

**Decoupling the implementation processes of Corporate  
Environmental Management in the Danish Hospitality  
Industry.**

**How managers make sense of different sets of  
stakeholders' interests to advance environmental  
management practices.**

**An Explorative Analysis**

**A thesis submitted in fulfillment of the requirements of LUISS Guido  
Carli University for the Degree of Doctor of Philosophy  
in Management XXIII Cycle**

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## **Introduction**

In the last years the focus on environmental management research has moved from understanding why firms engage in it, to studying which are the best ways to support decisions within organizations. Few researchers focused their attention on the understanding processes that are necessary between organizations and stakeholders. Affisco et al. (1997) advocated the importance of investigating the views of stakeholders of their roles during the environmental strategy implementation process, and Walker (2000) concluded that the environmental aspects of major stakeholders are under-researched. Organizations are increasingly more being pressured by stakeholders to acknowledge and manage their interests (Phillips 2003; Freeman 1984). Conflicts can arise where multiple stakeholders have differing interests, especially if certain stakeholder groups are prioritized above others when decisions are made about the allocation of scarce resources (Phillips 2003); Consequentially, it is argued that not all stakeholders can be satisfied simultaneously. One of the biggest constraints to understand this relation comes from the difficulty in making abstract operational concepts and the consequent confusion about the true nature of Environmental activism and CSR culture (Pedersen, 2006). Companies may be subject to the same level of institutional pressure but perceive it differently according to their organizational structure, strategic position, and financial and environmental performance or because of different interaction modality with institutional constituents as stakeholders. This difference between “objective” and “perceived” pressure leads to different responses and different organizational changes. The adoption of environmental management practices by firms “varies therefore according to the process that transforms objective pressure into perceived pressure” (Delmas and Toffel, 2003, 2004, 2008). Responding to stakeholder concerns for environmental preservation is a relatively recent requirement for managers, who face a great deal of ambiguity in understanding the issues in general, the implications for their organizations, and the ways to respond to these issues (Jennings & Zandhergen, 1995). Starting from these considerations, a new direction of studies is emerging “studying processes that guide organizational sense making as they pertain to relationship with stakeholders and the world at large” (Basu & Palazzo 2009).

## **Research Question**

According to Delmas & Toffel (2008) the relationships between organizational factors and institutional pressures are not yet well understood, especially because most of the researchers have focused on the distinction or the differences between internal and external elements that impact on the implementation or the legitimating of environmental interests. Hoffman (2001: 138) notes: “*the form of the response from the organization is as much a reflection of the institutional pressures that emerge from outside the organization as it is the form of organizational structure and culture that exist inside the organization.*” According to Hoffman there is a link between internal organization and external pressures that can be transformed into defined strategies or actions. Or, on the other side, the implementation of strategies can be influenced by a legitimating attitude to satisfy external interests. Organizations engage with their market and non-market constituents and try to merge interests about the legitimacy of their practices before they become institutionalized through social interaction

(Delmas & Toffel, 2008) or selecting the most appropriate practices that merge diverse interests and different categories of constituents.

**Research Question: How do managers exploit environmental issues to enact tangible stakeholders interests?**

The acceptance of particular practices is a process where organizations and their constituents compare their own interests to reduce divergences and influence adoption of different management practices. According to several scholars (D'Aunno et al. 2000, Delmas & Toffel, 2008) future research should aim to specify the roles of constituents more precisely, developing a “*comparative analysis of stakeholders influences on firms looking at how organizations develop an understanding of sustainability and begin to act accordingly*” (Sharma & Henriques, 2005:175). The Delmas and Toffel work (2008) is one of the most recent works on this topic. They describe that pressures from field constituents include customers, regulators, legislators, local communities, and environmental activist organizations. The engagement with stakeholders implies that the success or the failure of particular decisions and actions passes through the sharing process of interests and values.

Within the same industry, firms are subjected to multiple levels of pressure that are perceived differently because of differences in the channels whereby those pressure catch up with the internal organization of firms (Delmas & Toffel, 2008). In other words, the perceptibility of pressure depends on how firms receive information from the gained established unit (Hoffman, 2001). Starting from an institutional perspective and collecting all the elements useful to understand organizational change and adaptability, it is without a doubt interesting to examine those elements that contribute or influence the firm adaptation to voluntary environmental programs, looking at the external and internal conflicting characteristics that influences sensemaking processes. Firms don't adapt voluntarily to their relative organizational environment (Scirchich, Stubbart, 1985), but starting from an assumption that *organization and environment are created together* (enacted) through the social interaction processes of *key organizational participants* (Mason & Mitrof, 1981; Davis, 1982), every single effort toward change or adaptation must be considered as a combination of each organizational member inside a specific context, not only because it is perceived as such but also because it is made by all actors in regard to their interests and objectives. This is correct because institutional theory is not usually considered as a theory of organizational change, but usually as an explanation of the similarity (“isomorphism”) and stability of organizational arrangements in a given population or field of organizations (Greenwood & Hinnings, 1996). Hoffman (2001) argues that organizations differ in their receptivity to institutional pressure by a diverse set of institutional elements and consequently react in different ways in their own organizational process. Otherwise, people make sense of things, sharing practical measures and instruments that could be implemented within their scope of influences (Cramer et al., 2004).

## **Research objectives**

This study is concerned with the general area of organizational sensemaking, stakeholder theory and environmental management. The overall aim of the study is to investigate and evaluate the impact of stakeholders' engagement in making sense of environmental issues through as a result of implementation of Corporate Environmental Management practices.

The main objectives of the research are:

- Investigate companies/stakeholders interactions by interviewing managers and other employers that are in charge of environmental issues inside a specific group of companies and create narratives that help me to develop theoretical proposition.
- Develop an inductively derived model of the impact of sensemaking processes on the implementation of Corporate Environmental Management in a specific industry (Hospitality industry) and search for those mechanism that explain how those pressure catch up with the internal organization of firms.
- Develop theoretical findings that help the debate on stakeholder theory.
- Understand how sensemaking theory can be applied in multiple relation models where companies interact with more than one stakeholder.

## **Debate On Stakeholder theory**

The debate on stakeholder literature is based on the complex modalities that several scholars developed to understand best ways to manage stakeholders and their interests. According to Frooman (1999) the most relevant questions about stakeholder theory try to answer to three general questions, which regard their identification (who they are) their purposes (what do they want) and their means (how are they going to try to get it). On the other hand, according to Rowley (1997) "*the main objectives in stakeholder research have been to identify who firm's stakeholders are and to determine what types of influences they exert*". This is particularly important since scholars and managers started to consider the relationships with stakeholders as long-term value creation relationships (Morsing & Schultz, 2006), especially after the development of new ways to interact with stakeholders; from negative activities and communication (as for example what happens in particular industries like tobacco, alcohol, weapons where the dichotomy between stakeholders are very strong, especially in terms of economic interests) to a more critical model where both the parts, companies and stakeholders, work to construct a more sophisticated collaborative model (as for example in the case of child labor, union rights, etc.).

For this reason, the principal scope of this chapter is try to interpret the theoretical evolution of stakeholder theory, starting from some limitation of the Freeman's model and giving possible solutions through the identification of an alternative model of stakeholders management that can better explain the complexity of the relations between stakeholders and companies. Both the limitations and possible alternative solutions are taken from the literature, considering them as a positive evolution of the

Freeman's model without take alternative positions that can take my work out of the official debate on the topic.

Firms don't adapt voluntarily to their relative environment but starting from an assumption that organization and environment are created together, enacted (Smircich & Stubbart, 1985) through the social interaction processes of key organizational participants (Mason & Mitrof, 1981), every single effort toward change or adaptation must be considered a combination of each organizational member inside a specific context not only because it is perceived as such but also because it is made by all actors in regard to their interests and objectives. The fundamental aspect is to consider how particular interests are consistent with what happens in the real world (Carrol & Nasi, 1997).

Recently the emphasis is moved from a focus on stakeholders being managed by companies to a focus on the interaction that companies have with their stakeholders, based on a relational and process-oriented view (Andriof et al. 2003). This implies an increased interest in understanding how managers can accomplish not the stakeholders themselves, but relationships with them and how to align different interests. As argued by Johnson-Cramer et al. (2003: 149) "The essence of stakeholder dialogue is the co-creation of shared understanding by company and *stakeholder*". The organizational environment is a source of constant input and stimulus for the organizations, but individuals and organizations have limited cognitive capabilities to deal with all available stimuli (Simon, 1947).

For this reason individuals and organizations enact events and facts through a selective perspective of the objective features of their surroundings (Fiske & Taylor, 1991). The enactment process is described as a process about labeling and categorizing the streaming of experience, to make the world more orderly (Weick, Sutcliffe, Obstfeld, 2005). Organizations need codified languages and practices that serve to understand and justify collective actions among them and their stakeholders, both for positive and negative actions. The codes are created by organizations through the formalization of interests. The emphasis is moved from a focus on stakeholders being managed by companies to a focus on the interaction that companies have with their stakeholders based on a relational and process-oriented view (Andriof & Waddock 2002).

The enactment is done sharing concrete interests and information through a dialogue among the parts. Starting from these considerations, the "classical" approach to the stakeholder theory is non sufficient to explain the integration and the connection among different subjects. The Freeman definition of stakeholders ("any group or individual who can affect or are affected by the achievement of the firm's objective") is not sufficient to understand how multiple subjects dialogue among each other because the definition and the theory are limited by the focus on the end of interests (Orts & Strudler, 2002). It is mostly clear how interests are selected (Delmas & Toffel, 2008; Oliver, 1991), identified and prioritized (Parent & Deephouse, 2007) or perceived (Henriques & Sadorsky, 1999). What is criticized is that virtually any one can affect or be affected by the achievement of organization's objectives (Orts & Strudler, 2002)

Starting from this perspective the relationships among organizations and stakeholders change strongly: "from a perspective where stakeholders in an organization are the individuals and groups who are depending on the firm in order to achieve their personal goals and on whom the firm is depending for

its existence" (Nasi, 1995), to a "participated model where there is a multitude of subjects that have legitimated interests or stakes in what the firm is doing and how the objectives are reached" (Carrol & Nasi, 1997: 50). The introduction of economic risks that can affect alternative solutions serves to explain the congruence of different subjects' interests and the congruence of the decisions in terms of economic solutions and goals objectives. In the Freeman model organizations are a distinctive subject that has to manage and interpret external pressures that derive from the stakeholders that want to realize their separated interests. From this perspective managers must convoy and select alternative sets of interests considering also the misalignment or reinforcement that derive from the agglomeration of groups of stakeholders.

This is what Freeman called the "hub and spoke" relationships between the organization and its stakeholders (Freeman, 1984): a one-way direction model where organizations work to absorb external pressures. In most of the cases also internal stakeholders (as employers) are interpreted in this model as subjects that just want to take care of their interests through a negotiation with the management of the organizations.

### **A Scandinavian approach to the stakeholder theory**

The "new" approach is based on the Nasi Works (Nasi, 1995; Carrol & Nasi, 1997) where they change the roles and the rules that govern stakeholders dialogue inside and outside the boundaries of the organizations. For the author, the organization is a "social and technical system where different stakeholders play a part" (Carrol & Nasi, 1997: 50). Persons make organizations and exercise different roles inside the organizations. They play a part that is the social representation of their behaviors.

The organization becomes a place where multiple subjects are interdependent because they share interests, risks and contribution. The decisions are taken through a negotiation that is based on the research of a good combination of input and compensation (Nasi, 1995). Decisions are a result of balance among different groups of stakeholders that are able to distribute inputs and compensations among the other stakeholders. The decisions derive from the maximization of different goals and interests that are mediated through a central subject that serves as a nexus that filters demands, interests, goals and consequences trying to find the most appropriate combination. Usually the role of nexus appertains to the managers that identify and manage the different combinations of stakeholders' interests. So the final assessment is mediated by the managerial perception of the best combination of interests and objectives. Managers must take care of stakeholder balance as a particular partnership among multiple subjects (Strand, 2008).

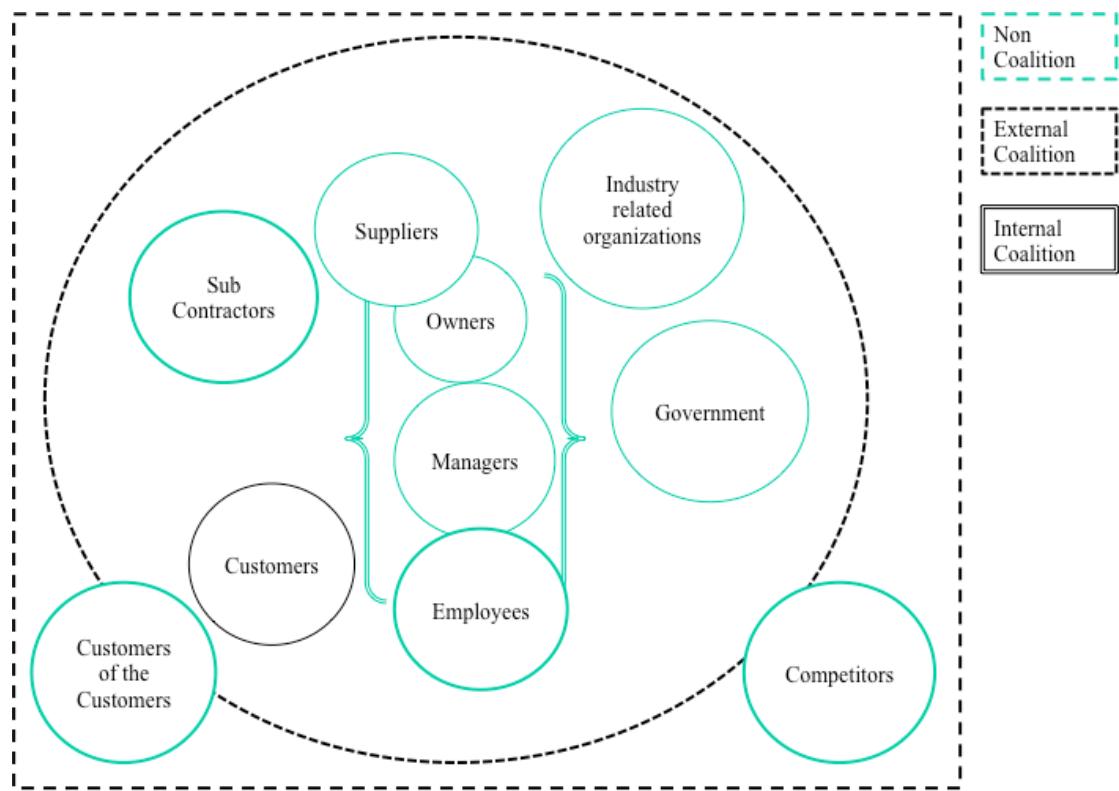
The Nasi perspective is the basis to understand the boundaries of the organizations, differently from the Freeman's one because the possibility that Nasi gives to constitute sets of stakeholders and groups of interests to reorganize the boundaries of organizations. The Freemans' model is based on a reciprocal interaction between a subject called firm and a series of others individuals, or group of them, called stakeholders that negotiate their sets of interests. An ideal representation of the Freemans' model is

given by a series of satellites that exchange information's with the central subject that runs as a receiving and distributing subject.

Differently, the Nasi model is based on groups of relations among subjects without the implication of a predefined set of internal and external boundaries. Because organizations are a social and technical representation of different interests, the boundaries of the organizations can be modeled considering how different subjects interact and how they build their relationships. The model is more open and more flexible, whit some elements that can move from inside to outside in respect of different patterns of interactions. The organization is more flexible and is composed of an internal coalition and an external coalition of pattern of interests.

The interaction among these different patterns explains how organizations exchange information and construct their sets of interests. For Nasi “the internal coalition consists of those stakeholders who have a permanent ownership or employment relationship with the firm. And the external coalition consists of those stakeholders who do not fulfill the conditions to be a part of the internal coalition but are nevertheless, in an intermediate interaction with the internal coalition” (Nasi, 1995: p 106).

Figure 1 adapted from Nasi, 1995



The most relevant difference between internal and external coalition is, in other words, the temporal relationship that involve subjects into the organizations. Internally there are those subjects that represent the subjects that are permanent related to a specific organization. The external coalition is done with those subjects that have relationships with the organizations but these relationships can

change during the time or finish. In addition there is a third category of stakeholder that is more similar to the Freeman model that is composed by the stakeholders that are outside the two typologies of coalition called the non-coalition stakeholders. These stakeholders are interested in particular organizations but don't take part to the composition and distribution of pattern of interests. The relationship among these stakeholders and the organizations is less participative and based on a simple exchange of information. In regard to the external coalition and stakeholders that are completely external to the two typologies of coalitions, the status can change. There are particular conditions that imply that stakeholders start to take part of groups, entry in pattern of interests and start coalitions with other stakeholders.

The Nasi model is an explanatory evolution of the Freeman and the others theoretical contributions that give explanation to the complex relationship between companies and their stakeholders. In the words of Phillips (1999, 2000, 2003), companies have to decide upon who is and who is not a stakeholder of their activities. Such a decision is influenced by the importance of each stakeholder for the firm, which is a function of their power, legitimacy and urgency (Mitchell et al., 1997) or, a result of the resource dependence of the business on that stakeholder (Frooman, 1999). Another interpretation pushes to distinguish among primary, secondary and non-stakeholders. According to Clarkson (1995), primary stakeholders are those that significantly contribute to the survival of an organization, while secondary stakeholders make a more limited contribution to the firm. Stakeholders in this second group are to some extent influenced by the companies' activities. Finally, there are the non-stakeholders who are neither influenced by the firm nor a factor in its survival.

Summarizing the three contributes, the relationship between an organization and its stakeholders is based on the capability to provide to the organizational survival (Clarkson, 1995) and to the capability to influence decisions (Mitchell et al., 1997; Frooman, 1999), through the participation to specific activities (Phillips, 1999). All of these contributions can be identified in the Nasi model, where the distinction between internal and external coalition defines the modalities to contribute, influence and participate in the decision-making activities. Through the application of the Nasi's model, the nature of the relationship between companies and their stakeholders changes from the hold one-way interaction/communication model to a reciprocal relationship where all stakeholders are simultaneously engaged in the construction of their individual identities (Scott & Lane, 2000) and their interests.

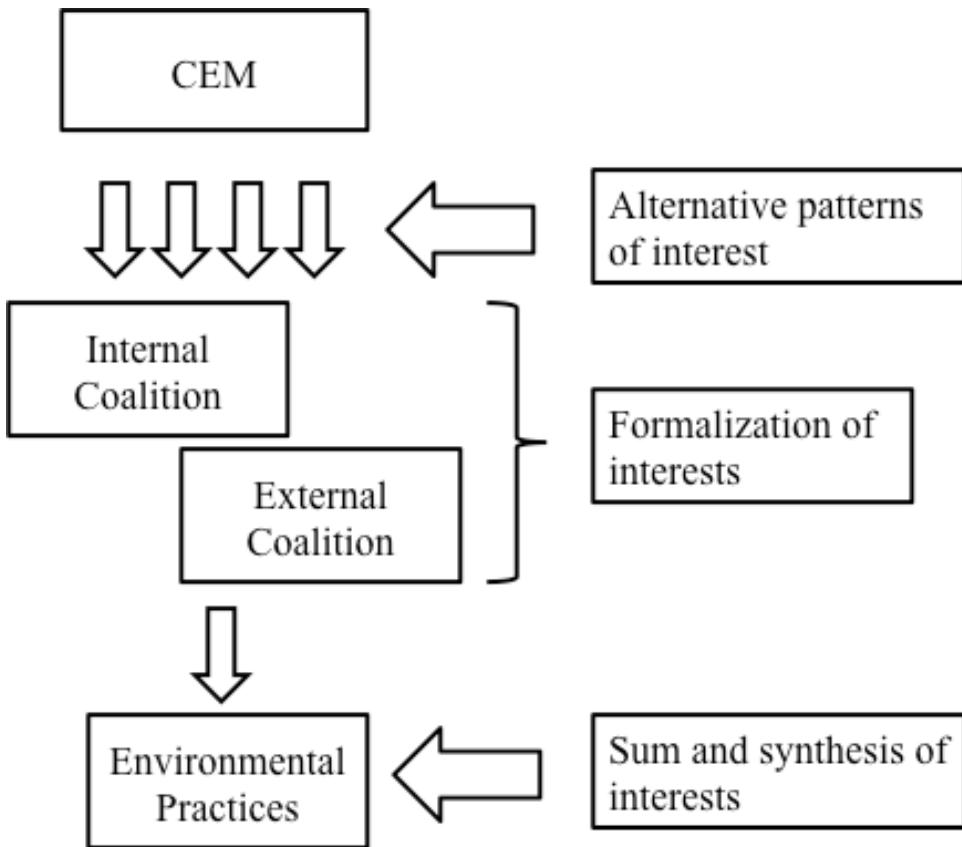
## **The relevance of the Nasi theoretical model in the implementation of Corporate Environmental Management**

The explanation of the Nasi's model gives me the opportunity to explain how organizations work to manage their requirements in regard of stakeholders and their pattern of interests. The interconnection among pattern of interests and groups of stakeholders represents the organizational complexity of internal and external coalitions. The organizational environments complexity impacts on the capability to understand different events or actions (Pater & van Lierop, 2006). The nature of the issues and the number of alternative behaviors influence the complexity of organizational environments (Jeurissen, 2004): Higher is the stakeholders' faculty to share interests among different subjects and explain the differences among alternative behavioral options, the lower is the complexity of organizational environments. The level of complexity impacts on the willingness and ability to convoy different interests into common decisions (Strand, 2008).

Talking about complexity in this case is not a negative effort. The presence of a complex argument or a complex organizational environment is an important element that helps the implementation of a particular action because the level of complexity is synonym of presence of multiple stakeholders and multiple patterns of interests. The overlap of interests can be reached when different group highline and define a set of common-sense arguments. The research of common sense is obtained with the exchange of interests and information through a set of issues. So, the process that explains how organizations interpret particular patterns of interests is a double process that derives from the explanation and selection of them. From an internal perspective the enactment is based on the sense making activity that managers do to create a common sense of different patterns of interests. On the other side the external perspective is based on the modalities of interactions among groups of stakeholders that share patterns of interests. Decisions are taken through the alignment of internal and external patterns of interests.

This is the model that I propone to explain how corporate environmental management strategies are implemented inside organizations. Because the implementation of particular environmental activities have impacts both on the internal and the external coalitions, the decision to do something is a sum, and in the same time a synthesis, of patterns of interests.

Figure 2 Implementation process of Corporate Environmental Management



The acceptance of particular practices is a process where organizations and their constituents compare their own interests to reduce divergences and influence adoption of different practices. According to several scholars (D'Aunno et al. 2000, Delmas & Toffel, 2008) future research should aim to specify the roles of constituents more precisely, developing a “comparative analysis of stakeholders influences on organizations, looking at how they begin to act accordingly” (Sharma & Henriques, 2005:175). The engagement with stakeholders implies that the success or the failure of particular decisions passes through the sharing process of interests and values.

The interests’ sharing process demands a high level of multiparty negotiation (Maitlis, 2005) that implies that organizations and stakeholders have both to reduce conflicts and to develop performance-related outcomes. This is true if every subject is committed to develop and maintain a solid and durable participation. The participation can be durable only if both every one is engaged to encourage empowerment in their organizations through the definition of who is involved and which is the most appropriate role for every one. Within the same industry, firms are subjected to multiple levels of pressure that are perceived differently because of differences in the channels whereby those pressure catch up with the internal organization of firms. The pressures are also associated to different subjects and different interests that organizations perceived as part of the activities that must be implemented or translated into practices. The perceptibility of pressure depends on how firms receive information from the gained established unit (Hoffman, 2001). Because firms doesn’t adapt voluntarily to their

relative organizational environment (Scirchich, Stubbart, 1985), but starting from an assumption that organization and environment are created together (enacted) through the social interaction processes of key organizational participants (Mason & Mitrof, 1981; Davis, 1982), every single effort toward change or adaptation must be considered a combination of each organizational member inside a specific context, not only because it is perceived as such but also because it is made by all actors in regard to their interests and objectives.

The combination of interests is not explained as a model of organizational change but usually as an explanation of the similarity (“isomorphism”) and stability of organizational arrangements in a given population or field of organizations (Greenwood & Hinnings, 1996). The acceptance of interests is explained by people that make sense of things, sharing practical measures and instruments that are implemented within their scope of influences (Cramer et al., 2004).

### **Sensemaking and the role of stakeholders**

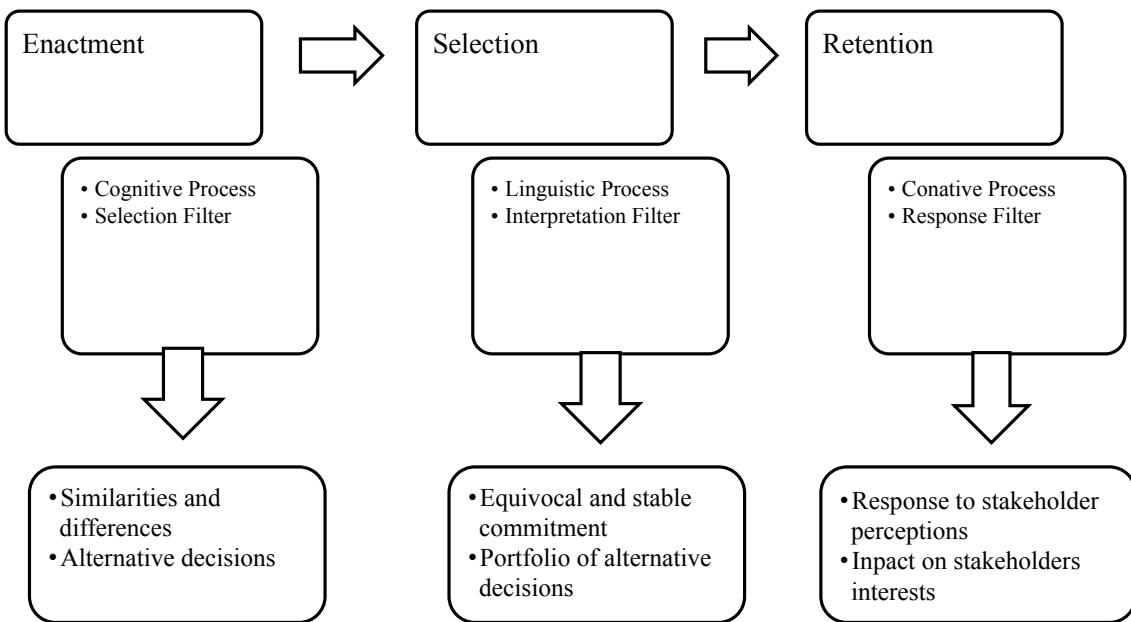
Starting from a literature review in sensemaking theories, I developed a new theoretical framework as a synthesis of three principal works (Weick 1979b, Basu & Palazzo, 2008 & Pedersen 2006).

Sensemaking is a complex and long activity that is composed by different phases and that involve multiple subjects in different moments. It views organizations as interpretation systems that scan, interpret learn and enact their environment (Daft & Weick, 1984). The principal scope is to create an environment that people can comprehend and manage, where every one searches *for contexts within which small details fit together and make sense*. (Weick, 1995: 133). Because sensemaking is a mechanism that operates at individual, organizational and extra-organizational level, is possible to define different levels of sensemaking and their relative set of details that must be interpreted. Sensemaking is a cumulative process of individual and collective construction of organizational reality, through a continuous interpretation and re-interpretation of the environment. For this reason scholars are still working on the definition and the theoretical analysis of how people make sense of their interests and activities.

The three models presented are important works that, if combined together, are elements that give relevant bases to analyze particular contexts where organizations make sense daily of their activities and of their relationships with stakeholders. Considering Weick, Basu & Palazzo and Pedersen considerations, sensemaking can be defined as:

**A selective process, based on a reciprocal communication between organizations and a privileged group of stakeholders, that categorize patterns of interests through the explanation of similarities and differences into a limited number of alternative decisions, that serve to build equivocal and stable commitments that, once implemented, must be measured in terms of outcomes and related impacts on the stakeholders interests.**

Figure 3 Sensemaking Model Adapted



Starting from this new definition I would like to emphasize and better understand the role of enactment. Weick argued that organizations construct the environment starting from a set of combination of inputs that determine how they interpret and comprehend it. From this perspective, managers act as a consequence of the decision that they take after the identification of a specific set of information, which is a result of the enactment and the sensemaking activity. This is partially true because if we consider that managers act after the identification of what they want or have to do, this is a static interpretation of enactment and sensemaking where there is no choice of alternatives once that sensemaking is started. The real process of sensemaking considers also the trade off between what really happens in terms of enactment (information and culture sharing processes) and what managers have in mind and wish to construct in the first place. If it is true that sensemaking is an activity where different subjects cooperate to understand each other their relative environment *mutually reinforcing interpretations* (Weick, 1995: 10), it is also true that the choice/actions depend from the behavioral and cultural background of the parts. Is for this reason that in the first part of the sensemaking process the enactment is based on the detection of similarities and difference among the parts that serve as a filter to different sets of decisions or alternative patterns of interests. In addition, as expressed before, sensemaking is an activity that doesn't involve every subject that shows interests or stakes, but it is an activity that is experienced by privileged group of subjects.

## **Methodology, Research design and data analysis**

The empirical analysis is based on a qualitative case study approach. The central notion is to use cases as the basis from which to develop theory inductively (Eisenhardt & Graebner, 2007). Because the purpose of the research is to develop theory, not to test it, and so theoretical (not random or stratified) sampling is appropriate (Eisenhardt & Graebner, 2007). This project aims to go beyond capturing the experience of a particular group or type of stakeholder to identify and understand the processes through which companies enact environmental issues through the direct and indirect involvement of stakeholders in sensemaking activity.

This study focuses on discovering the nature of those interactions, understanding their impact on the companies, and on the practices that they implement as a result of sensemaking processes. Govers & Go (2003) suggested that as tourism, in common with most services industries, is an experiential product and for this reason suggests that they will relate their interpretations of that experience to other people through story telling, or narratives (Govers & Go, 2003), making sense of their own experience during the process. Cary (2004, p.62) suggested that “*narrativity marks, organizes and clarifies experience*”. The challenges for the researcher in capturing these narratives will be discussed further in the section below explaining the specific techniques that I used in the study. Using a qualitative approach enables me to take the industry and context specific elements into account, and respect the uniqueness of different Corporate Environmental Management. To address the nature of the research problem a qualitative approach using in-depth-semi-structured interviews as the data collection method was deemed to be the most appropriate methodology. Because the nature of the data (multiple cases with more than one interviewers in every organization) the most appropriate technique to analyze case study evidences is suggested by Yin (2003) in the cross-case synthesis. This particular technique is applied to the analysis of multiple cases; every case is firstly examined as a single case by the researcher. After the identification of the single cases, the technique is useful to synthesize data, capturing the most relevant aspects. The technique gives the opportunity to explain relevant elements through the illustration or citations from the interviews as for example with concrete and practical examples. Therefore the idea is to study how Corporate Environmental Management<sup>1</sup> is implemented in the Danish hospitality within a set of organizations with different characteristics as ownership, dimension, level of technology, typologies of clients, etc, in the same geographical context, the city of Copenhagen. Case study research is preferable in this context, since it allows the investigation to retain the holistic and important uniqueness of daily events (Yin, 1994). Because the study of Environmental Management in a general CSR context is a fairly new topic in hospitality management studies and

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<sup>1</sup> Corporate Environmental Management (CEM) is an umbrella term that encompasses policies, tools, systems and strategies that can be put in place to enhance the environmental performance of a company. It is closely associated with the concept of eco-efficiency that argues that a company can simultaneously improve both its environmental performance and its economic competitiveness by adopting CEM practices (Visser et al., 2007). The role of Corporate Environmental Management in the last decades has started to be considered part of the win-win situation, where the relationships between organizations and stakeholders are not more based on conflicts but on a collaborative model. The Corporate Environmental Management is a whole of behaviors and cultural positions that must be translated into concrete actions.

relatively little research (from a holistic point of view) has been undertaken into this area (see, for instance, Bohdanowicz, 2007; Bohdanowicz, Simanic & Martinac, 2005; Holcomb, Upchurch, & Okumus, 2007), it might be informative to explore the implications of stakeholder involvement in the implementation of Corporate Environmental Management for the hospitality sector.

There are several motivations that have been discovered by different authors about the implementation of Corporate Environmental Management through the adoption of specific systems or tools. Because research in organizations and the natural environment requires multidisciplinary analysis, the distinction can be structured into two main categories: the first category results from the organizational theory, especially from the institutional perspective; the second category gleans from a more specific literature about tourism management and environmental management that are well-designed to find specific motivations that describe the specific reasons in the hospitality industry.

**Table 1 Organizational Theory Perspectives**

Motivations	Description	Autors
Isomorphism	Pressures that cause changes	DiMaggio & Powell, 1983
Politics vs. Economy	Differences between rules and efficiency	Brunsson, 1989
Institutional Templates	Set of rules that must be accomplished in specific contexts. Each industry have hits own institutional expectations	Oliver, 1991; Greenwood & Hinnings, 1996
Industry adaptation	Companies within a common industry context tend to adopt similar strategies in response to the institutional forces they experience with	Hoffman, 1997; Sharma, 2000
Focus selective issues	Organizations interact highlighting their attention to a limited set of issues that are industry specific	Hoffman & Ocasio, 2001
Gradual legitimacy	Gradual adjustment and convergence to the most legitimated or efficient models	Milstein, Hart & York, 2002; Fineman & Clarke, 1996
Rationalization	Complain rational myths to get social legitimacy	Boiral, 2007
Interests alignment	Organizational decisions must be aligned to stakeholders interests	Darnal et al, 2009

**Table 2 Tourism and Environmental Management perspective**

Motivations	Description	Authors
Decision Drivers	Market, Social, Financial, Regulatory.	Bansal & Howard, 1997
Reduction and Saving activities	Attention to the costs and the production of inputs and outputs.	Maxwell et al., 1997
Reduction and efficiency of inputs	Materials, energy, waste.	Hanna et al., 2000
Operational process	Reduction of costs, improvement of the processes, change and reengineering.	Maxwell et al., 1997; Darnall et al., 2000
Eco business	Stress strategic decisions to develop new markets, new products and new services eco-oriented.	Bansal & Roth, 2000
Proactivity	Openness and long-term decision-making.	Tzschentke, Kirk and Linch, 2004
Facilitation of relationship	Development of consciousness and commitment in the dialogue activity; search consensus.	Chan, 2006;
Motivation	Internal (employers), external (communication, reputation, image).	Morsing & Schults, 2006; Hanna et al., 2000.
Perception of organizational performance	Alignment among rhetorical and practical issues.	Pedersen, 2006
Openness to international markets	Reduce barriers in a specific industry looking outside their boundaries.	Chan, 2006
Symbolism	Influence identities, interest and orientations	Matten & Moon, 2008

## **Data Collection**

The qualitative study is based on semi-structured interviews with hotel managers and non-managerial staff. The sample is divided fundamentally into two groups of organizations: medium-sized and large-sized hotels. I didn't consider small hotels because the difficulty in this kind of organizations to find different levels of management and a formal distribution of roles and mansions. The sample was constructed from interviews inside seven different hotels (3 large and 4 medium) in the area of Copenhagen. In each hotel I interviewed the General Manager (in one case the Vice General Manager) and the Technical or EHS (Environment Health and Safety) Manager. Moreover I had some interviews, when it was possible, to other members of the organizations as a National Responsible Business Coordinator, the CEO of a Danish Chain, Cleaning Responsible and Restaurant Responsible. I gained access to each organization through a contact or an interview with the General Manager. The second interviews have been done using formal snowball and opportunistic sampling method (Maitlis, 2005). The snowball sampling technique serves to identify other interviewees, as for example people suggested by the General Manager or by other interviewers that can have relevant information or because are in charge of this kind of activities.

In total I conducted 18 formal interviews<sup>2</sup> and in some cases, the most significant, I achieved other interviews to understand deeply some specific aspects that was not much clear in the first round of interviews. All of the 18 subjects have been contacted at least two times. The first interviews have been conducted for the most of them by face-to-face approach. In two cases the interviews has been done by telephone. The second round of interviews has been conducted by telephone. In some cases I also used email to communicate whit the interviewers before and after the formal interviews to get in contact and to establish together what to talk about. I used a standard letter to contact all the interviewers in which I explained the scope of the interviews giving them also some general information about Corporate Environmental Management, sensemaking and stakeholder theory. On average, after the first email and presentation letter, I needed other 3 emails to fix an appointment and prepare the interviews principally for two reasons: Some of them want to receive more information on the project, how I will use the data, the anonymity condition of the interviews; others have to ask formal authorization to the head quarter or to the CEO.

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<sup>2</sup> Much consideration has been given to the question of sample size and number of interviews. In a quantitative study, the aim is normally to test a hypothesis on a sample, which is large enough to permit use of appropriate statistical techniques, and can be considered representative of the population to which it is intended to generalize the results. In a qualitative study where there is no intention to generalize results to a particular population, data collection and analysis generally continue until the same themes and issues recur continually, when data saturation is said to have been reached (Gibbs, 2002; Strauss and Corbin, 1998), or the researcher feels confident that their description fits the phenomenon and “resonates with our sense of lived life” (van Manen, 1990, p.27).

**Table 3 Interviews**

Hotel	Dimension	EMS	Years	Interviews	Interview
A	Mid	Green Key CO2 Neutral Program	5	General Manager CEO (Chain)	Face to face Face to face
B	Mid	Green Key CO2 Neutral Program	5	General Manager EHS Manager (Chain)	Face to face Face to face
C	Mid	Green Key	3	General Manager EHS Manager (Chain)	Face to face Face to face
D	Big	Nordic Swan	3	General Manager EHS Manager (Country Manager)	Face to face Telephone
E	Big	Nordic Swan	10	General Manager Technical Manager Cleaner Manager	Telephone Face to face Face to face
F	Mid	Green Key	2	Vice General Manager Technical Manager Chef Bar Manager	Telephone Face to face Face to face Face to face
G	Big	Green Key CO2 Neutral Building	2	Technical Manager	Face to face
H	Mid	Green Key	2	Hotel Manager	Telephone
I	Green Key Association			Marketing and Communication Manager	Face to face

### Data analysis

Starting from the Maitlis work (2005), data analysis comprised three main stages:

**1- The creation of narratives** that serves to describe how sensemaking process is associated to the principal issues that arise from the interviews. First, I developed narratives that described the sensemaking processes associated with a set of issues that arose in all three organizations during the study. The first data analysis stage began with listing every organizational issue<sup>3</sup> that arose in the seven hotels as an issue that is relevant in the argumentation of CEM. The objective of Corporate Environmental Management is to increase the overall effectiveness by which organizational resources committed to environmental restoration are used. The criteria to identify an issue are that an issue must

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<sup>3</sup> I defined an organizational issue as a topic of discussion that involved a question or concern connected in some way to the organization as a whole, rather than to a small subset of its members (Maitlis).

be arisen in all the organizations. The issue must be included in the data of every single interview. Every respondent must consider an issue as significant. After the identification of the narratives I started to build up a more general and abstract model based on three categories useful to capture the key characteristics of the organizational sensemaking processes. The abstraction gives a theoretical model to interpret sensemaking of Corporate Environmental Management into three different perspectives. Starting from the Clarke & Chen model (2007), I developed a theoretical categorization of the sensemaking of Corporate Environmental Management. Sensemaking of Corporate Environmental Management is based on the effective integration and adequacy of (1) **Regulatory** (Social dimension), (2) **Technical** (Environmental dimension) and (3) **Managerial** (Economic dimension) categories. The issues must be considered in one of the three general categories. This general categorization helped me to grow and list the specific environmental issues<sup>4</sup>.

**2 - Identification of stakeholders**, their activities, pattern of interests and how these activities are related to issues; the issues serve to allow managers to take decisions on how to make sense concretely to Corporate Environmental Management; Starting from a literature review, I based the identification of the most relevant stakeholders on three branch of research: (1) **general research on stakeholder theory**, (2) **research on environmental-green stakeholders** and (3) **industry specific stakeholder research (tourism and hospitality)**.

**Table 4 Stakeholders Identification theories**

Branch of theory	Attributes	Autors
General stakeholder Theory	Input and compensation of interests	Ahlstedt & Jahnukainen, 1971
	Legitimate interest in aspects of the organization's objective	Donaldson & Preston, 1995
	Internal, external and non-coalition stakeholders	Nasi, 1995
	Direct and indirect strategies of involvement	Rowley, 1997
	Stakeholders' Power	Mitchel et al., 1997
	Classification of potential interests and conflicts	Frooman ,1999
	Stakeholder legitimacy	Philips, 2003
Green Stakeholders	Scoring Issues	Pater & van Lierop, 2006
	Ecological dependence of environmental practices to industry characteristics	Sharma & Henriques, 2004
	Environmental audit tools as predictors of transparency	Danrall, Seol & Sarkis, 2009

<sup>4</sup> Narratives: (1) Energy saving and production measures; (2) Water saving measures; (3) Green purchasing; (4) Waste minimization practices; (5) Green Marketing; (6) Eco-design; (7) Green Supply Chain; (8) Eco-risks control; (9) Guests attention; (10) Food & Beverage; (11) Green Jobs; (12) Traveling.

<b>Branch of theory</b>	<b>Attributes</b>	<b>Autors</b>
Industry related stakeholders	Strategic orientation interests and identification of industry's key issues	Sautter & Leisen, 1999
	Environmental issues complexity	Reed, 2008

**Table 5 Stakeholders categories**

<b>Stakeholders</b>	<b>Interests and specific relationships</b>
Owners, Shareholders	Profit, Performance, Reputation, Truthful Reporting
Government	Taxation, Legislation, Low unemployment, Truthful Reporting, Environmental Policies, Sustainability Policies, International Benchmarking
Unions - NGOs	Working conditions, Minimum wage, Legal requirements, compliance, International Reputation
Clients	Value, Quality, Customer Care, Ethical products, Environmental strategies' fulfillment
Suppliers	Providers of products and services used in the end product for the Customer, efficiency in the supply chain
Community	Jobs, Involvement, Environmental Protection, Shares, Communication
Non managerial Staff	Job security, Compensation, Respect, Communication,
Other Hotels and competitors	Best practices, Compliance, supply chain efficiency
Media	Reputation, Compliance, Environmental Policies

3- Analysis of **internal and external coalitions** with stakeholders' interests, managerial perception of interests and issues that serve to agglomerate patterns of interests and groups of stakeholders. In the third phase of the data analysis I will elaborate a set of propositions that can help the future debate on the topic.

## **Contributions**

The principal aim of my thesis was to examine the sensemaking theory and the role of stakeholders in the interpretation of environmental issues, suggesting that different ways to engage with them serves as a framework through which companies interpret their experience for themselves and for others (the stakeholders). I showed that there is a great degree of interplay and connection between stakeholders involvement, communication and the role that they have in the development of sensemaking activities that help companies to enact green issues. This study demonstrates that all these are elements of a dynamic process, where the temporal evolution of the relationships is a fundamental element that characterizes and determines the sensemaking activity.

The sensemaking model, derived from this research might be a useful tool for both academics and practitioners. At the theoretical and conceptual level, it will allow researchers to study the processes that underpin the relation between companies and stakeholders, understanding the differences that affect collaborative and non-collaborative relationships among the parts. This research, and the model derived from it, will contribute to future researchers and practitioners' ability to understand the logic underlying the reasons why companies are engaged in particular activities instead of others, looking at differences in the industries that have repercussions on the stakeholders' engagement.

Finally, the analysis and discussion of the findings in this study demonstrate the value of an interpretive approach and the usefulness of investigating lived experience to understand the processes of green issues sensemaking processes. The study has not only captured the companies experience (through the identification of managerial experiences) but, has been able to uncover the complex processes which explains how stakeholders take part of sensemaking activities, considering different attitudes and behaviors, in terms of passive and active roles.

This work contributes to the understanding of sensemaking processes by providing an explanation of the impact of stakeholders' involvement in the enactment of green issues. The findings demonstrate that there is a complex and dynamic inter-relationship between companies and their stakeholders: the involvement cannot be measured only in terms of active participation, indeed, also in informal or passive communications, stakeholders have a marginal role that must be taken into consideration. As noted in the literature review, there have been debates regarding how stakeholders must be considered in terms of pressures, relevance and identification of interests. From a stakeholder theory perspective, the introduction of Nasi's model [REFERENCE] helped me understand the complexity of dynamics that explain the composition of internal and external coalitions. The differences between the coalitions are important to articulate sensemaking in regards to different typologies of interests and the outcomes that derive from the interpretation process.

My work has thus contributed in terms of knowledge enlargement in the topic in several ways:

- It has increased the literature on sensemaking giving a new definition of it, as a synthetic exposition of the most relevant works on the topic.
- It has provided a model which explains the interaction between the companies and stakeholders in the development of Corporate Environmental Management practices, underlying the importance of sensemaking activity as a fundamental process that ignite new forms of behaviors.
- It has provided a more specific means of sustainability in the Hospitality Industry through the literature review on the topic and giving concrete examples within the data analysis.
- Finally, it has shown the utility of the sensemaking approach for investigating and understanding stakeholders interests and experiences.

### **Theoretical and research implications**

In theoretical and research terms, the model derived from this study, provides a means whereby researchers can investigate, how different sets of stakeholders' interests can be managed by companies through the identification of the principal issues that make sense of them. The relevance of the model is given by the possibility to read it from the opposite side: the identification of issues serves to make explicit stakeholders and companies' interests and to facilitate their relations.

The model can be also applied to gain a deeper insight into how companies attract stakeholders and what benefits derive from their experience. It can also be used to uncover the potential of new relations or new pattern of interests.

Another important element that comes out from my work is that sensemaking is a continuously improving activity; because organizational environment change, sensemaking serves also to monitor and control evolution that, if too rapid, can turn into a menace for the organizations. One of the most important aspects that I would like to underline is that my work can be important for managers and companies to anticipate or calculate the alternative sets of outcomes that can derive from the interaction with their stakeholders.

What really manager need is not a set of alternative decisions to the conflicts that can arise with stakeholders, because every single situation needs specific set of decisions and alternative solutions that must be calibrated after the development of a strategy; in fact the decision of a specific strategy implies also determined behaviors with stakeholders.

Different is the analysis of possible and alternative scenarios, where companies can manage and understand how the relationships with and among stakeholders have consequences on the management of the organizations.

## **Summary and outline of the research**

This research is original in that it uses an explorative approach to investigate how managers exploit environmental issues to enact tangible stakeholders' interests.

Chapter One is dedicated to the introduction, research question and general information on the study.

Chapter Two introduces stakeholder theory and proposes a theoretical advancement of the Freeman's mode. The chapter outlines the structure and content of the literature review on stakeholder theory, and emphasizes the role of the literature review as an integral and dynamic element of the research process itself.

Chapter Three discusses the literature review on sensemaking theory, considering the logics of environmental management, corporate social responsibility and stakeholders. The chapter highlights the most relevant extant works on sensemaking and stakeholders, comparing results and discussions. At the end of the chapter I develop a synthetic and interpretive definition of sensemaking that includes all the elements useful to understand and study stakeholder/companies relations.

Chapter four outlines the methodology and research design, setting out how the sensemaking approach delineated in Chapter Three will be operationalized. It explains and justifies the methods and techniques to be used in collecting and analyzing data. The chapter concludes with a section dedicated to the identification of environmental issues that serves to construct sensemaking narratives and with the criteria used to the stakeholders' identification.

Chapter five discusses the findings from the interview data. Because the explorative nature of this work and because the data derived from a multiple cases model, in this chapter I use a cross-case synthesis technique (applied specifically to the analysis of multiple cases), in which I narrate and describe the most relevant elements that I have found in the narratives, mixing those information with theoretical elements and try go give explanations to the phenomenon that emerge.

Chapter six summarizes the key findings and draws together the conclusions, theoretical and research implications of the study as well as its potential benefits for scholars and practitioners, and sets out some recommendations for future rese

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