2004), it has been argued that the environment does not need a stakeholder status as environmental issues are considered through other legitimate stakeholders. (e.g., Phillips and Reichart 2000). In either case, stakeholder value creation studies have been widely interested in expanding the value creation to also include environmental issues.

Many scholars have shown interest in what drives companies toward environmentally friendly practices and how environmental friendliness is reflected in stakeholder relationships. Companies were regarded as changing their behaviour mostly due to external pressures from their operating environment. For example, Fineman and Clarke (1996) identified campaigners and regulators as external stakeholders that

manage to evoke pro-environmental responses within companies. As managers were accused of perceiving corporate environmentalism and their firm's relationship with the environment through an economic rationale that focuses on how environmental initiatives benefit the firm financially, regulatory forces and stakeholder activity were presented as central in advancing environmentally friendly activities (Banerjee 2001). Regarding climate change, the temporal orientations of managers were argued to be future-oriented but rely heavily on public policy development (Sarasini and Jacob 2014). It was even argued that companies would enter partnerships to address environmental problems (e.g., with the government) based on a threat or an opportunity and being dependent on a firm's resources and positioning (Lin 2014).

Generally, environmental management was examined from three different perspectives. Some of the studies investigated the influences of external stakeholders on environmental management practices, for instance, by studying the effect of shareholder activists' status and reputation on firm responsiveness to environmental issues (Perrault and Clark 2015), or more generally, stakeholder impacts on choosing environmental response patterns (Murillo-Luna et al. 2008). Meanwhile, other scholars focused on examining the internal factors affecting firm responses to environmental management. These studies shed light on a number of issues, such as entrepreneurs' disengagement with pro-environmental values (Shepherd et al. 2013), the effects a firm's size has on its stakeholder responsiveness and the adoption of proactive environmental strategies (Darnall et al. 2010), the determinants of multinationals' global environmental policies (Christmann 2004), stakeholder management and proactive environmental strategies (Buysse and Verbeke 2003), the ecological responsiveness model (Bansal and Roth 2000), the influence of supervisory support and environmental policies on employees' eco-initiatives (Ramus and Steger 2000), and the role of corporations in achieving ecological sustainability (Shrivastava 1995a, b). Finally, some studies examined environmental management and value creation from an institutional viewpoint by focusing on a number of topics, such as the role of national context in explaining how green innovation can enhance firm-level financial performance (Aguilera-Caracuel and Ortiz-de-Mandojana 2013), the legal environment and its effect on a firm's self-regulation (Short and Toffel 2010), the effects of public and private politics on corporate climate change strategies (Reid and Toffel 2009), and community and regulatory stakeholder pressures and the environmental performance of companies (Kassinis and Vafeas 2006).

Studies focusing on sustainability management followed similar kinds of patterns and research interests as environmentally oriented studies. For example, Sharma and Henriques (2005) argued that the resources of a firm's social, ecological, and economic stakeholders influence the adoption of sustainability practices. Hahn et al. (2014) were interested in how the cognitive frames of managers affect managerial sensemaking in sustainability issues, and Zollo et al. (2013) stated that sustainability research should direct attention toward companies' internal learning and change processes instead of concentrating on external stakeholders. Furthermore, Gallo and Christensen (2011) highlighted that firm size, ownership, and industry are related to behaviours firms adopt regarding sustainability, and a longitudinal study of corporate sustainable development conducted by

Bansal (2005) showed how both institutional and resource-based factors have influenced the adoption of firms' sustainability activities.

Stakeholder theory and management practices were also criticised regarding sustainability. Gladwin et al. (1995) stated that attempting to adapt to sustainability while relying on the current anthropocentric worldview, which is the basis for most management theories, including stakeholder theory, is insufficient. Instead, a shift is needed to sustain centrism, which considers both environmental and social sustainability as important. According to Clifton and Amran (2011), the stakeholder approach fails in advancing sustainability both in terms of its normative principles and in management practices. Banerjee (2000) also expressed a critical viewpoint on sustainability-related issues and posited that current stakeholder theories and management practices follow Western economic rationality, which leads to neglecting marginalised stakeholders and their needs.

3.4 Stakeholder Orientation and the Multiple Value Perspective

This category consists of traditional stakeholder studies, which are built around the narrative of cooperative and trusting relationships between firms and their stakeholders (e.g., Donaldson and Preston 1995; Freeman 1984; Jones and Wicks 1999) with a broad view of value (e.g., Harrison et al. 2010; Harrison and Wicks 2013). However, our analysis revealed that the original design of stakeholder theory does not address broader sustainability issues, although some scholars argue that the theory could potentially be expanded due to its normative core, its consideration of those who affect and are affected by business, and its pluralistic nature. In effect, stakeholder theory's applicability in sustainability management was advanced just recently (Hörisch et al. 2014). The sustainability-oriented approach is prominent in ecologically oriented studies, studies related to multi-stakeholder settings that address 'wicked' socioeconomic problems, and in more recent research streams, such as the development of sustainable business models.

Our analysis reveals that few articles explicitly discuss value considerations regarding sustainability. Although the researchers recognised the importance of stakeholder welfare and value creation beyond economic measures, the main focus was on those stakeholders who contribute to the value creation processes of organisations. This category consists of three narratives: (1) grounds for responsible business behaviour, (2) defining value, and (3) the principles and mechanisms of how value is created. In the following paragraphs, we will explain these three narratives in more detail.

3.4.1 The Narrative of Grounds for Responsible Business Behaviour

This narrative focuses on the intertwined connections between business and ethics and the role of business in society. While scholars argue for the grounds of responsible business from different perspectives, the primary focus is on determining why firms should engage in responsible business practices. For instance, Phillips (1997) relied on the principle of fairness, whereas Burton and Dunn (1996) built upon the principles of caring derived from feminist ethics. Various stakeholder theorists asserted that it is not meaningful to discuss business and ethics separately and that value creation and trade call for moral decision-making influenced by personal values (e.g., Freeman 2000; Harris and Freeman 2008; Purnell and Freeman 2012; Wicks 1996). Donaldson (1999) suggested that there are both ethical and economic reasons to address multiple stakeholder interests. Moreover, Harrison and Freeman (1999) argued that economic and social issues should be viewed jointly rather than separately, and Argandoña (1998) asserted that responsible business behaviour could rely on the objective of creating common good for all stakeholders.

Due to the environmental, social, and ethical challenges businesses face today, scholars also contend that it is necessary to expand management theory and business strategies to achieve more responsible business practices (Hahn et al. 2010; Strand and Freeman 2015). Gibson (2012) advocated promoting sustainability through stakeholder management and collaboration and perceived sustainability as the guiding principle in business. Indeed, scholars have noticed the growing interest in understanding sustainability and social responsibility within business contexts. Shrivastava (1995a, b) defined the main goals of ecocentric management as sustainability, quality of life, and stakeholder welfare. Additionally, Marcus et al. (2010) argued that, because of systemic limits and the existential dependency of business and society on nature, it is necessary to consider the natural environment in business-society relationships. However, only a few articles use sustainability objectives as justification for responsible behaviour. It is even argued that stakeholder theory connects to organisational ethics without intending to answer all moral questions, including those related to sustainability (Phillips et al. 2003). Nevertheless, stakeholder theory emphasises that business and ethics are inseparable, and many researchers have acknowledged the need for expanding the theory to include sustainability issues (e.g., Agle et al. 2008; Freeman 1994).

3.4.2 The Narrative of Defining Value

This narrative is devoted to defining what 'value' means within stakeholder value creation. Griesinger (1990) proposed a subjective viewpoint, arguing that individuals' motivations for participating in cooperative exchange within organisational relationships are for reasons other than economic interests, such as interpersonal resources and the expectation of personal betterment. The subjective nature of value was also supported by Ramirez (1999), who stated that value cannot be defined by a single metric. Furthermore, Harrison and Wicks (2013) defined value as the utility that

stakeholders seek from a company, concluding that stakeholders' perceived utility consists of four factors, but these factors do not directly consider social or environmental concerns. Garriga (2014) viewed stakeholder utility and welfare through the lens of stakeholder capability and brought at least environmental concerns to direct attention through the capability of being green.

The special issue on stakeholder accounting in *Journal of Management Studies* published in 2015 further advanced stakeholder value considerations. In this issue, Hall et al. (2015) examined the use of social return on investment as an accounting methodology that allows managers to manage and communicate about the social value created for different stakeholders. Including different stakeholders in organisational decision-making was also considered important (ibid.). Mitchell et al. (2015) introduced a theory of value-creation stakeholder accounting, emphasising the role of stakeholder partnerships in value creation processes, as well as in sharing risks. Furthermore, Brown and Dillard (2015) presented dialogic accountings and related technologies as solutions to go beyond economically and managerially focused accounting practices to offer stakeholders all necessary information concerning organisational impacts related to environmental, political, cultural, economic, and financial value. Finally, it was posited that public accounting professionals should engage in the development of more responsible accounting practices that consider the variety of different stakeholders and provide them with information regarding their risk management needs (Harrison and Van der Laan Smith 2015).

3.4.3 The Narrative of Principles and Mechanisms of How Value Is Created

The most recent narrative of stakeholder value creation addresses the question of how value is created in cooperative relationships. Researchers have studied innovation in multi-stakeholder settings (Rühli et al. 2017), value creation in issue-based stakeholder networks (Schneider and Sachs 2015), collaboration among non-profit stakeholders (Butterfield et al. 2004), interdependencies of public and private interests (Mahoney et al. 2009), cross-sector partnerships (Dentoni et al. 2016; Koschmann et al. 2012), and value creation in public-private ventures (York et al. 2013). Moreover, scholars have studied the sensemaking of ethical complexity in a multi-stakeholder setting (Reinecke and Ansari 2015a); multi-stakeholder learning dialogues (Payne and Calton 2004); value creation at the intersection of markets and developments (Reinecke and Ansari 2015b); cooperation between nation-states, NGOs, and multinationals (Ansari et al. 2013); and multi-stakeholder partnerships in addressing climate change and sustainable development (Pinkse and Kolk 2012).

Recently, many scholars have focused on stakeholder value creation in multi-stakeholder settings that target wicked socioeconomic issues. For example, Rühli et al. (2017) found that the design of social interaction processes, such as participative stakeholder innovation in healthcare, is crucial for mutual value creation. Similarly, Schneider and Sachs (2015) proposed that the process of inductive identity salience supports cooperation and value creation within an issue-based stakeholder network.

Additionally, Dentoni et al. (2016) argued that the dynamic capabilities of sensing, interacting with, learning from, and changing based on stakeholders are beneficial in cross-sector partnerships, as they may help to solve wicked sustainability issues.

Traditionally, researchers have linked successful stakeholder value creation to creating and maintaining mutually trusting and cooperative stakeholder relationships (e.g., Jones and Wicks 1999). Instead of concentrating on trade-offs, value creation involves stakeholders being able to jointly satisfy their needs (Freeman 2010). This line of thinking relies strongly on the principles of stakeholder capitalism, such as stakeholder cooperation, stakeholder engagement, and continuous creation (Freeman et al. 2007), as well as freedom and voluntary action (Freeman and Phillips 2002; Freeman et al. 2004). Harrison et al. (2010) emphasised that managing stakeholder utility functions and allocating more value to legitimate stakeholders than necessary are essential to enhance value creation opportunities. Moreover, Tantalo and Priem (2016) posited that, by concentrating on stakeholder synergy and stakeholders' multi-attribute utility functions, novel and innovative value creation possibilities can be identified, and versatile value can be created for several stakeholders simultaneously. More recently, Mitchell et al. (2016) suggested the reconceptualisation of companies as multi-objective corporations in which managers can consider better social welfare when making decisions.

Various studies on stakeholder value creation emphasised the importance of justice and trust in stakeholder relationships (e.g., Bosse et al. 2009; Harrison et al. 2010; Myllykangas et al. 2011). Bosse et al. (2009) asserted that firms whose stakeholders perceive them as fair create more value based on reciprocal relationships and cooperation. Additionally, Myllykangas et al. (2011) found that trust, along with the potential of stakeholders to learn, the history of the relationships, the objectives of the stakeholders, and the amount of interaction and information sharing in the relationships, influence the dynamics of stakeholder relations and value creation. Researchers have also acknowledged the use of language in shaping stakeholder relationships and their dynamics (Lehtimaki and Kujala 2015; Prasad and Elmes 2005). Brickson (2005, 2007), in contrast, argued that one's orientation toward social value creation and stakeholder relations varies according to one's organisational identity orientation, resulting in an individualistic identity orientation with a motivational basis in organisational self-interest, a relational identity orientation with a motivational basis in another's benefits or a collectivistic identity orientation with a motivational basis in the welfare of a greater collective. The role of firms' internal change agents in enhancing social value creation (Sonenshein 2016) and the importance of incorporating responsibility and the creation of shared value to a firm's everyday operations (Szmigin and Rutherford 2013) have also been emphasised.

Studies connecting value creation directly to sustainability drew attention, for example, to multilevel and multi-systemic organisational relationships (Starik and Rands 1995), the importance of firms addressing the complex nature of climate change through interconnections and collaboration (Slawinski and Bansal 2015), the necessity of stakeholder relations management to tackle economic, social, and environmental stakeholder claims (Steurer et al. 2005), and responsible leadership understood as a relational and moral phenomenon in which leaders create mutu-

ally beneficial relationships with their stakeholders, enabling the creation of social capital that contributes to both business and the common good (Maak 2007). Furthermore, Hörisch et al. (2014) argued that companies need to concentrate on developing sustainability as a common value for their stakeholders.

As cooperation around sustainability often meets certain challenges and conflicts while also being beneficial for all parties, paying attention to firm-stakeholder relationships and analysing why and how these relationships change is regarded as important (Friedman and Miles 2002). The studies related to sustainable strategic management and sustainable business models present concrete approaches to sustainability, advancing management theory at both the strategic and operational levels of sustainability. Dyllick and Muff (2015) approached the strategic level of sustainable business by defining a truly sustainable business as a business that 'shifts its perspective from seeking to minimise its negative impacts to understanding how it can create a significant positive impact in critical and relevant areas for society and the planet'. Collaborative strategies, including social and environmental value considerations, are regarded as central for sustainable value creation at the strategic level (e.g., Tencati and Zsolnai 2009; Stead and Stead 2000). Furthermore, Stead and Stead (2013) defined sustainable strategic management activities to consider different needs in the global markets and emphasised the role of business ecosystems in creating social, environmental, and economic value within undeveloped, developing, and developed markets.

Stubbs and Cocklin (2008) wrote the seminal article on sustainable business model conceptualisation, arguing that organisations need to move beyond neoclassical economic assumptions and strive for sustainability and collaboration with key stakeholders by developing their internal structural and cultural capabilities. More recently, Upward and Jones (2015) defined an ontology for strongly sustainable business models that provides guidelines for the development of an entire enterprise aligned with the social and natural sciences. Business model transformations were called for, requiring changes in a firm's value proposition considering all stakeholders, as well as a firm's value creation and capture logics (Abdelkafi and Täuscher 2016; Schaltegger et al. 2016) Finally, it is argued that distinct, random solutions to sustainability are not enough; rather, a fundamental shift is necessary for defining the purpose of a business and its value creation logic, which would hence redefine the business model for sustainability (Gauthier and Gilomen 2016). Purpose-driven urban entrepreneurship aiming to enhance the quality of life of citizens locally (e.g., Cohen and Muñoz 2015) and hybrid organisations drawing attention from profits and growth to social and environmental systems (e.g., Haigh and Hoffman 2014) are examples of truly sustainable and collaborative business models.

On a meta-level, researchers have argued that responsible value creation with and for stakeholders requires changes in the mindsets of organisational and academic actors (e.g., Buchholz and Rosenthal, 2005; Derry 2012). Researchers argue that, by questioning the dominating stakeholder models and changing the language and narratives we use to describe business and stakeholders, it is possible to expand the view of different stakeholders and their needs (Derry 2012; Jensen and Sandström 2013). For example, Hummels (1998) criticised the domination of manager-oriented

perspectives, stating that the primary job of managers is to facilitate debates between stakeholders with different positions and interests to obtain satisfying and sustainable outcomes. Buchholz and Rosenthal (2005) proposed that to create nurturing and harmonious relationships with stakeholders, organisations should not see themselves as separate or isolated from their stakeholders. Similarly, Derry (2012) called for scholars to carefully consider research models and questions in the context of sustainability to challenge the traditional firm-centric and manager-oriented perspectives. Finally, Waddock (2011) suggested that the Earth should be the focal entity that all living beings and ecosystems are dependent on, and she perceived them as the stakeholders of the Earth. She concluded that to advance sustainability, the interdependencies between all stakeholders and the Earth should be given much more emphasis and thought in business (ibid.).

4   Discussion

The presented categorisation and the related narratives on stakeholder value creation show that organisational scholars have paid a lot of attention to stakeholder relationships and collaboration and acknowledged the importance of these factors in creating economic, social, and environmental value. They have also examined multi-stakeholder settings and systems, especially within the sustainability-related studies. However, this study shows that, while researchers have approached stakeholder value creation from many different perspectives, there is no coherent conception of how sustainability issues should be defined and addressed when studying value creation in business contexts. Hence, the narratives of stakeholder value creation studies differ in both depth and breadth, especially in relation to sustainability. Therefore, we suggest that the presented narratives can offer scholars from different organisation research streams a possibility to become aware of the strengths and weaknesses of their own and others' approaches and theories and gain insights from different research streams regarding stakeholder value creation and sustainability.

This chapter indicates, first of all, that scholars can examine and conceive stakeholder value creation through either a strong focal firm orientation or a more stakeholder-orientated approach. The focal firm orientation emphasises the central role of a firm in managing stakeholder relationships to either benefit the firm and its economic commitments or create value for various stakeholders and contribute to social and environmental well-being. Stakeholder orientation, in turn, draws attention to the importance of stakeholder cooperation and relationship dynamics within value creation for either mainly economic reasons or broader value creation purposes. In either case, most of the studies on stakeholder value creation still follow the current economic paradigm and anthropocentric worldview, which do not question the dominating position of traditional economic performance assumptions behind business success and human-centric starting points.

As the presented narratives have illustrated, there is great variance in understanding and defining stakeholder value creation, as well as value itself, in the previous

literature. Stakeholder value creation studies vary between narrow and broad conceptualisations of who creates value, what kind of value is created, and with and for whom it is created. For example, researchers regard value creation differently depending on whether the value benefits stakeholders who contribute to firm value creation processes or stakeholders who otherwise affect or are affected by a firm's operations. Financial measures can help define stakeholder value, but the definition of stakeholder value often considers nonfinancial values or even extends further to social, environmental, or sustainable value considerations.

Moreover, our analysis shows that there is no common conceptualisation of sustainability issues or social responsibilities of business within stakeholder value creation studies. The stakeholder approach, in its original form, did not address the complex sustainability issues but instead aimed to illustrate possibilities for effective, responsible management of companies beyond shareholder value maximisation. Hence, sustainability is not a matter of interest in many stakeholder studies. However, it is important to note that most stakeholder value creation studies refer to or incorporate sustainability or social responsibility to some extent. The continuously increasing interest in sustainability and the role of business in responding to sustainability challenges puts organisational scholars in a position where they need to embrace sustainability. Thus, scholars need to decide whether they want to participate in discussion and theory development regarding sustainable business.

If the variance between narratives within stakeholder value creation studies is taken into the context of sustainability (i.e., sustainability is considered as if it mattered) the following questions become crucial: What does "stakeholder value creation" mean in the context of sustainability? What does sustainable "value" mean, and whom does it benefit? How should we perceive and understand sustainability and sustainable value creation? Moreover, researchers should closely consider and explicate which value creation narrative and assumptions they relate and contribute to. As many sustainability-focused value creation studies highlight, the current Western, economic, and firm-centric paradigm serves sustainability-oriented value creation poorly. This problem creates a need to question current stakeholder value creation approaches and identify influences from, for example, studies concentrating on systemic approaches and sustainable business models. Such studies have managed to challenge the current economic paradigm by incorporating sustainability into the core of the business models and value creation, expanding the views of different actors in sustainable value creation, highlighting the importance of collective effort and collaboration, and accepting the complexities and contradictories inherent in sustainability to enhance their management.

Sustainability management may also require researchers to question and redefine the role and purpose of the firm and its dominating position within value creation research. This proposition creates a call for transformational thinking in both business practice and research. As this study shows, researchers do not define sustainability univocally within business studies. To develop management theories for true sustainability, which considers the complex social, environmental, and economic challenges touching both current and future generations locally and globally, we must see the

variances in current definitions and strive for more common and shared definitions of the firm and its role in society.

Our study also has some managerial implications. First, the presented categorisation and narratives related to stakeholder value creation reveal the breadth of management theories and approaches that guide and influence business decision-makers in their strategic and operational-level business conduct. Stakeholder value creation studies highlight the possible unproductive effects of the shareholder maximisation objective and the firm-centric approach, and these studies show how to view business strategically from stakeholder perspectives, too. Moreover, most of the stakeholder value creation studies encourage managers to examine the moral value considerations inherent in business decisions and take a stand on what kind of role their business plays within stakeholder networks, in either a narrow or broad sense. Additionally, some studies provide managers with ideas on how to conceive value creation through stakeholder networks instead of traditional value chain thinking. Many studies also offer examples of how to promote and manage stakeholder cooperation within these networks.

Regarding sustainable business practices, our study shows how the realities and objectives of traditional business firms differ from the realities and objectives of those who promote, for example, environmental sustainability. Many studies offer insights and tools for managers to, first of all, examine their own behaviour inside their firms and participate more efficiently in discussions and activities to promote sustainability. At the strategic level, firms and their managers can choose how they want to participate in enhancing sustainability and organise firm operations accordingly. For example, research on sustainable business models has described how companies can transform their business models at both the strategic and operational levels. Furthermore, studies on the dynamics in multi-stakeholder settings give guidance on how to manage and promote cooperation between different actors within blurring organisational boundaries. In sum, firm managers can decide to participate in the long-term development of their business models to correspond with the objectives of sustainable development based on either moral or business reasons, or they may reap all the benefits now and let regulations and other external factors influence the future state of their business.

This study has at least the following limitations. First, as the objective was to conduct a research review, we have scrutinised a broad range of journal articles and showed example studies from the various narratives. This process has both advantages and disadvantages. It brings together a great deal of research around the selected theme, but it does not necessarily further deepen and advance the discussions. However, we have attempted to find the most topical issues from the vast amount of literature and elucidate directions for future research avenues accordingly. Moreover, we admit that there certainly are alternatives to our inductively developed categorisation and the narratives we have identified. Yet, our objective was not to make the categorisation normative or recommend its use in the future but to present the studies and their perspectives within this research theme for readers. Whether we have succeeded in achieving this objective remains up to the reader's justification. Finally, the task of analysing sustainability views in each study turned out to be

quite challenging, which confirmed the arguments presented in earlier studies that the definition and understanding of business sustainability are not unequivocal, and therefore, more research needs to be done in this important field.

5 Conclusions

The purpose of this study was to examine distinctive narratives of stakeholder value creation and discuss how they consider sustainability. Based on an extensive research review spanning over three decades of material, we contribute to the stakeholder value creation literature and advancement of social responsibility and sustainability in business by showing how stakeholder theory as a management theory provides us with different approaches to value creation, depending on their orientation towards stakeholders (i.e., focal firm vs. stakeholder orientation), and value (i.e., the economic perspective vs. the multiple value perspective). While the study reveals an increased interest in sustainability issues and their more coherent incorporation into stakeholder research in recent years, the study also extends our knowledge of the existing variance within this research stream and the different narratives a chosen approach generates about stakeholders, value creation, and sustainability. The different approaches used in the research naturally lead to affecting the development of conventional management theory and business practices in different ways. Hence, with our research, we implicitly or explicitly participate in developing business language, which either increases or decreases business involvement in tackling social responsibility and sustainability issues.

As sustainability is the most important aspect affecting our society and planet today, it requires stronger involvement from businesses and organisations and positive solutions instead of trade-offs or minimising strategies. Therefore, we renew the calls to challenge existing stakeholder research to involve sustainability more consistently and reframe the purpose towards addressing sustainability objectives in value creation. We suggest that, with respect to sustainability, future research should consider the dynamic, systemic, and multilevel nature of stakeholder relationships and collaboration. Moreover, a more versatile understanding of value and value creation, as well as a broader understanding of stakeholders and their needs, should be incorporated into future research. To conclude, the conceptualisation of sustainability, the normative core of sustainable business, and elaboration on the purpose and role of business regarding sustainability serve as important and interesting focus areas for future research.

Appendix

Focal firm orientation and the economic value perspective		
Narratives	Authors	
Stakeholder identification	Adams et al. (2011) Jawahar and McLaughlin (2001)	Perrault (2017) Rowley (1997)
Stakeholder management influencing firm performance	Berman et al. (1999) Choi and Wang (2009) Coombs and Gilley (2005) Dooley and Lerner (1994) Garcia-Castro et al. (2011) Garcia-Castro and Francoeur (2016)	Harrison and Fiet (1999) Harting et al. (2006) Hillman and Keim (2001) Ogden and Watson (1999) Verbeke and Tung (2013)
Dynamics in value creation	Blyler and Coff (2003) Bridoux and Stoelhorst (2014) Crane et al. (2015) Jensen (2002)	Oliver and Holzinger (2008) Priem (2007) Sundaram and Inkpen (2004a, b) Su and Tsang (2015)

Stakeholder orientation and the economic value perspective		
Narratives	Authors	
Trust in cooperation networks	Barringer and Harrison (2000) Connelly et al. (2015) Dhanaraj and Parkhe (2006) Ireland et al. (2002)	Jones (1995) Pirson and Malhotra (2011) Preston and Donaldson (1999) Wicks et al. (1999)
Blurring organisational boundaries	Henisz et al. (2014) Kochan and Rubinstein (2000) Korschun (2015)	McDermott et al. (2009) Rindova and Fombrun (1999) Schneider (2002)
Value creation and capture logics	Bridoux et al. (2011) Coff (2010) Garcia-Castro and Aguilera (2015)	Kivleniece and Quelin (2012) Poulain-Rehm and Lepers (2013) Priem et al. (2013)

Focal firm orientation and the multiple value perspective

Narratives	Authors		
Challenging traditional CSR approach	Bendheim et al. (1998) Bingham et al. (2011) Brower and Mahajan (2013) Cheng et al. (2014) Clarkson (1995) Crilly et al. (2012)	Crilly et al. (2016) Jamali (2008) Kroeger and Weber (2014) Madsen and Rodgers (2015) Margolis and Walsh (2003) O'Riordan and Fairbrass (2014)	Rowley and Berman (2000) Ruf et al. (2001) Sachs and Maurer (2009) Smith and Rönnegard (2014) Wong et al. (2011)
Stakeholder identification and salience	Agle et al. (1999) Bundy et al. (2013) Crane and Ruebottom (2011) Eesley and Lenox (2006)	Jones et al. (2007) Mitchell et al. (1997) Mitchell et al. (2011) Pache and Santos (2010)	Phillips (2003) Tashman and Raelin (2013) Welcomer et al. (2003) Wang and Dewhirst (1992)
Stakeholder management practices	Briscoe et al. (2014) Crilly (2013) Crilly and Sloan (2012) Crilly and Sloan (2013)	de Luque et al. (2008) Hosseini and Brenner (1992) Kaufman (2002) Laplume et al. (2008)	Minoja (2012) Waldron et al. (2013) Wheeler et al. (2002) Winn (2001)
Expanded view on value creation	Dierksmeier and Pirson (2009) Fauchart and Gruber (2011) Haksever et al. (2004) Husted and de Jesus Salazar (2006)	Jones and Felps (2013a) Jones and Felps (2013b) Lepak et al. (2007) McMullen and Warnick (2015)	Miller et al. (2012) Shankman (1999) Smith et al. (2013) Zahra and Wright (2015)
Environmental and sustainability management	Aguilera-Caracuel and Ortiz-de-Mandojana (2013) Banerjee (2000) Banerjee (2001) Bansal (2005) Bansal and Roth (2000) Buysse and Verbeke (2003) Christmann (2004) Clifton and Amran (2011) Darnall et al. (2010) Driscoll and Starik (2004)	Egri and Herman (2000) Fineman and Clarke (1996) Gallo and Christensen (2011) Gladwin et al. (1995) Hahn et al. (2014) Henriques and Sadorsky (1999) Kassinis and Vafeas (2006) Lin (2014) Murillo-Luna et al. (2008) Perrault and Clark (2015)	Phillips and Reichart (2000) Ramus and Steger (2000) Reid and Toffel (2009) Sarasini and Jacob (2014) Sharma and Henriques (2005) Shepherd et al. (2013) Short and Toffel (2010) Shrivastava (1995a, b) Starik (1995) Zollo et al. (2013)

Stakeholder orientation and the multiple value perspective

Narratives	Authors		
Grounds for responsible business behaviour	Agle et al. (2008) Argandoña (1998) Burton and Dunn (1996) Donaldson (1999) Freeman (1994) Freeman (1999)	Freeman (2000) Gibson (2012) Hahn et al. (2010) Harris and Freeman (2008) Harrison and Freeman (1999) Phillips (1997)	Marcus et al. (2010) Phillips et al. (2003) Purnell and Freeman (2012) Shrivastava (1995a, b) Strand and Freeman (2015) Wicks (1996)
Defining value	Brown and Dillard (2015) Garriga (2014) Griesinger (1990)	Hall et al. (2015) Harrison and Wicks (2013) Harrison and Van der Laan Smith (2015)	Mitchell et al. (2015) Ramirez (1999) Strand et al. (2015)
Principles and mechanisms of how value is created	Abdelkafi and Täuscher (2016) Ansari et al. (2013) Bosse et al. (2009) Brickson (2005) Brickson (2007) Buchholz and Rosenthal (2005) Butterfield et al. (2004) Cohen and Muñoz (2015) Dentoni et al. (2016) Derry (2012) Donaldson and Preston (1995) Dyllick and Muff (2015) Freeman (2010) Freeman et al. (2007) Freeman et al. (2004) Freeman and Phillips (2002) Friedman and Miles (2002) Gauthier and Gilomen (2016)	Haigh and Hoffman (2014) Harrison et al. (2010) Hummels (1998) Hörisch et al. (2014) Jensen and Sandström (2013) Jones and Wicks (1999) Pinkse and Kolk (2012) Koschmann et al. (2012) Lehtimaki and Kujala 2015 Maak (2007) Mahoney et al. (2009) Mitchell et al. (2016) Myllykangas et al. (2011) Payne and Calton (2004) Prasad and Elmes (2005) Reinecke and Ansari (2015a) Reinecke and Ansari (2015b) Rühli et al. (2017)	Sachs et al. (2010) Schaltegger et al. (2016) Schneider and Sachs (2015) Slawinski and Bansal (2015) Sonenshein (2016) Starik and Rands (1995) Stead and Stead (2000) Stead and Stead (2013) Steurer et al. (2005) Stubbs and Cocklin (2008) Szmigin and Rutherford (2013) Tantalo and Priem (2016) Tencati and Zsolnai (2009) Upward and Jones (2015) York et al. (2013) Waddock (2011) Walls and Paquin (2015)

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STUDY
II

**Value creation in circular economy business for sustainability:
A stakeholder relationship perspective.**

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Business Strategy and the Environment   **WILEY**

Value creation in circular economy business for sustainability: A stakeholder relationship perspective

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Abstract

A circular economy (CE) requires companies to rethink their value creation and stakeholder relationships. While value creation in a CE business is typically understood from a company-centric perspective, this article utilises stakeholder theory to conceptualise value creation as a relational, systemic activity involving multiple stakeholder relationships. We conduct a case study of the CE business development of a Finnish energy company and offer novel insights by identifying five joint value creation activities: sharing the CE story, co-constructing knowledge for political decision-making, developing the industry, creating local CE ecosystems and refining the business model. Additionally, we define the concept of multidimensional value, which acknowledges multifaceted, subjective stakeholder value expectations and enables the engagement of stakeholders in joint value creation activities. We conclude that the stakeholder relationship perspective on CE business value creation allows for the creation of the synergy necessary to advance CE business and sustainability.

KEYWORDS
business model, circular economy, stakeholder relationships, stakeholder theory, sustainability, value creation

1 | INTRODUCTION

A circular economy (CE) is an economic model that aligns production and consumption patterns with sustainable development principles (Ghisellini et al., 2016), improves resource efficiency (Ellen MacArthur Foundation, 2015) and advances social well-being (Murray et al., 2017). A CE can be defined as a 'regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops' (Geissdoerfer et al., 2017, p. 766). A CE offers business and other societal actors an opportunity to contribute to sustainable development and create harmony between the economy, the environment and society; however, this opportunity is based upon the condition that systemic societal changes occur (Geissdoerfer et al., 2017; Ghisellini et al., 2016). Despite increasing scholarly attention,

knowledge on how to implement CE initiatives in business remains limited. Therefore, further research is needed to achieve widespread CE adoption in business and society (Panwar & Niesten, 2020).

Value creation has become a central topic for understanding CE implementation. In particular, CE business model (CEBM) research has provided ample insights into how companies can create value in a CE in order to ensure economic, environmental and social benefits (Centobelli et al., 2020; Lüdeke-Freund et al., 2019; Ranta et al., 2018). However, the prevailing company-centric understanding of value creation has been criticised for its failure to address the core principles of a CE: the systems perspective and contribution to sustainable development (Ghisellini et al., 2016; Kirchherr et al., 2017; Velenturf & Purnell, 2021). To complement the company-centric view, CE value creation should be viewed as a collective, interorganisational activity that involves multiple stakeholders from various CE system

levels (Barreiro-Gen & Lozano, 2020; Eikelenboom & de Jong, 2021; Frishammar & Parida, 2019; Jonker & Faber, 2018). Moreover, more research is needed on how stakeholder relationships enable value creation for businesses and stakeholders in a CE.

The aim of this article is to examine value creation in CE business from a stakeholder relationship perspective. We ask how and what kind of value is created within stakeholder relationships in CE business. We build on stakeholder theory (Freeman, 1984; Freeman et al., 2010) and stakeholder value creation research (Freudenreich et al., 2020; Harrison & Wicks, 2013; Tantalo & Priem, 2016; Tapaninaho & Kujala, 2019) to extend CE value creation literature. Empirically, we conduct a single case study of an energy company that has developed a CE business with local, regional and national stakeholders in Finland. Our data come from 20 thematic interviews conducted between 2019 and 2021, when the CE was gaining considerable momentum in Finland. Using a qualitative content analysis approach, we present a stakeholder relationship model for value creation in a CE business.

We provide two contributions to the CE value creation literature. First, we broaden the company-centric CE value creation perspective to include a stakeholder relationship perspective, highlighting value creation in a CE business as a relational and systemic phenomenon. We provide novel insights by identifying five joint value creation activities that engage various stakeholders across organisational boundaries to enable CE business operations: sharing the CE story, co-constructing knowledge for political decision-making, developing the industry, creating local CE ecosystems and refining the business model. Second, we offer a definition of multidimensional value that emphasises subjective stakeholder value considerations (Harrison & Wicks, 2013). We identify six value types created with and for the case company and its stakeholders: sustainability, economic, political, ecological, social and safety and quality value. We suggest that an understanding of multidimensional value is needed to acknowledge multifaceted, subjective stakeholder value expectations and engage stakeholders in joint value creation activities in a CE. As a result of the joint activities, synergy (Tantalo & Priem, 2016)—which is required to advance a CE and sustainability—is enabled. In effect, this study advances CE adoption (Panwar & Niesten, 2020) by shedding light on how stakeholder relationships can enhance CE implementation and value creation.

2 | THEORETICAL BACKGROUND

2.1 | Core principles of a CE

The core principles of a CE can be coined as the systems perspective and contribution to sustainable development (Geissdoerfer et al., 2017; Millar et al., 2019). The systems perspective emphasises that fundamental system-wide shifts are required at the macro, meso and micro levels in order to achieve a CE (Kirchherr et al., 2017). The macro level focuses on the economy's structure, the meso level refers to the regional level and the micro level includes individual

organisations, products, services and consumer activities (Ghisellini et al., 2016). An incremental twisting of the current system or its components (Kirchherr et al., 2017; Murray et al., 2017) cannot achieve the desired CE transition and might deter the required actions (Velenturf & Purnell, 2021).

There is a close-knit relationship between a CE and sustainability, and a CE can contribute to sustainable development (Geissdoerfer et al., 2017; Ghisellini et al., 2016). As a system-level concept, sustainability requires the simultaneous improvement of environmental, social and economic outcomes and the promotion of intergenerational equity (WCED, 1987). However, the relationship between a CE and sustainability remains ambiguous in research and practice as; for example, it is unclear how and if CE initiatives should combine economic growth with resource use. Further research is needed to understand how a CE can contribute to all sustainability dimensions and include all stakeholders equally (Millar et al., 2019; Murray et al., 2017).

2.2 | Value creation in a CE

Value creation has become a focal concept in CE research (Centobelli et al., 2020; Ferasso et al., 2020; Ranta et al., 2018). It has been argued that a CE requires radical changes to the extant value propositions and value creation processes of companies as well as within supply chains (Geissdoerfer et al., 2018; Urbinati et al., 2017). Typical CEBM components include the value proposition, value creation and transfer and value capture (Centobelli et al., 2020). A value proposition refers to what is offered to customers (Urbinati et al., 2017). Value creation and transfer refer, for instance, to activities related to products, services, processes, resource and energy efficiency and waste management. Value capture is typically discussed in economic terms and intangibles (Centobelli et al., 2020). Meanwhile, value destruction has rarely been examined (Yang et al., 2017).

Against the backdrop of the aforementioned core principles of a CE, the extant understanding of CE value creation has been criticised as insufficient (Eikelenboom & de Jong, 2021; Jonker & Faber, 2018). It is necessary to rethink value creation beyond the traditional and dominant focus on a single company and on firm profitability and competitiveness (Frishammar & Parida, 2019) in order to acknowledge the systemic and collective nature of a CE (Jonker & Faber, 2018). Stakeholder collaboration provides a fruitful perspective for shifting attention from a single company to joint value creation. However, although stakeholder collaboration can enable the creation of value for sustainability in a CE (Eikelenboom & de Jong, 2021; Marjamaa et al., 2021) and address the complexity of a CE (Ghisellini et al., 2016; Jonker et al., 2020), it might also increase complexity, as stakeholders often have different perspectives on how to organise CE operations (Kirchherr et al., 2017). However, without stakeholder collaboration, the integration of long-term visions and targets for collective value would likely be compromised (Jonker et al., 2020).

The extant understanding of CE value creation has also been criticised for emphasising economic value capture. Instead, the focus should be on how value creation offers multiple environmental, social and economic benefits to a wide set of stakeholders and contributes to societal sustainability aims (Bocken et al., 2018; Boons & Lüdeke-Freund, 2013; Geissdoerfer et al., 2018). Jonker and Faber (2018) recommended shifting from value capture by individual organisations to value preservation in collective value creation processes.

In summary, CE value creation research has shifted towards an understanding that value creation needs to enable environmental, social and economic benefits, contribute to sustainability and incorporate stakeholder collaboration.

2.3 | Value creation in stakeholder relationships

In stakeholder theory, business operations are conceptualised as stakeholder relationships that serve as platforms for value creation (Freeman et al., 2020; Freudenreich et al., 2020; Myllykangas et al., 2010; Tapaninaho & Kujala, 2019). The focal argument is that value creation can be improved over time by considering the interests of stakeholders and what they consider valuable (Garriga, 2014; Harrison et al., 2010; Harrison & Wicks, 2013). Tantalo and Priem (2016) noted that stakeholders have multi-attribute utility functions that offer managers opportunities achieve synergy by simultaneously creating value for multiple stakeholders. While the focus is often on increasing value, managerial decisions might destroy value for some stakeholders while creating it for others (Haksever et al., 2004).

Stakeholder research has increasingly explored company–stakeholder relations in order to create value for sustainability (Hörisch et al., 2014; Tapaninaho & Kujala, 2019). To address sustainability, stakeholders' sustainability interests must be identified and used to create mutual interests (Hörisch et al., 2014). Recently, Freudenreich et al. (2020) presented a stakeholder value creation framework for sustainability that pays attention to value creation activities and different value types created with and for stakeholders. Stakeholders are considered recipients, creators and co-creators of value (Freudenreich et al., 2020; Schaltegger & Figge, 2000). The present study draws on Freudenreich et al.'s (2020) framework to explicate value creation in a CE business with a focus on stakeholder relationships and value creation activities. It also utilises Tantalo and Priem's (2016) concept of stakeholder synergy to demonstrate its usefulness in the context of a CE.

2.4 | The stakeholder relationship perspective on value creation in a CE

Based on our conceptual discussion of value creation in a CE and stakeholder theory, we distinguish between two perspectives on value creation: a company-centric perspective and a stakeholder relationship perspective (see Table 1).

TABLE 1 Comparison of company-centric and stakeholder relationship perspectives on value creation in a CE

Dimension	Company-centric perspective on value creation	Stakeholder relationship perspective on value creation
Focus of value creation	Value creation, transfer and capture within the business model, the supply chain and the value network	Value creation with and for stakeholders within all stakeholder relationships
Stakeholders	Suppliers, customers and partners	All stakeholders related to a company's CE business
Stakeholder view	Stakeholders as entities	Value-creating stakeholder relationships
Managerial activity	Stakeholder management to create value	Stakeholder collaboration and joint activities to create value
Defined value proposition	Customer value proposition	Stakeholder value propositions
Value	Business and sustainability value	Business, sustainability and/or stakeholder value and multidimensional value

Abbreviation: CE, circular economy.

The company-centric perspective is informed by the CEBM literature, which has focused on value creation within the business model, the supply chain and the value network including such stakeholders as suppliers, customers and partners. In contrast, the stakeholder relationship perspective situates business and value creation within stakeholder relationships and extends the sphere of stakeholders to all those linked to the CE business. Accordingly, the focus moves from stakeholders as entities to stakeholder relationships. In addition to identifying value propositions and acknowledging what value is created for whom, attention is paid to how value is created in stakeholder relationships. Although stakeholder value creation is attracting increasing interest (Garriga, 2014; Harrison et al., 2010; Myllykangas et al., 2010; Tantalo & Priem, 2016), more research is needed, especially in CE (Marjamaa et al., 2021) and sustainability (Freudenreich et al., 2020) contexts.

The company-centric approach focuses on customer value propositions while acknowledging that value can simultaneously be created for businesses, customers and society. The stakeholder approach extends this notion by considering stakeholder value propositions and by contending that value is anything that those involved in the process deem valuable. We utilised the stakeholder relationship perspective to develop the concept of multidimensional value, which emphasises such notions as the subjective and evolving nature of stakeholder value (Garriga, 2014; Harrison & Wicks, 2013), context

dependency (Garriga, 2014) and value creation and destruction (Haksever et al., 2004). Consequently, we define multidimensional value as *subjective, fluid and context-specific value that is created or destroyed within stakeholder relationships and comprises what is valuable or worthy for business, stakeholders and society*. We posit that the stakeholder relationship perspective and the concept of multidimensional value can be used as conceptual and analytical tools for understanding value creation in a CE.

3 | DATA AND METHODS

3.1 | Case study approach

We conducted a single interpretive case study (Stake, 2005) of a large Finnish energy company that has actively developed a CE business over the last decade and can be considered one of the forerunners in the renewable energy industry in Finland. The case study focused on the company and its stakeholder relationships at the local, regional and national levels in terms of advancing its CE business.

The company specialises in gas production and distribution in the Nordic countries, and its current strategy is built on providing clean energy, such as biogas, and promoting CE and carbon neutrality. It operates in the business-to-business (B2B) sector, offering energy for industry, heat, power production and transport. To complement its main focus on natural gas, the company has developed CE operations related to biogas and recycled nutrients. Finland is an interesting context because of its aim of becoming a global CE leader (Finnish Government, 2019) and because sustainability and stakeholder issues are high on its business agenda (Quarshie et al., 2021).

We adopted a qualitative, interpretive case study approach to enable a thick description and gain contextual understanding (Stake, 2005; Welch et al., 2011). The interpretive approach allows us to acquire in-depth information about the case and provide analytical explanations while appreciating its particularities (Tsoukas, 2009). The analysis and interpretation processes were closely connected to the political and regulatory context. Specifically, advancing a CE is high on the political agenda (Finnish Government, 2019), and the energy sector has been pressured to reduce CO_2 emissions and fossil fuel use.

3.2 | Data generation and analysis

The primary data were derived from 20 interviews with case company representatives and stakeholders. To ensure the inclusion of enough relevant interviewees to achieve a comprehensive understanding of the case, we employed the snowball method of data generation (Noy, 2008) by asking each interviewee to suggest potential interview candidates. First, we interviewed case company representatives, who identified focal stakeholders at the national, regional and local levels. Then, we interviewed representatives from partner and customer organisations (two private and one public),

potential partners and competitors (one private and one public), industry and development organisations (two CE-related industry associations), one national and one regional development organisation and three ministries (the Ministry of the Environment, the Ministry of Economic Affairs and Employment and the Ministry of Agriculture and Forestry). The interviewee selection parameters concerned importance, that is, key actors within the company related to CE operations, and relevance, that is, stakeholders relevant to the CE business or advancing CE and biogas operations. The interviewees worked as executives, directors, managers, advisors and specialists. Their diverse organisational backgrounds and focal positions enabled us to generate rich data on CE business and stakeholder relationships.

The semistructured, thematic interviews were conducted between June 2019 and February 2021 and lasted between 35 and 90 min; 10 were face-to-face interviews, and 10 were held via Skype. The interviews focused on sustainability activities, participation in CE and biogas operations, stakeholder collaboration and opportunities and challenges related to CE advancement. The questions were adapted to fit each interviewee's organisational background and involvement in CE operations (see Appendix A). In total, 370 pages of verbatim transcribed material were produced. The interviews were conducted in Finnish, and quotes were translated into English. To enable a holistic contextual understanding, company documents were collected from company representatives and publicly available sources as secondary data.

The interview data were analysed using inductive qualitative content analysis (Gioia et al., 2013; Krippendorff, 2004). We organised the data by identifying key stakeholders and their CE-related aims, relationships, activities and value expectations (Table 2).

To examine value creation in stakeholder relationships, we scrutinised the activities and value types. Figure 1 illustrates the data structure and analysis. We created first-order codes related to the activities and value types and then looked for similarities and differences in the coded data (Gioia et al., 2013). Second-order categories were created and further abstracted into aggregate dimensions (Gioia et al., 2013) of joint value creation activities and multidimensional value.

4 | FINDINGS

The stakeholder relationships in the CE business occurred within five joint value creation activities at two levels: (1) enabling an operating environment for CE and (2) implementing CE business operations (Figure 2). These activities were sharing the CE story, co-constructing knowledge for political decision-making, developing the industry, creating local CE ecosystems and refining the business model. Additionally, we identified critical points for value creation. The following six value types were created or destroyed within the activities: sustainability, economic, political, ecological, social and safety and quality value.

TABLE 2 Analysis table with data from one stakeholder

Stakeholder	CE aims	Relationships	Activities	Value
Industry organisations	Interested in promoting a CE and environmental targets in conjunction with the creation of economic opportunities for member organisations	Energy company and other member organisations; regulatory and governmental stakeholders, for example, ministries, officials, political officials or members of parliament; and CE-related associations	Active dialogue and industry development with members; knowledge transfer, for example, politics, regulation, industry, actors, technologies and future directions; industry image-building and communication; bringing forth shared views among industry actors; and influencing regulation and government programme development	Potential to create sustainability value with environmental targets; economic value creation possibilities for members; social and political value, for example, to regulatory and governmental stakeholders and citizens; and safety and quality value

Abbreviation: CE, circular economy.
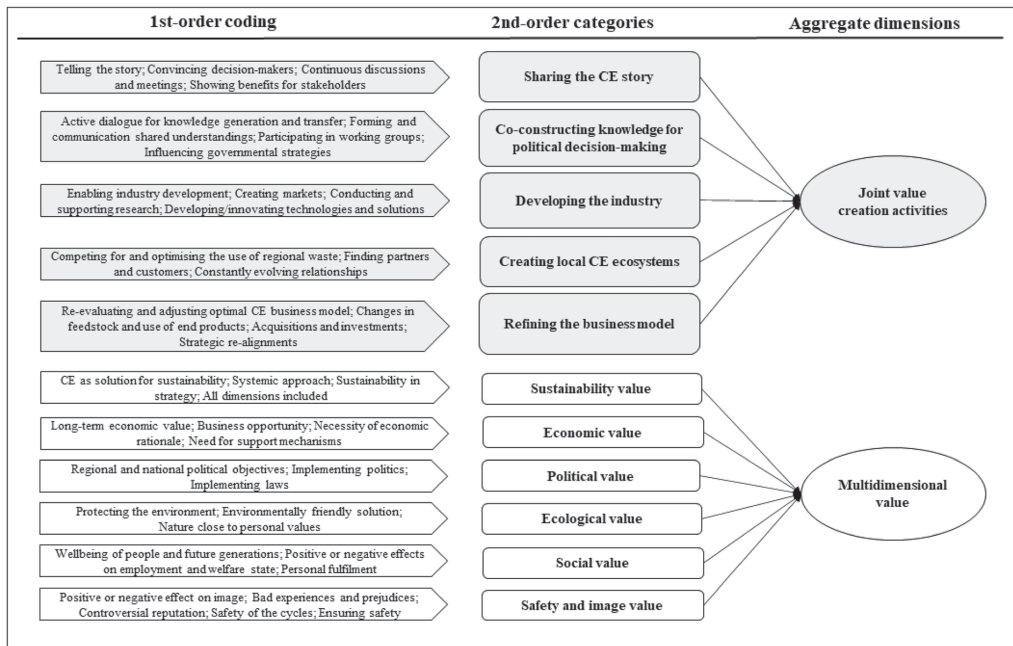
FIGURE 1 Data analysis and structure

4.1 | Joint value creation activities and critical points for value creation

4.1.1 | Enabling an operating environment for CE

Sharing the CE story
Sharing the CE story, which refers to communicating about the feasibility of CE opportunities, was key for creating favourable conditions for a CE in society. The case company's decision to engage with the CE was tightly coupled with changes in the energy sector and increasing expectations for companies to provide renewable energy. Yet, a CE is a relatively new way of organising production and consumption—and one that requires courage to rethink societal structures. Therefore, an understanding of the CE was achieved in close cooperation with stakeholders, especially industry and development organisations.
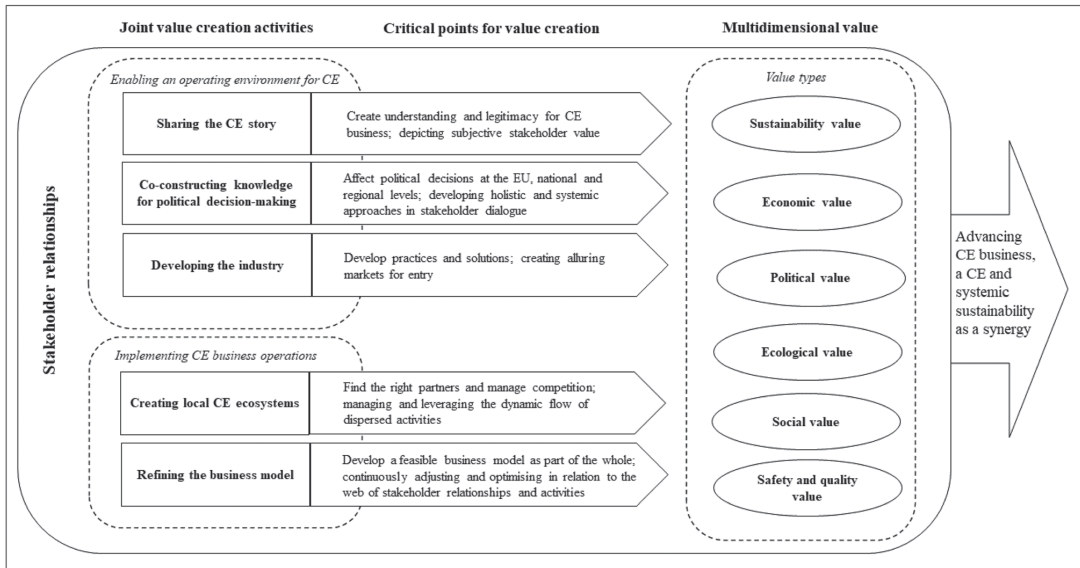
FIGURE 2 Stakeholder relationship model for value creation in a circular economy (CE) business

While there is notable interest in the CE across Finnish society, decision makers are hesitant about making large-scale, long-term CE investments. Securing the involvement of municipal stakeholders was particularly challenging, yet crucial, since many CE decisions are made in municipalities. Continuous dialogue was maintained, and practical, real-life examples were shared during seminars and personal meetings as arguments for making CE-related decisions. A development organisation representative shared the following example:

> It was the trip to Sweden that finally convinced the [city] officials that the technology works, and we got biogas for our buses [....] The officials saw how the buses performed even when it was cold, and they discussed with the owners of the bus company and people from the municipality directly. The right people participated in the trip—those who still hesitated.

The story also needed to be modified according to the audience. A case company representative shared the following view of this process:

> For me, it is important to know the story well. Then, I adjust and summarise it according to the stakeholders. One is interested in the feedstock part, another in the energy part and some others in the nutrients part.

The challenge when sharing the CE story was finding a balance between being specific and being broad so that all stakeholders were engaged despite their different aims. The critical point for value creation or destruction centres on convincing stakeholders that their subjective interests could be furthered through collaboration. Hence, value creation would be enabled if the case company's CE business were acknowledged as suitable for solving the needs of stakeholders and society. In the reverse case, the company would not be able to advance its CE business or create different value types for stakeholders.

Co-constructing knowledge for political decision-making

Co-constructing knowledge refers to active engagement with national, regional and local political decision-making processes to ensure that the regulatory conditions and political objectives aim to promote a CE and are favourable for biogas operations. The political and regulatory fields related to a CE and energy have been under constant development in Finland over the past years, and the case company, ministries and development and industry organisations were especially involved in this activity. For example, they participated in working groups and one-on-one meetings with decision makers to influence CE strategy and regulation in national and European union (EU) level politics. Major outcomes included the national biogas programme and sustainability criteria for biogas production and a CE focus in the Finnish government programme. An industry organisation representative shared the following perspective:

It is particularly positive, and I am proud of it, that recycled nutrients and biogas are part of the government programme, and there are real allocations in euros for the next four years […] Many of the regulatory issues are currently in preparation, and we need to work hard with the sector to have a functioning political and regulatory framework that supports profitable and sustainable business.

Ministry representatives valued active stakeholder dialogue because it improved their understanding of the field and enabled them to develop support for CE activities through regulation, information and economic incentives. Active dialogue with national political decision makers and officials is a necessity because no single ministry is responsible for the CE in Finland. Moreover, this situation has led to conflicting regulations, norms and practices. For example, regulations on recycled nutrients have been addressed in agricultural, energy, transport and environmental policies. As a case company representative contended, 'it is not always clear according to which regulation to operate'. At the regional level, it was considered essential to influence city and municipal strategies as early as possible because decision makers often favoured established or trendy solutions.

Overall, co-constructing knowledge for EU, national and regional political decision-making was perceived as necessary to create value through the CE business. There was a call for holistic and systemic approaches developed through stakeholder collaboration to replace siloed decisions, dispersed regulations and the juxtaposition of possible solutions and enable value creation. In contrast, without favourable political decisions and a holistic approach, the potential value would not be achieved and the advancement of the CE business might be prevented.

Developing the industry
Joint efforts by the case company, industry and development organisations, partners and customers were needed to develop the renewable energy industry and the biogas and recycled nutrients markets, make the industry more attractive to new partners and customers and, thus, further advance the industry. Simultaneously, other CE-related industries and the CE field were developed.

Developing the industry requires updating institutionalised practices, such as public procurement. A case company representative shared the following viewpoint:

If the regulation does not force us to consider what is done for the waste, the focus will be on the procurement price. Then, we need to continuously convince the decision-makers to consider the significance of sustainability and CE.

Procurement typically prioritises economic impacts instead of the CE and sustainability. In a city context, this caused conflicting guidelines, as the city strategies were based on climate and CO_2 mitigation objectives, while procurement emphasised the lowest price. Another focal need was the creation of research-based knowledge and opportunities for experimentation. Joint research and development efforts could include CE platforms and joint customer projects as well as pilots for developing new knowledge, technologies and solutions.

Developing industry practices and solutions to create alluring markets is critical for value creation. However, establishing a CE business requires time and resources, which creates a barrier that prevents some stakeholders from joining. Developing the industry and new CE solutions allows new stakeholders to enter the market as partners and customers. Conversely, if the industry and market remained underdeveloped, value creation potential could be destroyed, technologies could not improve and CE-based products and materials could not achieve a stable status or steady demand.

4.1.2 | Implementing CE business operations

Creating local CE ecosystems
Local CE ecosystems were considered imperative for implementing CE business operations. Their creation involved close cooperation with city and regional officials, customers and partners. For example, creating a waste ecosystem necessitated the participation of multiple regional and local stakeholders to generate an adequate scale for profitable operations. Suitable waste for CE operations was scarce. According to a case company representative, stakeholder collaboration was crucial for finding feedstock:

Knowing and understanding the representatives of all stakeholders and how they affect—in CE, everything is connected with everything—and we all deal with waste in some way.

The stakeholders actively looked for feasible CE activities in which to participate, underlining that the CE field comprises highly localised, dispersed activities that aim to solve a particular issue. The partners described how they simultaneously collaborate with many organisations. The local ecosystems are characterised by constantly evolving stakeholder relationships as new stakeholders join and others exit to seek optimal ecosystems and CE activities for their aims. A partner/customer representative described the challenge of stabilising the CE business and finding suitable counterparts as follows: 'to find the balance and the right customers, this is not a two-way street, but involves three or four parties who need to get it to work'.

The fragmented nature of CE activities and changing stakeholder relationships constitute critical points for value creation. Coping with scarce resources; balancing cooperation and

competition; and finding partners and customers and an economic rationale for a dispersed set of CE activities were perceived as challenges in implementing CE operations. If the business successfully creates local CE ecosystems, value could be created for the case company, partners, customers, municipal stakeholders and sustainability.

Refining the business model

Implementing CE operations required refining the case company's business model. The business model was built around the interlinked triangle of biogas, recycled nutrients and feedstock. The company's plants produce biogas from biodegradable feedstock, including agricultural side streams, biodegradable waste and municipal wastewater sludge. Additionally, new sources of feedstock are continuously sought. In the pursuit of a closed loop of biodegradable side streams, the company also participates in producing nutrients from organic digestate. Investments in new plants and technologies are continuously made to leverage and refine production.

The business model is constantly optimised. For instance, the best end use for biogas has been re-evaluated over time. At the time of the interviews, biogas had acquired a legitimate and stable position as a traffic fuel; however, feedstock and nutrients in the CEBM triangle were constantly evolving. Business model development was highly dependent on finding suitable partners and joint value creation activities. As a representative of the case company stated, 'Our main thing is gas. For others, we need to find partners'.

Value creation hinges on aligning the business model with the CE ecosystem and highlighting the importance of stakeholder relationships and joint value creation activities. Without an optimal business model, the case company would not be able to combine sustainability and profitability goals or create value for stakeholders and sustainability.

4.1.3 | Multidimensional value

Table 3 summarises the potential of each joint value creation activity to create the six identified value types based on the following scale: strong, moderate and uncertain potential.

Sustainability value

Sustainability value was created when societal-level sustainability aims were addressed. For example, the case company's CE business is linked to two politically and societally acute sustainability issues: mitigating climate change and establishing the CE as an economic and societal model. While sustainability value includes environmental, social and economic considerations, here it was emphasised as a holistic value connected to societal sustainability aims—such as carbon neutrality, respecting planetary boundaries, caring for future generations and socio-economic well-being—rather than the optimisation of one or more dimensions. The national-level stakeholders, including the ministry and national research and expert organisation representatives, were primarily focused on sustainability value. A ministry representative provided the following feedback:

> We have ambitious objectives, but a comprehensive transformation takes time. Climate change has been understood, but the CE is not [understood] as much yet. However, it is used as a tool to mitigate climate change. Perhaps that is the way forward.

Sustainability was the main motivation for the case company to create CE operations. The company representatives discussed CE operations as a win-win opportunity in which sustainability value for society and economic value for the company are simultaneously created. The partners and customers further embraced the win-win potential. The following statement by a case company representative illustrates the case company's view:

TABLE 3 Value creation potential of joint activities across different value types

Value types/joint value creation activities	Sustainability value	Economic value	Political value	Ecological value	Social value	Safety and quality value
Enabling an operating environment for CE						
Sharing the CE story	Strong	Strong	Strong	Strong	Strong	Strong
Co-constructing knowledge for political decision-making	Strong	Strong	Strong	Strong	Strong	Strong
Developing the industry	Strong	Strong	Moderate	Moderate	Uncertain	Strong
Implementing CE business operations						
Creating local CE ecosystems	Strong	Strong	Strong	Moderate	Uncertain	Uncertain
Refining the business model	Strong	Strong	Moderate	Moderate	Uncertain	Moderate

Abbreviation: CE, circular economy.

Our concept promotes sustainability aims to which nobody usually objects. We offer an option to manage waste in an environmentally friendly way and to create renewable energy to replace fossil fuels.

All joint value creation activities have a strong potential to create sustainability value by providing the company and its stakeholders with opportunities to enhance sustainability through CE operations. Sustainability was a starting point for the case company to redesign its operations, and, accordingly, it was emphasised in most stakeholder relationships.

Economic value

Economic value was connected to CE business profitability, new business opportunities and the functioning of the CE ecosystem. The interviewees emphasised economic value when discussing market development, potential customers and partners and when describing collaboration with national and regional stakeholders. They unanimously agreed that the CE business should create economic value. A case company representative stated that 'the business needs to carry itself in the long-term'. Economic value was presented as a priority and even a necessity, as evident in the following statement from a development organisation representative:

Since I have become older, wiser and more cynical, I have increasingly noticed that this world revolves around the economy. Therefore, for these solutions, economic sustainability needs to be present.

Economic value creation for the case company, partners and customers depended on the optimal use of products and technological innovations that could increase profitability. The interviewees noted that, in a CE ecosystem, a company's success could destroy or prevent the value creation of others. The interviewees also expressed a need to balance economic value with other aims. Furthermore, as the CE business was in its early development, governmental economic guiding mechanisms were considered crucial for economic value creation.

All value creation activities have strong economic value potential. All interviewees emphasised the importance of economic value in sharing the CE story, and political decisions and industry progress were closely linked to developing an economic rationale for the CE business. Furthermore, finding the right partners within local ecosystems and continuously adjusting one's business model significantly affected whether economic value could be created.

Political value

Political value links politics to CE business. Political value was highlighted in the relationships involving national and regional decision makers and industry organisations, and it was discussed in all relationships. Public institution representatives emphasised the importance of CE business and networks in operationalising the political agenda, as evident in the following statement by a ministry representative:

Many people think that we [in the ministry] should do more. But it should be kept in mind that, actually, when we read the beautiful story of how Finland is doing this, Finland is doing that and Finland is the forerunner, it is not the ministry that does those things. It is the companies and the people.

From the case company's viewpoint, political value was derived from the ability to promote national and regional CE and climate objectives. According to one case company representative:

They [political decision-makers] have objectives [...] and there, we can provide them with a positive solution.

Likewise, political value was created in the CE ecosystem when stakeholders collaborated to enhance the ecosystem's alignment with political objectives. According to one partner/customer representative:

For the first time, the CE combines political, strategic and environmental value.

However, political value was highly dependent on possible changes in future government programmes; political value would cease to exist if the CE was no longer on the political agenda.

Sharing the CE story, co-constructing knowledge for political decision-making and creating local CE ecosystems has strong potential to support political value creation. Political value is enabled by establishing connections between CE operations and national and regional politics, exchanging information for accurate decisions and creating productive, reciprocal relationships between stakeholders within local CE ecosystems. Developing industry and business models has moderate potential for political value, as their development enables the fulfilment of political CE aims.

Ecological value

Ecological value refers to the benefits of a CE for the natural environment. The CE business was linked, for example, to saving the Baltic Sea, reducing the need for imported nutrients, replacing fossil fuels and protecting the environment. Biogas was described as an affordable and environmentally friendly alternative fuel. In some instances, the distinction between ecological and sustainability value was somewhat ambiguous. However, the stakeholders advocating nature explicitly discussed and prioritised ecological value. According to one ministry representative:

Our responsibility is to take care of the environment and protect it with all available solutions.

While the CE business was considered to have mainly positive effects on nature, the interviewees acknowledged that CE activities

could have negative impacts if, for example, economic gains were prioritised over environmental protection.

Sharing the CE story and co-constructing knowledge for political decision-making have strong potential for enhancing ecological value. Sharing the CE story enabled the engagement of stakeholders interested in the environmental aspects of a CE. Ecological value was not emphasised in three activities: developing industry, creating local CE ecosystems and refining the business model. Therefore, the potential for ecological value appeared to be moderate.

Social value

Social value was linked to enhancing the well-being of people today and of future generations. Social value was created when stakeholders had opportunities to participate in sustainability efforts by engaging with the CE. However, CE operations could also destroy social value if the CE created fear among people and negatively affected the objectives of an affluent society. This was described by a development organisation representative as follows:

> Local politicians have been calling me and asked whether the CE creates new jobs. It has been difficult to give exact answers. In some cases, they juxtaposed CE and sustainability objectives with the objectives of an affluent society. 'Let's take care of unemployment first, and then focus on sustainability', they have said.

While CE supporters demonstrated mostly positive feelings, negative aspects of social value creation were also noted, especially when the CE was still a novel issue, such as among municipal decision makers. Social value was less prominent than the other value types and primarily discussed in terms of sharing the story and co-constructing knowledge for political decision-making. Ministry and development and industry organisation representatives identified more opportunities for social value than the other stakeholders. The other joint value creation activities did not seem to present a direct link to social value, representing uncertain potential.

Safety and quality value

Safety and quality value refers to safety and quality issues related to the CE. While stakeholders had a positive view of CE operations, there were some concerns about the safety of the operations. For instance, negative past experiences influenced stakeholders' willingness to engage with the CE. Accordingly, one ministry representative emphasised that 'the processes in the CE need to be sustainable and safe when, for example, dealing with harmful substances'.

The roles of surveillant and permission authorities and regulations were emphasised for ecological and health safety reasons. For example, EU regulations on organic fertilisers determine which types of feedstocks can be used for recycled nutrients. To address concerns about recycled nutrients, auditing and development work was performed internally and externally with partners and industry stakeholders. An industry organisation representative shared the following description:

> Of course, it needs to be shown that the recycled nutrients can be used safely [...] There is a process underway, for instance, to create a quality system for recycled nutrients in Finland, and it is stricter than the EU requires.

Operating environment-level activities had the strongest link to safety and quality value. Stabilising the waste-based CE business required significant industry development and support from political decision-making. Communication to increase safety awareness in a CE was considered crucial; thus, sharing the CE story had a strong potential to affect safety and quality value creation. Within the implementation-level activities, safety and quality value did not appear as a focal value. However, quality issues were part of the internal support and development work; hence, a moderate link between refining the business model and safety and quality value could be assumed.

5 | DISCUSSION

In terms of theory, we distinguished between two value creation perspectives in a CE: a company-centric perspective and a stakeholder relationship perspective. We used the latter to examine a case of CE business development and synthesised the findings as a stakeholder relationship model for value creation in a CE business (Figure 2). The model presents how stakeholder relationships enable joint value creation activities at two levels: (1) enabling an operating environment for CE and (2) implementing CE business operations. Furthermore, the model shows how joint activities provide opportunities for multidimensional value creation and destruction. We argue that joint value creation activities and multidimensional value creation in stakeholder relationships enable the synergy necessary for advancing CE business and sustainability. With these insights, we make two contributions.

First, we contribute to the CE value creation literature by presenting value creation in a CE business as a relational and systemic phenomenon. The novelty of this contribution lies in the identification of five joint value creation activities that involve various stakeholder relationships beyond organisational boundaries and across local, regional and national levels: sharing the CE story, co-constructing knowledge for political decision-making, developing the industry, creating local CE ecosystems and refining the business model. The stakeholder relationship model expands the focus beyond the focal firm business model to stakeholder relationships and joint value creation activities. This approach complements the entity-based and company- and business model-centric understandings of value creation that prevail in the literature (Frishammar & Parida, 2019; Lüdeke-Freund et al., 2019). In addition, the model advances knowledge of how value can be created in joint activities and collaborative stakeholder relationships (Freudenreich et al., 2020), which have been noted as crucial in a CE (Eikelenboom & de Jong, 2021; Geissdoerfer et al., 2018; Jonker et al., 2020).

The stakeholder relationship model perceives the CE as a collective, systemic effort (Eikelenboom & de Jong, 2021; Jonker & Faber, 2018) in which the interdependence and interconnectedness of the actors are accentuated (Freeman et al., 2020; Velenturf & Purnell, 2021). The systems view adheres to the idea that value creation and destruction depend on the system's ability to support value creation as a whole (Jonker et al., 2020). Accordingly, the ability of the system to create value is linked to stakeholder relationships and joint value creation activities. All in all, joint value creation activities contribute to the flourishing of the system and its value creation potential. In contrast, value destruction in joint activities diminishes or compromises the value creation potential and, more broadly, the flourishing of the system. The systems view was emphasised in the case study. For example, the operating environment-level activities involved national, regional and local stakeholders and enabled the development of favourable conditions for CE business, such as by addressing existing systemic barriers (Kirchherr et al., 2017) and building a shared understanding of a CE as an operations model with multiple benefits. At the CE business implementation level, finding partners and customers was critical (Frishammar & Parida, 2019).

Second, we contribute to the CE value creation literature by discussing multidimensional value. We define multidimensional value as *subjective, fluid and context-specific value that is created or destroyed within stakeholder relationships and comprises what is valuable or worthy for business, stakeholders and society*. This definition suggests that value is essentially negotiated, defined, created or destroyed within stakeholder relationships, thus extending the vocabulary in the CE value creation and CEBM literature beyond economic value, firm value capture and customer value propositions (Centobelli et al., 2020; Ranta et al., 2018). We identify six value types—sustainability, economic, political, ecological, social, and safety and quality value—that correspond to stakeholders' subjective value considerations related to a CE business. Understanding subjective value considerations is crucial for depicting individual stakeholder value propositions to motivate stakeholders towards joint value creation. Stakeholder participation has the potential to create the synergy (Tantalo & Priem, 2016) that is required for advancing CE business, a CE and sustainability in society. Multidimensional value follows the premises of stakeholder theory, emphasising value creation with and for stakeholders (Freeman et al., 2010) and subjective value expectations as the backbone of reciprocal stakeholder relationships (Freudenreich et al., 2020; Harrison & Wicks, 2013). While we primarily contribute to the CE value creation literature, our findings parallel the stakeholder value creation literature by addressing the how-gap of value creation (Freudenreich et al., 2020; Myllykangas et al., 2010; Tantalo & Priem, 2016) and defining multidimensional value (Garriga, 2014; Harrison & Wicks, 2013).

Our findings suggest that CE operations can contribute to sustainability by creating multidimensional value with and for stakeholders and by recognising sustainability as a value in stakeholder relationships. As the case study illustrates, sustainability is a holistic value that is more than the sum of its parts. Striving for sustainability value accentuates the potential to contribute to sustainable development at the systemic, societal level. We contend that leveraging the full potential of a CE to contribute to sustainability requires an understanding of sustainability as a shared value in stakeholder relationships (Hörisch et al., 2014) and the creation of multidimensional value with and for stakeholders.

The interpretive case study approach (Stake, 2005) seeks transferability rather than generalisability (Welch et al., 2011). Therefore, we suggest that the aggregate constructs of joint value creation activities and multidimensional value are transferable to other CE business cases as well as to complex, sustainability-related endeavours involving multiple stakeholders. While activity content and value types are likely highly context-dependent, the stakeholder relationship perspective on value creation applies to other cases. In particular, the findings are transferable to contexts in which the CE transition is in an early phase.

This article provides practical insights for private and public sector organisations and policymakers. The stakeholder relationship model provides a concrete basis for understanding CE value creation beyond company-centric and economic-oriented business models and as a systemic, collective endeavour that includes multiple value types. Moreover, the findings show how CE business is linked to sustainability contributions in practice, as we distinguished sustainability value as a value that is (only) created when societal-level sustainability aims are advanced. For example, sustainability and ecological responsibility are often used interchangeably, and this practice has been criticised for mistakenly conveying that environmental improvements equal sustainability (Geissdoerfer et al., 2017; Millar et al., 2019). Finally, the findings show how governmental guiding mechanisms and regulations can be developed in stakeholder dialogue to support CE operations.

This study has certain limitations that also indicate areas for future research. First, since the case study depicts a CE business in the early development phase, the activities and relationships are in a state of constant change. Examining other phases could portray the relationships, activities and value types differently. Future research could include empirical studies with longitudinal data or multiple cases. Second, as the case company's CE business mainly revolves around B2B customers, this study excluded interviews with consumers or communities that could be addressed in future studies. Third, although tensions, for example, between cooperation and competition, were involved in the CE business, their in-depth analysis remains an issue for future research. Overall, more conceptual and empirical studies should be conducted at the intersection of CE value creation and stakeholder relationships.

6 | CONCLUSION

This study aimed to explore value creation in the CE business from a stakeholder relationship perspective. We examined how and what value is created within stakeholder relationships related to a CE business. Building on the stakeholder value creation literature, we developed a stakeholder relationship model that shows how value creation in a CE business occurs through joint value creation activities in which

various stakeholders from different levels of society collaborate. Consequently, multidimensional value is either created or destroyed for businesses, stakeholders and society. This study adds a relational and systemic understanding of value creation and a multidimensional value definition to the CE value creation literature. We suggest that advancing a CE business and sustainability requires stakeholder collaboration and joint value creation activities in order to create synergy.

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APPENDIX A: Interview Guide

1. Background

a. How would you describe your current job or position? What is your work and study background like?

b. What does CE look like in your personal life?

2. CE and sustainability

a. How would you define CE, and what does CE mean to you?

b. How would you define sustainability, and what does sustainability mean to you?

3. Sustainability, CE and biogas activities in the organisation

a. Tell me about your organisation. What kinds of objectives and interests do you have that are related to CE?

b. Tell me about your concrete activities and with whom you work. Please give examples.

c. What is your typical workday like?

d. If relevant to position: How are your CE activities connected to national/international/global CE activities?

4. Stakeholder collaboration and networks

a. Who are the key stakeholders of your organisation, and how do they relate/contribute to your operations/activities? Please describe what you do together.

b. Describe the expectations and objectives of different stakeholders related to CE and/or sustainability.

c. What kinds of synergies/conflicts are there or could there be among stakeholders related to CE and/or sustainability?

d. What kinds of value can be created for different stakeholders through your activities?

e. Describe issues that either enhance or complicate your activities and the achievement of your goals.

f. What kinds of best practices have you developed in the stakeholder network?

5. Opportunities and challenges in advancing a CE

a. In your opinion, what issues can accelerate or slow down the development of CE?

b. How would you describe the future of CE (for example, in 2050)?

6. Conclusion

a. Please share some examples related to CE of which you are proud.

b. Who would you recommend for us to interview?

c. Do you have something to add or clarify before we finish the interview?

STUDY
III

**Multi-Stakeholder Cooperation for Green Infrastructure:
Creating Sustainable Value.**

Tapaninaho, R., & Lähde, E.

In A. K., Dey & H., Lehtimäki (Eds.) Evolving Business Models in Ecosystem of Disruptive
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EVOLVING BUSINESS MODELS IN ECOSYSTEM OF DISRUPTIVE TECHNOLOGIES AND SOCIAL MEDIA

EVOLVING BUSINESS MODELS IN ECOSYSTEM OF DISRUPTIVE TECHNOLOGIES AND SOCIAL MEDIA

Editors

AJOY KUMAR DEY

AND

HANNA LEHTIMÄKI

B L O O M S B U R Y

Contents

Multi-Stakeholder Cooperation for Green Infrastructure: Creating Sustainable Value

Riikka Tapaninaho[1] and Elisa Lähde[2]

ABSTRACT

The purpose of this study is to analyze the design process of a new green infrastructure element, a storm water wetland, and examine how collaboration and decision-making in a multi-stakeholder project happened. Forming a storm water solution engaged several local and regional authorities and consultants representing a case where understanding and decisions about economic, social, environmental and cultural values were required. The case study shows evidence of the ongoing transformation process of urban water management and current hydro-social contracts both at the operation and regulation levels. While progress was cumbersome, creating a mutual understanding through open discussions and bridging knowledge gaps of negotiating parties with the help of change agents and subject matter experts promoted sustainable decision-making. Transformative decisions demanded individuals to step out from their conventional field of expertise and deal with the uncertainties of sustainability.

Keywords: Decision-making, Ecosystem Services, Green Infrastructure, Multi-stakeholder Cooperation, Sustainable Value Creation

1. INTRODUCTION

There has been an increased interest in the examination of multi-stakeholder cooperation addressing sustainability and climate change challenges in various disciplines, including management theory (Hörisch et al., 2014; Sharma & Kearins, 2011) and urban design (Ahern, Cilliers, & Niemelä, 2014; Lennon, Scott, Collier, & Foley, 2016). Simultaneously, urbanization, as a megatrend, has drawn attention to the well-being of humans and nature in urban environments. Specifically, green infrastructure (GI) and ecosystem services are useful approaches for contributing to human well-being and climate change mitigation in urban areas (Demuzere et al., 2014). While GI and

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ecosystem services are important, the concepts are still new and unstable (Lähde & Di Marino, 2018). Moreover, operationalizing and integrating different, and often irreducible, values of urban ecosystem services into the decision-making processes of collaborative networks have proved challenging and under-researched (Gómez-Baggethun & Barton, 2012; Lennon & Scott, 2014). Additionally, understanding better social-ecological systems (SES) and interactions of natural capital provided ecosystem services and their impact on human well-being has been recognized as an important research area regarding urban sustainability and resilience (Moore et al., 2014).

The purpose of this study is to apply a multidisciplinary approach to analyzing the design process of a new GI element, a storm water wetland in Helsinki, Finland. The multidisciplinary framework of the study is built around stakeholder theory and value creation representing organizational studies, specifically management theory and GI and SES literature related to urban sustainability and storm water management. The case itself concerns the design process of a storm water wetland, of which purpose is to deliver a nature-based solution to purify potentially pollutant loaded storm water. The design process engaged several stakeholders (main responsibility in brackets): Helsinki Region Environmental Services Authority (urban water services), Public works Department (planning, building and maintenance of public open areas), City Planning Department (urban land use planning), Environmental Centre (supervisory work required by environmental legislation) and consultants (water engineering, hydrology and landscape design), resulting in intensive collaborations and negotiations about the expected outcome and its benefits. Creating a shared understanding about multifunctionality and desired end results among different stakeholders proved challenging. It required mutual learning and stepping out of traditional, organizational boundaries and responsibilities.

The aim of the paper is to retrospectively examine how collaboration and decision-making among multiple stakeholders and value perspectives happened. The case represents an intriguing example of multi-stakeholder cooperation involving social, environmental, cultural and economic value considerations. This case allows for examining the interactions between social-ecological systems and the feedback loops between social actors and ecosystems. Through intensive research, we create a holistic understanding of multi-stakeholder cooperation (Eriksson & Kovalainen, 2008). As our study aims to advance multi-stakeholder cooperation as it relates to sustainability, we looked for methods and capabilities, which allow for developing common objectives in complex inter-organisational projects and enhancing decision-making toward sustainable value creation. While the approach is more inductive than deductive, rich interpretation and understanding from a case study has potential to inform theory (Dyer & Wilkins, 1991).

Interorganisational collaboration has been studied from different angles, focusing on processes or outcomes, or both (Sharma & Kearins, 2011). For this study, stakeholder theory was chosen to examine the process of decision-making, value creation and resulting outcomes (Freeman, 1984). Stakeholder approach has gained popularity within organizational studies to understand decision-making and value creation regarding economic, social and environmental welfare. Stakeholder theory is about creating as much versatile value as possible for all stakeholders instead of trade-offs (Freeman, 2010; Freeman et al., 2007). Lately, stakeholder theory's applicability in sustainability management has been advanced, too. Hörisch et al. (2014) defined a framework, which emphasized

the creation of mutual sustainability interests for different stakeholders through sustainability-based value creation within organizational networks, education, and regulation.

GI is understood as "a network of high quality natural and semi-natural areas, which are designed and managed to deliver a wide range of ecosystem services and to protect biodiversity in both rural and urban settings" (European Commission, 2013). Ecosystem services are conceived as 'the benefits people obtain from ecosystems' (Millennium Ecosystems Assessment, 2005) and related to human well-being by providing basic commodities, and health and security benefits (Lennon & Scott, 2014). Additionally, they can enhance the resilience of social-ecological systems and quality of life in cities and identify a range of economic costs and socio-cultural impacts if they were lost (Gómez-Baggethun & Barton, 2013).

Through providing ecosystem services, GI can help build resilience to climate change, especially by implementing GI to urban water management. By doing so, significant benefits like increased biodiversity, a more favourable microclimate or increased recreation potential can be achieved with decreased costs (Ashley et al., 2013). However, the transition towards more sustainable urban water conditions is not straightforward. When environmental aspects and a GI approach are added to urban water management, the hydro-social contract (the relationship between hydrology and urban structures) changes and leads to altering in draining and sewage regulation, in other words, a regime shift occurs (Brown, Keath, & Wong, 2009). The distributions of functions and responsibilities can radically alter as new stakeholders get involved, causing potential conflicts between professionals concerned with traditional values and those seeking to adopt new practices associated with environmental protection.

An urban water system can be understood as SES (Flynn & Davidson, 2016) that include interactions between social institutions and norms, technical practices and hydrological cycles in urban landscapes. Water, as natural capital, potentially provides various ecosystem services, but also causes flooding or drought risks when water availability does not match society's needs. As SES are by nature complex and include various feedback links between people and nature (Flynn & Davidson, 2016), environmental changes such as decreasing water quality or climate change are causing changes in SES. The changes can happen on the operational level, altering day-to-day work and decision-making, or on the regulation level, causing transformation in constitutional rules and conditions for governance (Barnes et al., 2017). The design process of the new wetlands represents an operational-level project, but simultaneously expresses the bigger transformation in our hydro-social contract.

2. METHODS

Case Description

The wetland design process is part of the storm water management of a new urban development area (Keski-Pasila) close to the city centre of Helsinki. Technical pre-conditions require local storm water infiltration, but as all storm water cannot be handled on site, a large storm drain is needed to convey surplus storm water to Töölönlahti, an inland sea bay about 1.5 kilometers southwards.

This drain is large enough to take in 50 years' worth of rainfall and will be essential in preventing severe flooding in the massive underground structures of Keski-Pasila.

The receiving waterbed of Töölönlahti bay is surrounded by a dense urban fabric. As untreated surface runoff always contains some unwanted contaminants from urban environments, the Environment Centre of Helsinki demanded that the storm water load coming from Keski-Pasila needs to be handled in a wetland to maintain the progress in refurbishment. Integration of a new GI element into the already commenced draining project required strong intervention from the Environmental Centre. However, with solid justifications regarding water quality in Töölönlahti, other stakeholders understood and accepted the intervention (Figure 1).

When the wetland design project started, the aim was relatively clear and extensively accepted by the city authorities. Nonetheless, the design process itself was not straightforward. Elisa Lähde participated in the design process of the wetland as another head landscape architect since 2015 and she has an insight into the complexity of the process as well as to stakeholders involved.
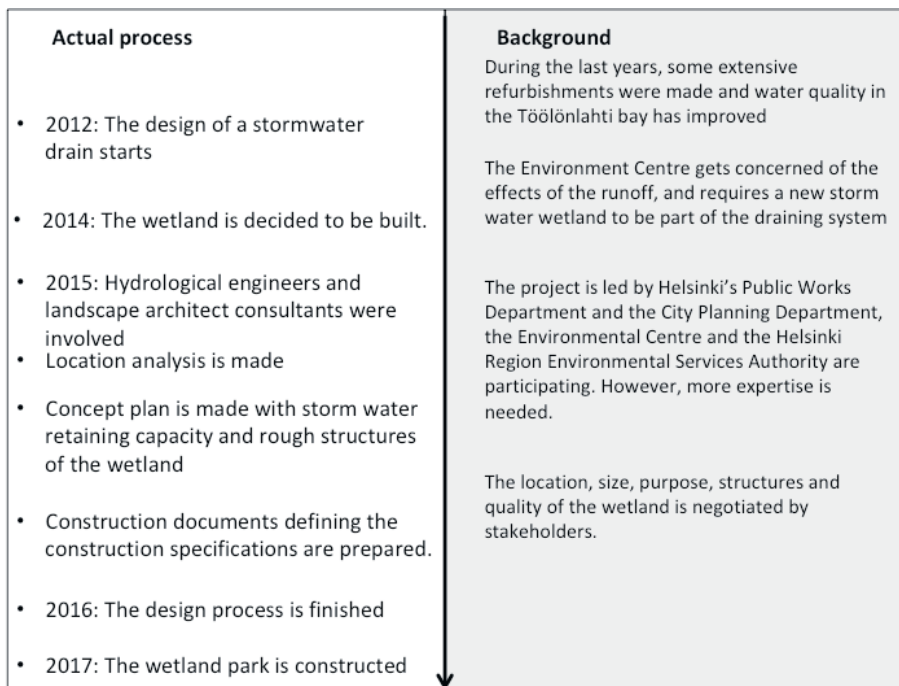
Actual process	Background
	During the last years, some extensive refurbishments were made and water quality in the Töölönlahti bay has improved
• 2012: The design of a stormwater drain starts	
	The Environment Centre gets concerned of the effects of the runoff, and requires a new storm water wetland to be part of the draining system
• 2014: The wetland is decided to be built.	
• 2015: Hydrological engineers and landscape architect consultants were involved	The project is led by Helsinki's Public Works Department and the City Planning Department, the Environmental Centre and the Helsinki Region Environmental Services Authority are participating. However, more expertise is needed.
• Location analysis is made	
• Concept plan is made with storm water retaining capacity and rough structures of the wetland	
	The location, size, purpose, structures and quality of the wetland is negotiated by stakeholders.
• Construction documents defining the construction specifications are prepared.	
• 2016: The design process is finished	
• 2017: The wetland park is constructed	

Figure 1. Design Process

Methods of Data Collection and Analysis

The participants of each stakeholder organization were contacted in 2017. Only one of those involved in the project refused to participate, leading to an involvement of a person who had not initially been part of the project, but who represented the same organization and was familiar with the project. In total, seven interviews were conducted, (five female and two male interviewees).

The age of the interviewees ranged between 35 and 65. The length of the semi-structured interviews varied between 35 and 92 minutes, resulting in 106 pages of transcribed material.

A thematic analysis of the data was applied as 'coding and theme development processes are organic, exploratory and inherently subjective, involving active, creative and reflexive researcher engagement' (Braun & Clarke, 2016, p. 3). Data were transcribed and coded, themes were created based on coding and re-reading and a thematic map was drawn. The whole analytic process was done in close cooperation between the two authors. First, both authors conducted the preliminary analysis of potential themes individually. The results of the analysis were then discussed and developed together further. Next, the analysis continued in turns. After each round of analysis, the themes and their descriptions were discussed and fine-tuned in cooperation, resulting in some modifications until the very end of the writing process.

3. RESULTS

The results of the study tell a story of an ongoing change toward more systemic thinking about sustainability. The thematic analysis revealed that while progress and decision-making in the project were a challenge, creating a mutual understanding through open discussions and advisory consultations concerning GI benefits promoted sustainable decision-making. A transformation of the existing practices was also dependent on the capacity of individual members of the process to act as change agents and others to engage beyond their conventional field of expertise.

The main results of the thematic analysis are summarized in Figure 2, with their descriptions in Table 1. The main theme, 'Planning Framework', provided us with the context in which the planning was effectuated, highlighting the continuous negotiations of what was of value between the project participants. The theme of 'Capabilities' shed light on the capabilities, competencies, and roles that were considered important for the project's success. Finally, the theme 'Systemic Change' narrated the ongoing change efforts and struggles in moving toward more systemic and long-term thinking at the regulation and operation level.
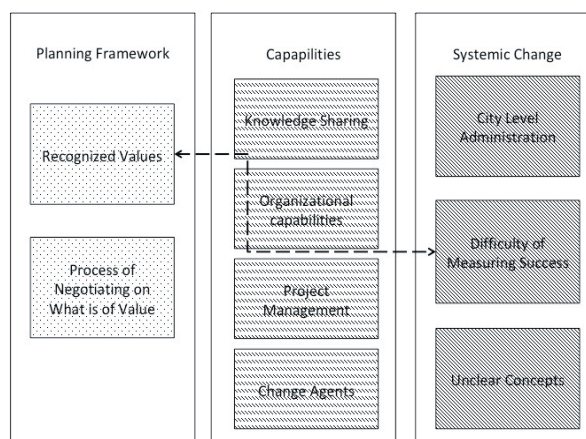

Figure 2. Thematic Map

Table 1: Theme descriptions

Main Theme	Subtheme	Sub-theme Description
PLANNING FRAMEWORK	**Recognized Values**	Values or functions that set aims for the project or needed to be negotiated. Most essential was the water quality of Töölönlahti (the game changer).
	The process of Value Negotiations on What is of Value?	Due to the various values and actors involved, negotiating what is of value was the essential feature of the whole project. This discourse describes different phases of negations.
CAPABILITIES	**Organizational Capabilities**	Features of the project organization (or some parts of it) that helped reach project goals. Qualities such as the right kind of professional skills, ability to see the big picture, collaboration and communication skills, and high interactivity.
	Knowledge Sharing	Description of the importance of knowledge sharing as a supporting act.
	Change Agents	Description of work or acts by individual participants of the process that influenced discussions in the highly positive way.
	Project Management	Features of the project management that helped reach project aims; responsibilities such as well-gathered background information, right constituencies involved in the project, a programmed, quality work plan, efficient information sharing within the project and clear decision-making practices.
SYSTEMIC CHANGE	**City-Level Administration**	Description of the administrative framework in the city. Strongly reflects the on-going management of change. The decision-making and participatory process changed during the project, and the result would no longer be similar.
	Unclear Concepts	Named concepts related to GI/sustainability that are considered confusing or undefined. For example, no one referred to 'sustainable development' as one of the values regarding the wetland project itself.
	Difficulty of Measuring Success	The discourse that reveals the difficulty of integrating a technical system into an ecological system. Impacts of the project are hard to measure and hard to compare as they are not as straightforward as in purely technical systems.

Planning Framework

The design project of the storm water wetland started a process of continuous negotiations about what is valuable and to who. The negotiations about different values serve as a framework where the actual planning of the storm water solution occurred. The most important value affecting

decision-making was the water quality of Töölönlahti. In a historically and culturally important place like Helsinki, the potential changes in the water quality of the bay were something all negotiating parties wanted to avoid.

While the storm water wetland's primary function was to manage the Pasila area's storm waters efficiently without affecting water quality in Töölönlahti, other values, and benefits (i.e., sub-theme of 'Recognized Values') were also recognized. For example, valuable trees, biodiversity, recreational services, health impacts, and climate change adaptation were discussed. Within value negotiations, an engineering solution was examined regarding the values of aesthetics, beauty, and novelty. Participants found the technical solution interesting, better and more beautiful than expected.

While various values related to the storm water solution were recognized, the negotiations of what is of value proceeded in different phases, highlighting the agency and the importance of different actors in those phases. To start with, a storm water wetland was not identified as a needed solution at the beginning of the Pasila construction project. The construction in the area started before the city-level storm water management program even existed. Hence, storm water management was not a common feature considered in a city planning project.

After the Environmental Centre got involved in the process, the environmental aspects were drawn on the project agenda. This high-level authority was listened to, and a decision about the storm water wetland was made. The design process was described to include many different opinions, even though negotiations and different points of view were important. Interviewees highlighted the need for all participants to express their opinions and be heard. Finally, the negotiations resulted in a decision that all agreed upon. However, forming the understanding of what is of value in the storm water solution continued even after the solution was built.

I think it was really good that there were different kinds of opinions, in fact, the opinions should always be presented in these instances. There were people completely against and absolutely for, and then people in between, there was everything on a large scale.

The main obstacles in the negotiation process were related to a working-in-silos-mentality, limiting responsibilities of an actor to his or her organization's domain and ideological thinking. The responsibility questions were also linked to budgets, raising questions on how much the solution would cost and who should pay for it. It was also difficult to evaluate the actual costs of the solution as it required adopting a long-term perspective. Several interviewees contended that cost calculations should include life-cycle cost estimations and qualitative values in addition to one-time investment costs. The interviewees also felt the pressure to balance the needs of the different stakeholders they represented.

Project realities and recognition of possible risks affected decision-making, too. A decision was needed so the Pasila construction project could continue. A certain level of urgency pressured participants to come up with a decision. Additionally, the risk of not having storm water management corresponding to today's standards started to look too high to be taken:

As Töölönlahti is regarded having high value, I think that the justifications helped a lot. The presentation material was well prepared, well justified and there was some research

about the water quantity and the effects of delaying on water quality. They were read here by our collaboration and residence parties, so there were no complains—it did not raise any opposition—so there was nothing contradictory…

Capabilities

Certain organizational capabilities, knowledge sharing, project management and the role of change agents were important for the project's success. Qualities, like the right kind of professional skills, the ability to see the big picture and step out of one's own domain of expertise and collaboration and communication skills, were called for at the individual level. The project organization functioned at its best with high interactivity and a free flow of information. Knowledge sharing was perceived as an essential supporting aspect in the project's decision-making process.

The participants unanimously emphasized the need for project management and seeing the project as part of a bigger program portfolio with its interdependencies. Adequate background information, the involvement of right project members, a well-programmed work plan, availability of information and a clear decision-making structure and schedule were emphasized as important for project success.

In addition to the capabilities of the project organization, the participants identified the need for change agents to positively influence multi-value decision-making. The change agents influenced the discussions by raising awareness and knowledge levels, giving information and acting as neutral mediators between the negotiating parties.

Systemic Change

The design project occurred in the middle of a more profound change process at the city-level regarding storm water management (i.e., sub-theme of 'City-Level Administration'). The interviewees criticized the dispersed nature of city planning and decision-making and called for managing larger entities. However, the awareness of climate change adaptation and storm water management were seen to be increasing as these city-level strategies and programs were developed since construction started in Pasila area. Participants emphasized that cooperation and decision-making regarding city- and project-level planning would not be the same anymore as new strategies and programs were created and implemented in different organizations:

> … If the planning of that area started today, I believe that we would follow our storm water program…

> …that kind of evaluation was not conducted before, and it (the water drain) was put somewhere and that was enough. But it came out terribly, in a phase that was too late. We need to learn from this, when storm water planning is done or when we build something for a larger city area, it needs to be planned well and early enough that we do not realize something too late...

Other sub-themes, which relate to systemic change, were 'Unclear Concepts' and 'Difficulty of Measuring Success' regarding sustainability. Despite the increased awareness of sustainability issues, frustration was expressed about the lack of clarity on concepts related to sustainability, GI and ecosystem services. The interviewees asserted that there was no general acceptance or

understanding of these concepts among different actors. Additionally, thinking of sustainable development was not used as a point of reference in the project, but was discussed only by those interviewees whose own organizations considered it strategically important.

> Sustainable development as a concept is very broad and everyone understands it in their own way. It is quite an abstract concept...that kind of a word monster… ecosystem services is that kind of a word, too, used when and wherever...

The difficulty of measuring the impact of a storm water management solution was the struggle to move from a more traditional approach to a new one, in which technical systems were integrated into ecological systems. Although the effects of a purely technical solution are easy to measure, ecological systems create several uncertainties and difficulties in measuring. The impacts of a GI solution are ambiguous, difficult to predict and quantify and lack clear cause-and-effect relationships. However, the interviewees wished to develop a measurement through observation and cooperation with maintenance. 'Difficulty of Measuring Success' relates to the sub-theme of 'Recognized Values'. Interviewees contended that it was difficult to identify and discuss something that was hard to define and measure:

> Related to those non-material benefits, a system needs to be developed for them, how they are calculated… health effects, recreational effects and landscape impacts, and things, which do not have a price tag really.

> From this perspective, we have considered implementing some kind of a follow-up there, so we could have some facts at some point—does it have any impact after all?

3. DISCUSSIONS

The purpose of this study was to analyze the design process of a storm water wetland and examine how collaboration and decision-making in this multi-stakeholder setting happened. Our results show that the wetland design project was relatively challenging for all stakeholders because of its novel nature. However, many capabilities, such as knowledge sharing and solid project management skills enabled steady progress. It was clear over the course of the project that as water moves across administrative boundaries, the operational collaboration and mutual learning between different administrative organizations were required for a successful end result. Considering long-term investments and demands for new allocations of resources and shared budgeting required intense interaction. Additionally, careful design and promotion of an ecosystem services approach were required to integrate social and ecological functions in a culturally significant urban area.

The case tells a story of an ongoing systemic change, which enforced cooperating stakeholders to deal with various uncertainties and constantly learn and adapt. Additionally, the results of the study show that, as there was no general acceptance or understanding concerning GI related concepts or preferred outcomes, the success of the project remains unclear. In traditional drainage systems, the result is easy to measure (service reliability of used technical system), but as GI is by nature multifunctional, the outcomes can be various and valued either during the implementation or long afterward. The results suggest that a regime shift in urban water management is still underway. At the beginning of the case, project stormwater was regarded to be something to

get rid of, but the realization of the multifunctional wetland has shown that water can be used as a resource (figu Sustainable re 3). However, on the regulation-level, normative prioritization of desired outcomes is still lacking, and thus on an operational level, univocal measurement for success does not exist either.

Figure 3. The new storm water wetland in August 2017. It now delivers regulating and cultural ecosystem services in the city centre with 60 new plant species, meadow habitats and purified, flowing storm water.

4. THEORETICAL CONTRIBUTIONS AND MANAGERIAL IMPLICATIONS

As a multidisciplinary study combining both management and urban design literature, it confirms many previous findings on multi-stakeholder cooperation related to sustainability, GI and ecosystem services. Dealing with complex sustainability issues within multi-stakeholder settings has often been linked to a need for broader stakeholder engagement, acceptance of different opinions without the right answers, unclear conceptions and ambiguous sustainability measurements, knowledge gaps at individual and organizational level, continuous learning and the importance of change agents or neutral mediators (Sharma & Kearins, 2011). This case illustrated how different value perspectives were considered and discussed when traditional organizational boundaries no longer applied. While various, unquantifiable benefits of ecosystem services were difficult to incorporate into decision-making (Lennon & Scott, 2014), the participating constituencies successfully elaborated and decided on a solution with sustainable value. Additionally, the case demonstrated how the working-in-silos-mentality, with limited roles and responsibilities, was inefficient for the task and abandoned in the end.

As an example of sustainable value creation, this study especially contributes to the conceptual framework developed by Hörisch et al. (2014), who advanced stakeholder theory's applicability in sustainability management. First, the results of this study reinforce the interlinkages between different mechanisms, which enhance the creation of mutual sustainability interests for stakeholders. This case study shows how sustainability-based value creation for stakeholders

(operational level), education (operational and regulation level), and regulation (regulation level) are interconnected and needed for long-term, sustainable outcomes. Second, the case illustrates how mutual sustainability interests can be developed in a multi-stakeholder setting. The results highlight the blurring of organizational boundaries, which create a context where the organizational agency is replaced by individual and collective efforts and matrix project organizations and capabilities become more important. An elevated, ambitious, multifunctional result appealed to decision-makers, showing at least some evidence of changing values at the individual, organizational and societal levels. Hence, a solution without trade-offs helped to cooperate stakeholders with different opinions to work together for a sustainable agreement and hindered the often dominating economic values, too.

The study has managerial implications as well. First, the results give insights to decision-makers at the regulation and city-administration levels. The study shows the importance of managing and coordinating city-planning activities from a bird's eye view. Implementing climate change mitigation strategies into city-planning requires systemic thinking, identifying relevant interdependencies and acting beyond organizational responsibilities and budgets. Additionally, proper implementation of city-level strategies and programs need to be ensured.

Second, the importance of operational-level cooperation needs to be recognized as it informs regulatory processes in the long run. At the operational level, program and project management capabilities become central, especially related to solution-oriented and timely decision-making, ensuring that all relevant stakeholders were heard. In the case of social-ecological systems, a close examination of the current and potential effects on nature is needed as well. Third, at the individual level, actors involved in similar projects need to have adequate information and competencies to make decisions and challenge their current ways of thinking.

5. LIMITATIONS AND FUTURE RESEARCH

An intensive case study has its limitations, especially regarding theory development. Adding similar case studies in the research setting could enable a thorough analysis of the regime shift. This study could have profited from having all relevant participants as interviewees. Other relevant stakeholders, who did not participate in actual negotiation processes, could have been interviewed, too.

Considering the ongoing, systemic change in sustainability-related projects at the city-level, similar projects could be interesting research avenues to investigate how changes in city-level strategies, programs, and regulations affect value creation in the future. Additionally, a longitudinal approach could be applied to examine the phenomenon of sustainable value creation in an ecological-social context. A close investigation of the wetland's maintenance and its actual effects could provide us with evidence of often abstract and uncertain provisions of ecosystem services.

6. CONCLUSIONS

The case study focused on analyzing the design process of a GI element, storm water wetland, which was identified as a necessary construction to preserve the water quality in a culturally

important bay area in Helsinki. The interest of the study was to examine how collaboration and decision-making happened in a setting where various stakeholders participated in decision-making throughout the project. The main results describe the ongoing change toward more systemic thinking related to complex sustainability issues, in which continuous discussions and negotiations of what is of value were of the utmost importance. The case shows the ongoing transformation process of an urban water management regime and the current hydro-social contract at operational and regulation levels. As the transformation occurred at the regulation level, there was an emphasized need for collaborative value creation on the operational level to set new administrative norms and practices. Our results implicate a current lack of consensus concerning the desired outcomes or how they are measured in the new regime. It seems that in the regime shift the new desired outcomes at the regulation level are at least partly informed by pilot projects, thus collaborative value creation on the operational level.

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STUDY
IV

**Examining the competing demands of business and sustainability:
What do corporate sustainability discourses reveal?**

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