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Multi-Stakeholder Sustainability Alliances: A Signaling Theory Approach

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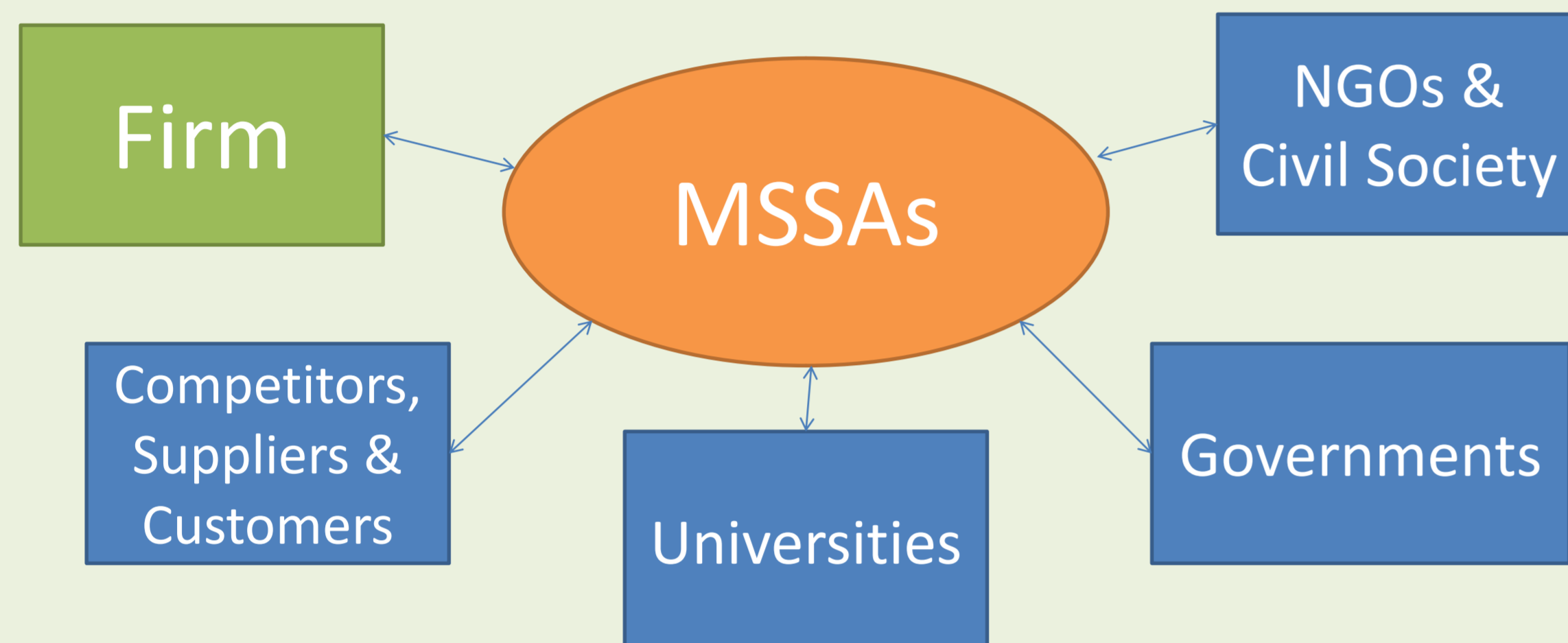


Multi-Stakeholder Sustainability Alliances: A Signaling Theory Approach

Domenico Dentoni (Wageningen University), H. Christopher Peterson (Michigan State University)

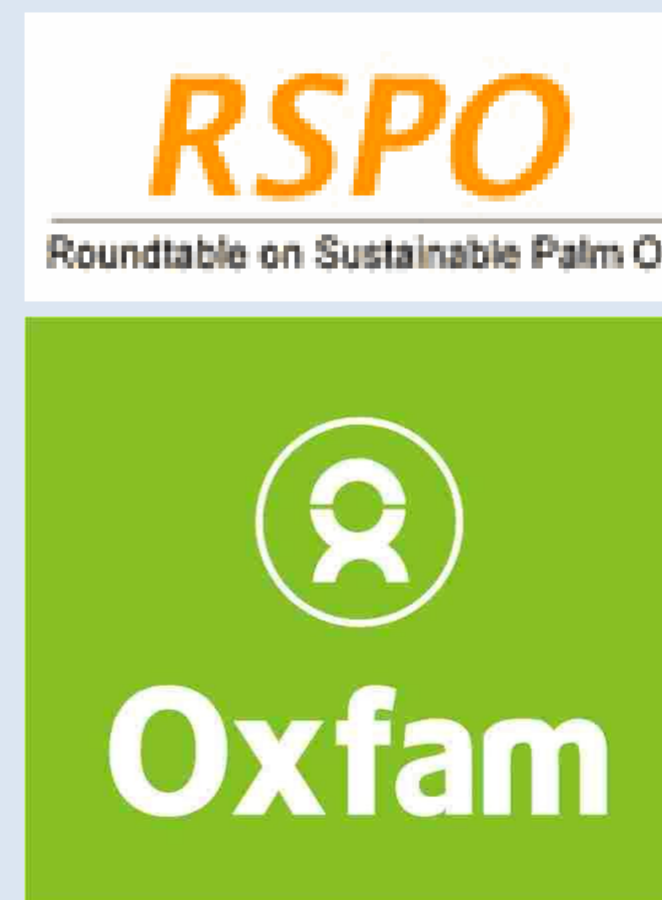
What are Multi-Stakeholder Sustainability Alliances (MSSAs)?

- Cross-Sector Partnerships Involving > 1 Stakeholder of a Firm
- Aim of Reaching Jointly Agreed Social & Environment Objectives



Findings

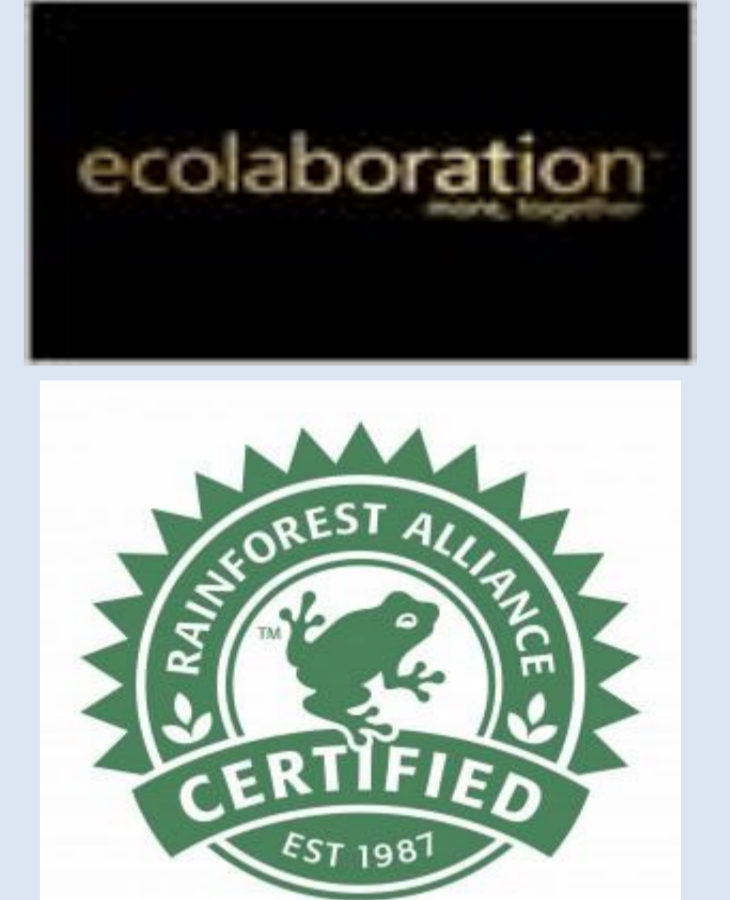
- 1) Building alliances with high-**status** partners has a positive impact on other partners' **subjective norms**.
- 2) Building alliances with multiple partners has a positive impact on other partners' **subjective norms**.
- 3) Building alliances with multiple high-**status** partners is a **short-term signal** of firm sustainability.
- 4) Providing accountable evidence of having reached the alliance's objectives & standards is a **long-term signal** of firm sustainability.



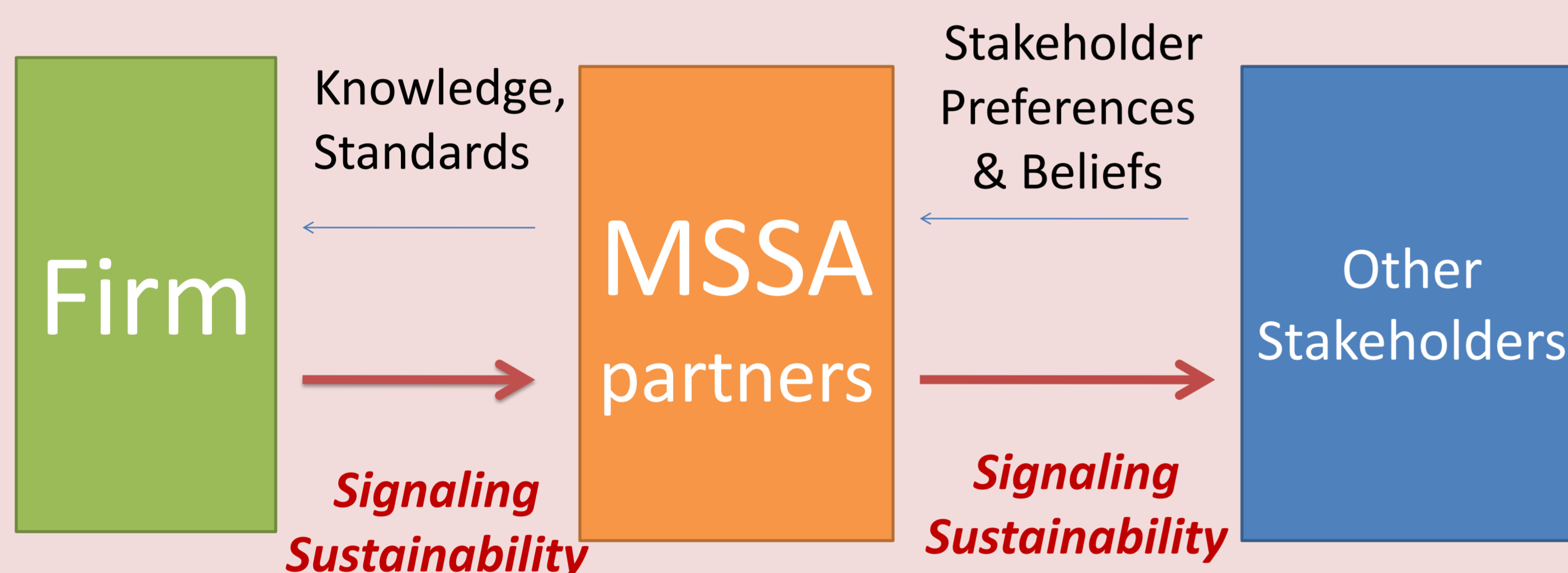
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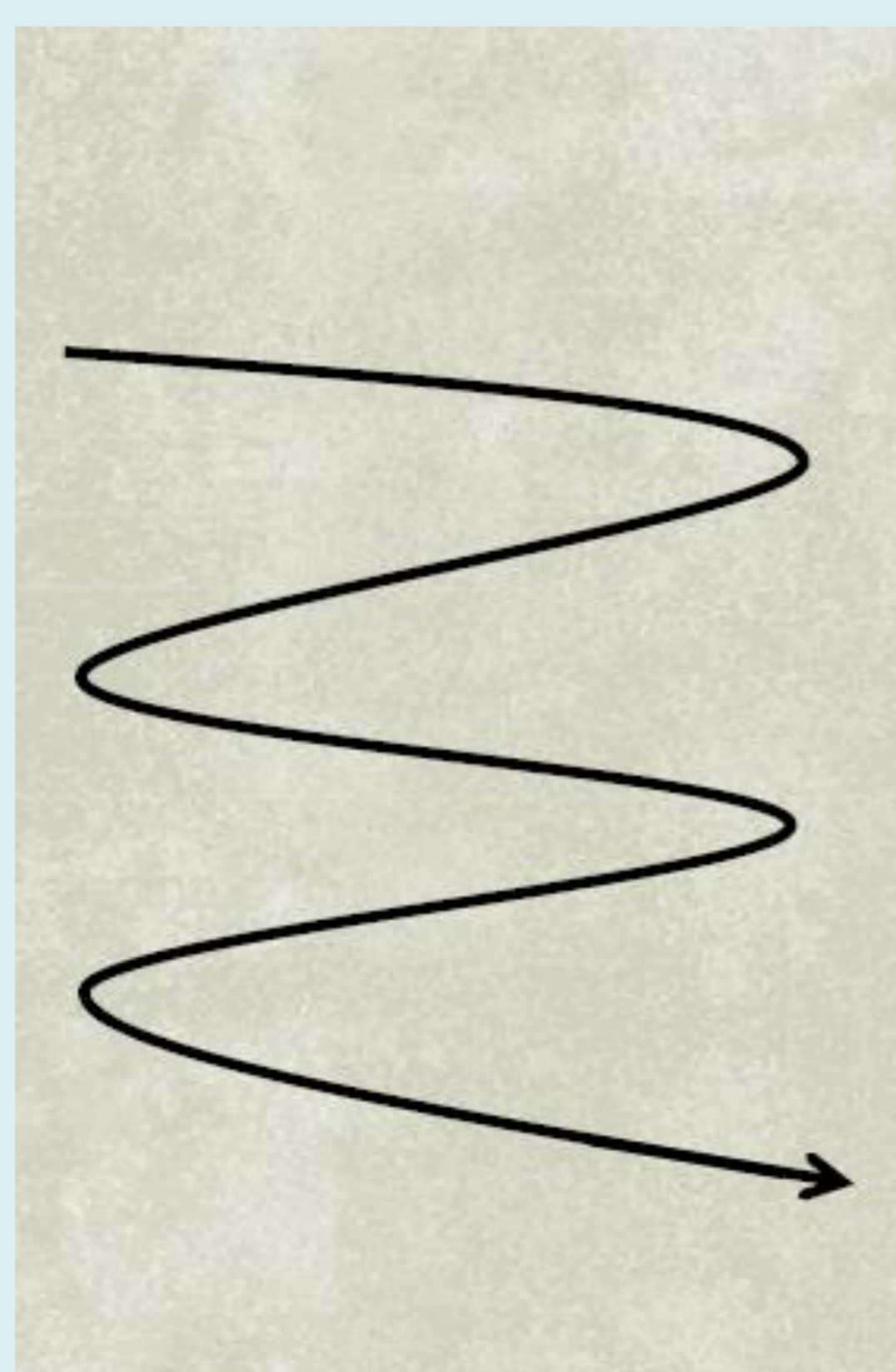
The Literature Gap: Information Flow from Firm to Stakeholders



Methods: Grounded Theory

DATA

- Top 50 Corporations in Food & Bev
- 20 MSSAs
- Corporate Reports
- MSSA Partners' Reports
- Other Stakeholders' Reports



THEORY

- Signaling Theory (Akerlof 1970)
- Theory of Status (Podolny 1993)
- Theory of Reasoned Action (Fishbein & Ajzen 1975)

Future Research:

Need of Economics and Agribusiness Scholars

→ How to choose partners and build relationships with them to signal sustainability to all the stakeholders?

Methods: Natural Experiments, Simulations, Grounded Theory.

→ How do beliefs & choices of alliance partners and other stakeholders ultimately impact the profit of the firm?

Methods: Hypothetical & Natural Experiments, Simulations.

References

- Akerlof, G.A. (1970). "The Market For Lemons": Quality Uncertainty and the Market Mechanism." *Quarterly Journal of Economics* 84, 488-500.
- Podolny, J.M. (1993). "A Status-Based Model of Market Competition." *The American Journal of Sociology* 94 (4), 829-872.
- Fishbein, M. & Ajzen, I. (1975). *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*. Reading, MA: Addison-Wesley.

