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STRATEGISING IN THE SUSTAINABLE PALM OIL SEGMENT BY LEVERAGING SOCIAL SKILL:

THE CASE OF DAABON GROUP & RSPO NEXT

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Abstract

This paper examines the role of sustainability certifications in the palm oil industry for companies to differentiate and strengthen their industry position. The case of Colombian palm oil company DAABON Group is studied in terms of; i) how the company applied social skill and strategy to identify the sustainability certification RSPO NEXT as an opportunity; ii) the strategic implications of DAABON's adoption of RSPO NEXT. In recent years, the palm oil industry has been growing rapidly but it has also become associated with environmental and social malpractice. As the most efficient vegetable oil crop, promoting sustainable production of palm oil is critical to secure food supply and protect the climate considering the global population growth. Multi-stakeholder initiatives led by the RSPO and related sustainability certifications have been established to counter the negative reputation and increase sustainability standards. This paper addresses the lack of literature regarding recent sustainability standards, specifically the RSPO NEXT and the 2018 RSPO P&C. The purpose of the thesis is to understand palm oil companies' ability to identify sustainable strategic opportunities and gain insights into the importance of differentiating through sustainability in a competitive segment. Through the Strategic Action Fields theory, we construe DAABON surrounding universe. In the fields, we assess the concept of social skill related to business strategy and evaluate the adoption of RSPO NEXT as a strategic move. We conducted 17 interviews with DAABON Group representatives and industry stakeholders to investigate their perception and experience of RSPO NEXT and its impact. For this explorative research, we investigated three themes: Purpose and Pursuit of RSPO NEXT, Implications of RSPO NEXT, and the Sustainable Palm Oil Segment. Our findings highlight the usefulness for companies of combining social skill with business strategy to successfully identify opportunities and navigate in their segment. RSPO NEXT's strategic implications for DAABON include improved reputation, a stronger supply chain, risk mitigation, but also limited commercial impact. Overall, DAABON managed to improve their competitive advantage and thereby, the company's position in the segment through RSPO NEXT.

Keywords: *RSPO NEXT, RSPO, strategic action fields, social skill, sustainability certifications, sustainability strategy, palm oil, business strategy, competitive advantage, positioning, differentiation, institutional theory.*

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1.0 Introduction

Palm oil is the most consumed vegetable oil worldwide (Corley & Tinker, 2015; USDA, 2019). Palm oil-based products such as cosmetics, toothpaste, and processed food, flood the supermarkets worldwide, and around half of all packaged products contain palm oil as an ingredient (WWF, 2019; Gilbert, 2013). The palm oil industry has been proliferating in recent decades to meet the increasing demand for its derived products (Mielke in Levin, 2012). The production of palm oil is expected to grow 20-40% towards 2025 (Ling, 2019; IMARC Group, 2019; USDA, 2019), continuing the expansion. Also, since palm oil is efficient to produce and the expected global population growth, currently and in the future, the world relies on the crop (Bethe, 2010; Murphy, 2014; Corley & Tinker, 2016; Levin, 2012; United Nations, 2019). Global food production will need to adapt its systems to feed the growing global population while avoiding sustainability disasters.

Palm oil is an example of a broader globalization trend in the agri-food sector. A transformation is happening in both national regulations, as well as in local production and supply chains leading to an increased embedment within a global context built around transnational networks and global governance. However, more so than other agri-food commodities such as maize and soybean, palm oil has been subject to controversy, both regarding the environmental and social consequences of its production, processing, and trade. (Oosterveer, 2015). Although the production of the crop began in the 1970s, the negative perception of the industry has exponentially increased in the last 15 years, a period in which the harvested area expanded by over 80%, now accounting for around 10% of global cropland (Corley & Tinker, 2015; Sheil et al., 2009).

According to critics, the industry is generating negative sustainability impacts on social communities (Sawit Watch, 2003; Colchester et al., 2006) and on rainforests which the crop is accused of replacing (Corley & Tinker, 2015). The alleged sustainability issues have been heavily debated by NGOs, academia, and press media for the last 15 years (e.g. Greenpeace, 2007; Basiron, 2007; Hansen et al., 2015). Regardless of the fairness or accuracy of this criticism, it is evident that the industry of palm oil is highly controversial. Accordingly, to cope with the beginning criticism, the Roundtable on Sustainable Palm Oil (RSPO) was launched in 2004 by a range of industry stakeholders. This multi-stakeholder initiative desired to create a more sustainable industry by offering a certification scheme and steering the discussion around sustainability in the palm oil industry. Throughout the years, while the membership has increased in numbers, the sustainability standards have become stricter and more demanding. Recently, the organisation launched a voluntary supply chain certification-scheme called RSPO NEXT, allowing sustainable companies to go one step beyond the RSPO standard (RSPO (a), n.d.).

With the development of the RSPO NEXT, the sustainable palm oil industry entered a new era in terms of sustainability certifications. For the first time in the history of the RSPO, a division between palm oil producers were arguably made, splitting the RSPO into two tiers of sustainability instead of having one standard. The supply and uptake of RSPO NEXT palm oil did not meet the expectation at the time of the announcement and sent shockwaves through the group of RSPO-certified palm oil producers. However, the decision to put the certification on the market alleviated concern from NGOs and the market.

Components such as efficient use of land, market dependency, negative reputation, sustainability issues, and growing world population, make the use of palm oil a global and complex issue. As researchers, we deem it necessary to investigate how companies operating in this industry can innovatively harness sustainability. Both to reduce the negative reputation and impacts of the industry, while also generating value for themselves and their customers. With regards to this, we have found of particular interest the role that sustainability certifications play for palm oil producers. In this context, we became aware of the Colombian producer DAABON Group. The organisation has been at the forefront of sustainability within the palm oil industry and in 2017, became the first RSPO NEXT-certified producer in the world. Also, since the creation of RSPO NEXT in 2015, there have been limited investigations into the implications of the standard.

From a research standpoint, we find DAABON’s case of becoming RSPO NEXT-certified particularly appealing. First of all, they seem to be innovators and first-movers, who are genuinely committed to sustainability and have been certified with over 80 different certifications during the years. Secondly, DAABON and their production sites and facilities are based in Colombia, which means they offer a different perspective on the industry than the oft-researched Indonesian and Malaysian practices. Thirdly, albeit being small and privately owned, the company managed to be the first organisation worldwide being certified RSPO NEXT, the most strict sustainability certification by that time. We believe there will be critical learnings to derive from DAABON's experience regarding RSPO NEXT's strategic role. Therefore, we want to look into: **What are the strategic implications of the RSPO NEXT certification for DAABON?**

Furthermore, to understand the underlying reasons for pursuing the standard and examine an industry as complex as palm oil, we have decided to take one step back and apply the theory of Strategic Action Fields to the Certified Sustainable Palm Oil field. We believe this theory proposed by Fligstein and McAdam (2011) offers an explanation as to why change occurs in different societal spheres, motivated by 'strategic action': the aim of obtaining a *better position*. In doing so, the concept of social skill stands out as it concerns what drives actors to define and pursue strategic action effectively. Considering our investigations into a specific business segment, we chose to combine this theory and particularly the concept of social skill with the field of business strategy, as this field accounts for and describes *how* companies attempt to gain that *better position*. Keeping in mind DAABON's competitive advantage as an end goal, we inquire: **How has DAABON leveraged social skill within the Certified Sustainable Palm Oil segment?** By combining these two questions, we have developed the following research question:

How has DAABON leveraged social skill within the Certified Sustainable Palm Oil segment; and what are the strategic implications of the RSPO NEXT certification for DAABON?

The paper is structured as follows. We will commence with chapter **2.0 Theory**, extensively depicting the theoretical framework we have used to conduct our study. Within this chapter, we will explain the theory of Strategic Action Fields, its components and characteristics, as well as how it can serve to describe the occurrence of change in societal spheres. This description is followed by an illustrating example of how the theory could apply to an industry. Afterward, we will propose a conceptual bridge between the concepts of social skill and business strategy, offering an explanation of why a multi-disciplinary approach to strategy is desirable for analysing complex business situations. Lastly, we outline four approaches to strategy, which we believe are highly complementary to each other and applicable to our case: i) the industrial organization approach; ii) strategy as practice; iii) the emergent strategy perspective; iv) and the institutionalist approach to strategy.

Succeeding the theory chapter is an extensive literature review of existing academic material in chapter **3.0 Literature Review**. This review includes a specification of the palm oil industry and its characteristics, the drivers of commercial success, and the differences across palm oil-producing regions. Furthermore, we will seek to clarify why there is a need for sustainability, and unfold the extent and severity of the criticism regarding palm oil production. Next, we will depict how RSPO was created in an attempt to revert public backlash by spreading sustainable practices across the industry. This development of topics will urge us to describe how companies can differentiate from competitors by harnessing sustainability and the idea de-commoditisation. This description will take us into sustainability strategies, including what constitutes a sustainability strategy and four main types of such strategies. Later, we will present our DAABON in chapter **4.0 Case Company**. In detail, we will elaborate on the nature, structure, and history of the Colombian company DAABON Group. Moreover, we outline DAABON's subsidiaries, as well as the role of the Sustainability Department.

In the subsequent chapter of the thesis, **5.0 Methodology**, we will proceed to delineate the methodological considerations on which the paper is built. We will apply the framework of the research onion, peeling off one layer of our research at a time. The first layer consists of a discussion on the fundamental questions about research purpose and philosophy, including our ontological and epistemological perspectives. From this discussion, we move into the next layer comprising of our research approach, and the reasoning followed. Afterward, we will sketch out our research design and explain the reason for the methodological choices, strategy, and the time horizon, we have utilised throughout the paper. For the final layer, we have chronicled the process of data collection and analysis, as well as objectively examine the quality of our data.

After this, we will move into the **6.0 Results** chapter. The chapter serves to dissert the most relevant and primary learnings extracted from our data collection. We have structured the chapter in three main topics to provide a compact platform from which to base our discussion. First, we will describe DAABON's concept and strategy, highlighting the data collected from interview participants regarding DAABON's positioning and strategy of operations. Secondly, we will present their statements related to DAABON's pursuit of RSPO NEXT and the reasoning behind the pursuit. Finally, we will list the main implications of RSPO NEXT for DAABON, according to the words of the participants.

The results chapter will lead us to the critical part of this project: **7.0 Discussion**. In this chapter, we will convergently integrate the theoretical frameworks and academic literature revisions presented earlier. This includes the learnings from our visit to Colombian palm oil producer DAABON and the findings from our seventeen conducted interviews in order to answer our research question. Accordingly, we will apply the theory of Strategic Action Fields to the segment of certified sustainable palm oil, describing its components and why changes to its configuration occur. Then we will relate the concept of social skill with the strategic pursuit of RSPO NEXT for DAABON. Finally, we will analyse the implications of RSPO NEXT for the company.

The closing chapter of this paper will be the **8.0 Conclusion**. Here, we will make a brief recap of the intent and relevance of this project, together with the key findings extracted from our research. We will proceed to briefly discuss both the theoretical and practical implications of this paper and point out potential limitations. Finally, we will make a call to action to researchers in terms of suggesting topics that deserved further investigation in future research.

Throughout the following master thesis, we intend to provide an answer to our ambitious research question. In addition, we hope to open the conversation between institutionalists and strategists around the concept of social skill. A final note, we would like to add, is that in our view, sustainability is a direction, a path to follow. It will always entail trade-offs. It is the task of researchers to identify the most contributing practices in order for organisations to adapt them to their universes.

2.0 Theory

In this chapter, we will outline the theoretical foundations employed throughout this paper. We will start by describing the theory of Strategic Action Fields (SAFs), its components, and the typologies of change for which the theory accounts. We will, then, put some words on what happens when change occurs according to this approach. We will also provide an operating example of how the theory of SAFs applies to a given subject of study. After this passage, we will introduce the bridge of academic fields that conceptually vertebrates this research project. Thus, we present our proposal of combining the already mentioned theory with the academic field of Business Strategy. Subsequently, we will delve into the concept of business strategy adopting a multi-disciplinary approach to it. We will introduce the four different but complementary approaches to strategy included in this project: The Industrial Organization perspective, Emergent Strategy, Strategy as Practice, and the Institutionalist Approach to Strategic Management.

2.1 The Theory of Strategic Action Fields

In modern society, the moves of collective actors to strategically compete for advantageous positions give shape to what is termed 'collective strategic action'. Scholars interested in the study of any institutional actor (e.g. companies and NGOs) are inevitably concerned with the phenomenon of collective strategic action (Fligstein & McAdam, 2011). Decidedly, the theory of SAFs can be used to account for and explain the interactions in and through the complex web of the different actors gravitating in an industry or segment. Fligstein and McAdam's theory (2011) views social life, its change, and stability, as a result of the intricate and constant interaction of a complex web of SAFs.

Before diving into the components of the theory of SAFs, some operating definitions of concepts used throughout the paper, such as 'institutions' and 'organisations' must be provided. According to the institutional theory of organisations, *institutions* are at the heart of the analysis of organisations' design and conduct (Berthod, 2018). Having redefined the term over the last decades, Scott (2008) conceptualises *institutions* as '…social structures that have attained a high degree of resilience … [and are] composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life.' (Scott, 2008, p. 48). Within this context, *organisations* are institutional actors or exemplifications of institutions (Berthod, 2018).

Regardless of the discipline through which academics approach the study of institutional actors (e.g. scholars of organisations or students of social movements), the fundamental concern here is '… the efforts of collective actors to vie for strategic advantage in and through interaction with other groups in … meso-level social orders' (Fligstein & McAdam, 2011, p. 2). These orders have been called differently over the last decades, depending on the academic discipline or context.

Exemplifying some of the studied approaches, Meyer and Scott (1983) talked about *sectors*, DiMaggio and Powell (1983) proposed *organizational fields*, Bourdieu and Wacquant (1992) called them *fields*, whereas Powell et al. (2005) called them *networks*. In the case of governments, these orders have been called *policy domains* (Laumann & Knoke, 1987). In the economic field, these orders are called *markets* (Fligstein, 1996, 2001; White, 1992). Integrating all these perspectives, Fligstein and McAdam (2011, p. 3) proposed the term *strategic action fields* 'to combine the social constructionist aspects of institutional theory with a focus on how, at their core, field processes are about who gets what'. For Fligstein and McAdam (2011), these SAFs are the foundational units of collective action in society.

The theory of SAFs is the result of pushing forward an intersectional dialogue of various decades between scholars of organisational theory and social movement studies (Fligstein & McAdam, 2011). The elements of SAFs theory are: i) strategic action fields; ii) incumbents, challengers and governance units; iii) social skill; iv) the broader field environment; v) exogenous shocks, field ruptures, and the onset of contention; vi) episodes of contention; and vii) settlement. In the following sub-sections, we will review each of the components.

2.1.1 Strategic Action Fields

Fligstein and McAdam (2011, p. 3) define strategic action fields as: 'meso-level social orders where actors (who can be individual or collective) interact with knowledge of one another under a set of common understandings about the purposes of the field, the relationships in the field (including who has power and why), and the field's rules'. All collective actors (e.g. organisations and social movements) form SAFs. SAFs do not have fixed boundaries. Instead, the boundaries are determined by four aspects (Fligstein & McAdam, 2011). In the first place, actors in a SAF *share a consensus* of what is going on within the SAF. Additionally, actors within a SAF generally *exert different levels of power*. Thirdly, the *rules* within the field are *shared* by the actors within the SAF. Finally, actors within a SAF perceive and *make sense* of what others are doing from *their perspective*.

These four aspects are contrasting to what most versions of institutional theory propose, for instance that actors share the same perception of reality and, thus, change occurs rarely and unintentionally. With the SAFs theory actors act, and their actions are perceived subjectively by other actors. Therefore, actors act consequently after having considered their options. This situation leads to more and less powerful actors consistently changing positions and making adjustments to the conditions of a SAF. Due to these characteristics and as the process of contention is ongoing, the spaces and conditions of SAFs are continuously being challenged. (Fligstein & McAdam, 2011)

2.1.2 Incumbents, Challengers, & Governance Units

In Fligstein and McAdam's (2011) view, SAFs are comprised of *incumbents, challengers* and, often, *governance units*. In the social movement theory, Gamson (1975) was the first proposing the dichotomy incumbent/challenger. In a field, the actors exerting significant influence and whose interests and views are reflected in the dominant organisation of the SAF are referred to as incumbents. Incumbents occupy a privileged position within a SAF and, accordingly, the field conditions are shaped to their interests, and the rules tend to favour them. (Fligstein & McAdam, 2011). Opposing to incumbents, challengers exert less influence within a SAF as their position in the field is less privileged. Generally, challengers know and accept the rules of a SAF imposed by incumbents, but they can envision a different position in a field presenting an alternative structure. Nevertheless, challengers tend to, grudgingly, respect the SAF's rules, awaiting new opportunities to challenge the structure of the system. (Fligstein & McAdam, 2011)

There is a third category of actors often present in SAFs: the governance units. These facilitating bodies are commissioned to *internally* oversee compliance with the field rules to guarantee smooth functioning of the field *internally*. Governance units tend to favour the status quo of the system, reinforcing the dominant logic and prevailing rules of the field, thus safeguarding the interests of the incumbents. It is noteworthy that sometimes SAFs are organised less hierarchically when the actors comprising a field are of equal size and power, leading to coalitions within a SAF. (Fligstein & McAdam, 2011)

2.1.3 Social Skill

Social action has been controversial over the past two decades in social theory (Fraser, 2003; Honneth, 1995; Jaspers, 2004, 2006). The main clashes come from the view that challengers are limited in their ability to change their reality, while, at the same time, it is impressive what some individuals and groups can do to affect what happens to them (Ganz, 2000, 2009). The SAF theory attempts to define the sociological view of strategic action and, then, link it to potential changes in a SAF (Fligstein & McAdam, 2011).

According to Fligstein (2001), strategic action is best seen in the attempt by social actors to create and maintain stable worlds by securing the cooperation of others. In Padgett and Ansell’s (1993) view, strategic action is about control in a given situation and context. Control is sought via the creation of identities, political coalitions, and interests among actors. Nonetheless, in order to create identities or political coalitions, strategic actors must be able to work to find some collective defining interest by taking the role of the other. (Jasper, 2004, 2006). Within this context, social skill is the cognitive ability that some individuals or collective actors deploy ‘for reading people and environments, framing lines of action, and mobilizing people in the service of these action “frames”’ (Fligstein & McAdam, 2011, p. 7: based on Fligstein, 2001; Jasper 2004, 2006; Snow et al. 1992; Snow & Benford, 1988). These frames entail rational and emotional understandings of other actors’ identities. In other words, social skill is the set of competences of being able to understand other individual and groups’ interests to then mobilize them in a certain line of action. (Fligstein & McAdam, 2011).

2.1.4 Broader Field Environment

SAFs are embedded in complex webs of other SAFs. This means that a field is affected, contained, and surrounded by other fields. There are some defining characteristics to refer to other fields. These fields can be *proximate* or *distant*; *vertical* or *horizontal*; *state* or *nonstate*. Whereas *proximate* SAFs can impact and are in direct contact with a given field, *distant* fields do not present ties, and the degree of influence with a given SAF is minimum. *Vertical* SAFs, by their part, refer to the hierarchical linkage with a given SAF. In a vertical relation between fields there is one dominant and one subordinate. When there is no hierarchical relationship between SAFs, they are *horizontal* SAFs. Finally, *state* and *nonstate* terms refer to SAFs that are, respectively, representing state or nonstate actors. All these distinctions form complicated and interdependent interplays of fields. For instance, the stability of a given SAF is affected by a proximate and vertical state field while, simultaneously, it is influenced by a proximate horizontal nonstate SAF. (Fligstein & McAdam, 2011)

2.1.5 Exogenous Shocks, Field Ruptures, & the Onset of Contention

From the interdependence described above, it can be inferred that a change in a given SAF would be ‘like a stone thrown in a still pond, sending ripples outward to all proximate fields’ (Fligstein & McAdam, 2011, p. 9). Changes vary in intensity and impacts to other fields leading to a variety of consequences ranging from hardly noticeable effects on a field structure to dramatic crisis and threats to a prevalent order. The onset of contention is a ‘highly contingent outcome of an ongoing process of interaction’ (Fligstein & McAdam, 2011, p. 9) that involves at least one incumbent and one challenger. Three fundamental mechanisms shape this process of interaction: i) the collective construction/attribution of threat or opportunity; ii) organizational appropriation; and iii) innovative action. In this way, a process of contention would typically start with at least one collective actor proposing a change in the field or external environment. The change would constitute either a threat or an opportunity regarding the status quo. Then, actors perceiving the threat/opportunity would define the organizational resources needed to mobilize action with regards to the threat/opportunity. Finally, the process of contention crystallises with actors violating field rules by engaging in *innovative action* in support of the new interests. When other members of the field perceive this field-rules-violating behaviour displayed by one or more actors, the field will precipitate into an episode of contention. (Fligstein & McAdam, 2011).

2.1.6 Episodes of Contention & Settlement

An episode of contention is a period of emergent, sustained combative interaction among field actors employing new and innovative forms of action (McAdam, 2007). In addition to the innovative action component previously described, an episode of contention is characterized by two hallmarks being: i) a shared perception of uncertainty/crisis regarding the field rules and power relations; and ii) mobilization by incumbents and challengers. The shared sense of uncertainty regarding the logic and structure of the field will determine how long the episode of contention lasts. This happens since uncertainty will reinforce the perception of threat and opportunity and will lead all parties to a conflict. (Fligstein & McAdam, 2011).

When an episode of contention occurs, incumbents initially appeal to the status quo in an attempt to stabilize the situation. Challengers, by their part, will try to engage in innovative action that could entail better positions within the fields. During a crisis, it is also possible that wholly new groups emerge. All types of actors - often even external actors - will propose and attempt to mobilize consensus around a particular framing or conception of the field. Accordingly, sometimes incumbents will succeed in re-establishing the status quo. Frequently, this happens with the support of allied state actors and in fact, state actors often participate in settlement of an episode of contention as a resolution to a field crisis. In other situations, incumbents pushing oppositional logics will successfully introduce a set of new practices and rules. (Fligstein & McAdam, 2011). Once the new oppositional logics have been put in place or the status quo has been reasserted, the field gravitates toward a new (or restored) institutional settlement. This settlement includes concrete rules and cultural norms and structure. The crisis in a field is over when the perception of order is generalized. (McAdam & Scott, 2005; Schneiberg & Soule, 2005).

2.1.7 Change & Stability in the SAFs

In addition to the conceptual elements described, the SAFs are subject to three states depending on the fields internal and external conditions: *unorganized or emerging*; *organized and stable but changing*; and *organized and unstable and open to transformation*. (Fligstein & McAdam, 2011).

2.1.7.1 Emergent Fields

The term *emergent field* refers to a space occupied by two or more actors with oriented actions but where agreement over the basic conditions of the SAF (logics and norms) is yet to be determined. In this way, an emerging field could be seen as a social arena without rules, where actors with dependent interests are forced to consider each other should they want to thrive within the field. (Fligstein & McAdam, 2011). The opportunity to establish the set of logics and norms in the SAF puts actors in a position where they cannot control the ultimate organization of the field. In these moments there are multiple conceptions of the SAF. These conceptions coexist together with multiple possible structures, configurations, and positions of the actors within the field, such as who will be an incumbent and who will be a challenger.

With this situation, social skill plays a vital role since socially skilled actors will successfully unveil opportunities and possibilities and mobilize resources in these emergent situations. Via coalitions and by creating collective identities for the field, skilled actors will try to set up a hierarchical field where they dominate. (Fligstein & McAdam, 2011). Sometimes, a settlement will be hardly achievable given the differences of collective actors of roughly equal power within a field. In this situation, actors agree that there is a field, but they may disagree vehemently about the distribution of the social positions within the field. Nearly permanent instability is a feature of social life, exemplified by Israel's existence as a state, which is an ongoing 60-year-old conflict. (Fligstein & McAdam, 2011).

Regarding the emergence or creation of new fields, there are two fundamental aspects to highlight. Firstly, societies are increasingly becoming organized in new fields. This contributes to the creation of more opportunities for new fields that would stem from the spaces between new fields and those fields and the state.

Secondly, the state is a key source of new SAFs. Legislations or the interactions between states are drivers for generating strategic action that could ultimately lead to new SAFs. (Fligstein & McAdam, 2011).

2.1.7.2 Stable Fields & Piecemeal Social Change

Field stability can be seen as an ongoing process where incumbents and challengers make moves and countermoves. By their part, incumbents aim at preserving or expanding their influence and power within the field by using the dominant structures and logics in their favour. They do so in part because, cognitively speaking, it is difficult for incumbents to dramatically shift worldviews. Field stability, however, does not depend solely on the efforts of incumbents to preserve the status quo. When a SAF emerges, two institutional processes exist to reinforce the advantage of the incumbents as part of the field logics and structures. One of these processes is internal. It concerns how a set of new rules and internal governance structures is created when a field emerges. The external process that contributes to solidifying stability involves various forms of certification by state actors from outside the SAF in question. Simultaneously, challengers' survival depends so heavily on the current systemic logics of the field that this generates a *prisoner's dilemma* for challengers. In this way, challengers often end up contributing to the stability of the status quo.

It is noteworthy that even the most stable of SAFs are undergoing constant change. The status quo should be viewed as an ongoing, negotiated accomplishment, threatened at all times by challenger confrontation and exogenous change processes. In this view, challengers are expected to test the stability of the field persistently, while incumbents in response will try to undermine them. During this confrontation, innovation driven by social skill will help some actors get stronger and improve their position within the field, conversely leaving others in a worse position. (Fligstein & McAdam, 2011).

2.1.7.3 Field Crisis

Crises are met on a period-to-period basis by attempts to preserve the status quo. In this way, 'SAFs are generally destabilized by external shock originating from other SAFs, invasion by other groups of organizations, actions of the state, or large-scale crises such as wars or depressions (Fligstein & McAdam, 2011, p. 15). There are three fundamental forms of *shocks*. The first one concerns the invasion by outside groups to the field in question. These actors had not been active players in the field before. Often, outside challengers are the ones making the most effective invasions as they are not bound by the logics and structures of the field they are penetrating. Their success will depend on a variety of factors such as their social skill, the strength of the incumbents in the invaded field, and the position of state actors.

In addition, exogenous shocks in a given field usually emanate from destabilization in a proximate field. A field experiencing profound changes will affect and ultimately change the surrounding SAFs. These changes can have intended or unintended root causes but, if severe enough, they might have the effect of destabilizing relations within the SAF in question. Finally, and rarer, the third type of exogenous shock consists of dramatic events such as wars and economic depressions, that undermine not only the field status quo but often entire nations and systems. (Fligstein & McAdam, 2011)

In either case of an exogenous shock, the effects on a given field are somewhat similar. These shocks will threaten the field stability by impinging on the current ideas and logics, interrupting the flow of resources (that feed incumbent prevalence), or by destabilizing the ties linking incumbents to external strategic allies such as state actors. The profoundness of the shock-originating changes in a given SAF depend on several factors. On one hand, SAFs with a higher number of connections to other SAFs, particularly state allies, will have more resources to resist a crisis. On the other hand, SAFs which heavily dependent on another SAF will find crisis more threatening. (Fligstein & McAdam, 2011). This second situation is analogous to the circumstance in the Five Forces framework, where a company is dependent on only one customer and one supplier (Porter, 1980).

Most crises will be resolved in one of three ways. In the first situation, incumbents decisively restore the order themselves by allying with other incumbents and mobilizing the internal governance units. If this solution does not work, another way to restore the status quo consists of the intervention of external actors such as state actors. In this situation, the external agent will most likely impose the conditions of the field. Finally, the third and most infrequent outcome of a field crisis is a genuine transformation of the field. This transformation would entail a fundamental restructuring of power relationships together with the uprising of an opposing logic to the one once dominating the field. Despote its infrequency, this type of transformation is more likely to happen under certain conditions. One could be an exogenous shock of unusual intensity. Another, the defection of at least some incumbents or some or all external allies. Finally, a united opposition by virtually all challengers within the field is a third condition. With either way of restoring or transforming the logics of a field, external actors play a central role in resolving crises, and the connectedness of SAFs is a source of both strength and weakness. (Fligstein & McAdam, 2011).

2.1.8 Strategic Action Fields: An Illustrating Example

As was described above, the theory of Strategic Action Fields depicts a complex web of interacting fields in which competing actors contend to advance their positions within a given field (Fligstein & McAdam, 2011). This theory functions well as a reality-describing tool that offers a quasi-endless variety of study subjects as we change the focus. As mentioned in the previous section, one exemplification of SAF could be a given industry. In the economic realm, markets or industries are the orders or fields subject to study (Fligstein 1996, 2001). We will provide now an illustrating example of an industry and its elements through the lens of the Strategic Action Fields theory (see **Figure 1** below).

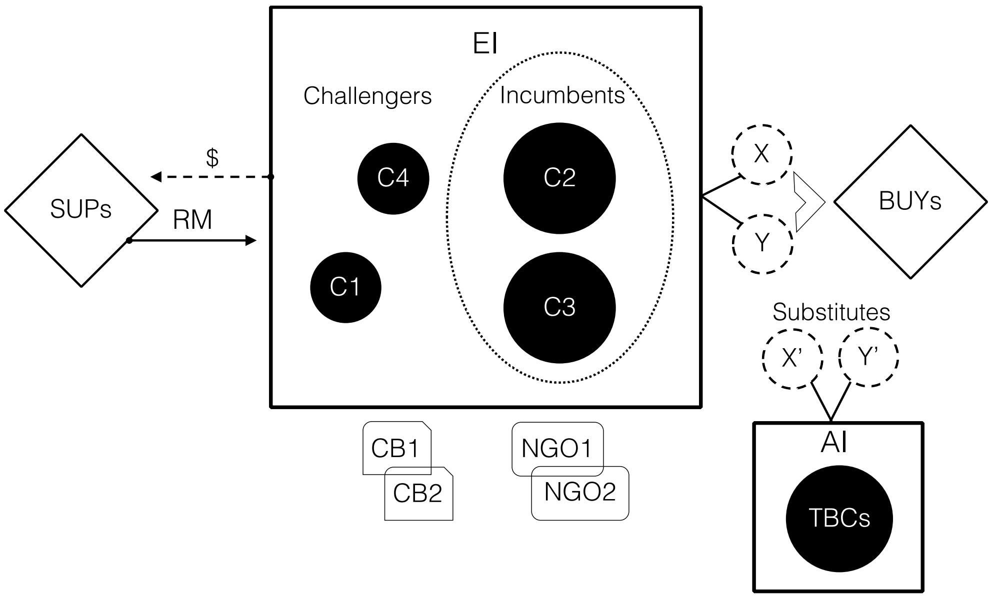


Figure 1: Strategic Action Field - Illustrating Example[i].

A given industry involves several elements that ultimately result in some companies competing for an advantageous position within the industry (Porter, 1979). For the sake of simplicity, let us assume that the exemplifying industry (EI) only has four different companies (C1, C2, C3, and C4). C1-C4 fundamentally produce two types of components: component X (X) and component Y (Y). These are sold to buyers (BUYs) as components of a product that these BUYs will produce and sell. C1-C4 feature, thus, a business model frequently called Business-to-Business (B2B). To produce X and Y, C1-C4 need one type of raw material (RMs) that they obtain from suppliers (SUPs) in exchange for money. Within the EI, C1-C4 compete to position themselves in an advantageous position that will ensure prosperity. Given some fixed production costs for X and Y transversal to C1-C4, the primary metric to measure advantage pivots on the capacity of C1-C4 to buy RM at the minimum price possible from SUPs, to subsequently sell as many X and Y as possible to BUYs.

As depicted in **Figure 1**, other collective actors surrounding our subject of study have a profound influence on the EI. In this instance, the actors are two NGOs and two certification bodies (CBs). The NGOs are formed by external actors and work as non-profit regulating agents whose interest is to preserve natural resources and human rights, which is not necessarily aligned with prosperity of EI. Whereas the CBs are formed by both external and internal actors to the EI and whose interest is to provide legitimacy to the EI. Although the drivers of NGOs and CBs differ, they both function as shaping agents to the EI. In this situation, NGOs will put pressure on the EI to improve current practices and CBs will help C1-C4 to credibly demonstrate that practices have been changed and comply with the required standards. Furthermore, we need to account for some agents that threat or compete with C1-C4 from the outside, adding to this already intricate network of actors. Firstly, there is a group called To-Be Companies (TBCs). This group would encompass the entrepreneurial processes that could culminate in the creation of a new company (C5) competing with C1-C4. In addition to TBCs, there also exists an Alternative Industry (AI). The AI contain a conglomerate of companies that produce X' and Y' that could potentially be bought by BUYs, substituting, this way, X and Y.

In addition to the fundamental flows and processes of interaction described above, all the described actors and groups are subject to some governing logics. These regulations vary as we zoom-out from the company level in areas such as company department structure, corporate governance, industry-specific regulations, market-specific codes, national regulatory orders, and the dynamics of the global economy. Each upper level contains the lower levels in a bigger order. It can be seen that each of the possible levels of the described funnel encompasses an independent SAF. This is consistent with the four aspects that determine what a SAF is, as described in the Strategic Action Fields theory section. This panoramic perspective is represented as the funnel seen in **Figure 2**:

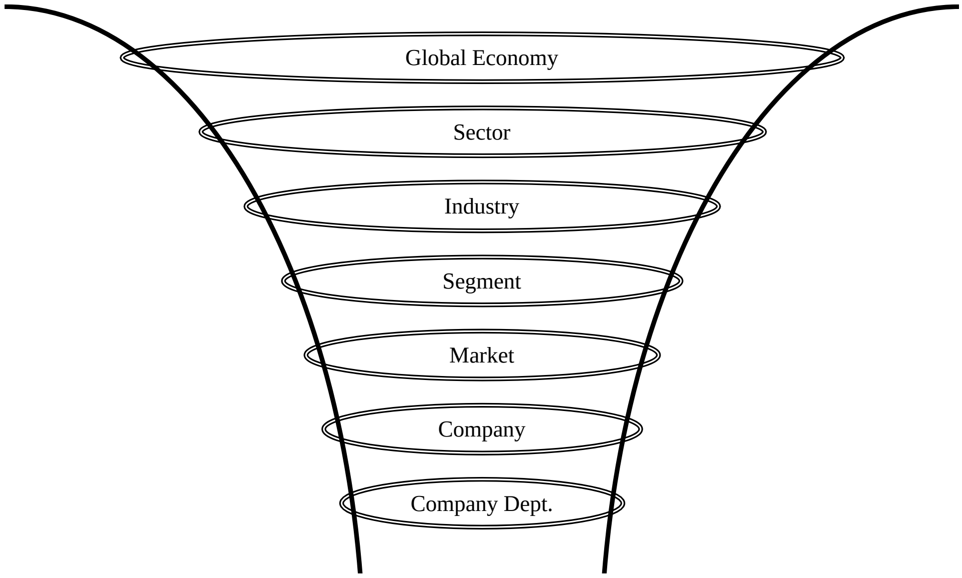


Figure 2: SAF Vertical Relationship Funnel[ii].

2.2 Social Skill & Business Strategy: Bridging the Gap

In the previous example, some of the companies were struggling for an advantageous position within an industry. Business strategy and strategic management are key elements to secure a competitive advantage and thereby, success of a company over competitors (Jenkins, Ambrosini, & Collier, 2015; Rothaermel, 2017). Applied to our example, C2 can beat C1, C3, and C4 if it holds a competitive advantage over them. As mentioned earlier, the space in which C1-C4 compete is a SAF called EI, and C1-C4 are the actors of this SAF.

In this particular SAF, let us assume that C2 and C3 deploy privileged power positions being the incumbents of the SAF, while C1 and C4 are the challengers, exerting less influence.

According to the Strategic Action Fields theory, social skill is the set of competencies that some actors have to understand other individuals and groups' interests and to then mobilize them in a certain line of action (Fligstein & McAdam, 2011). In other words, social skill can help actors change their position within a field to a more privileged one. Therefore, it can be argued that the ability to effectively identify, formulate, and manage business strategy is one of the forms social skill takes within the economic realm. We are hereby proposing a conceptual bridge of perspectives. Within the context of business, we argue that the concept of social skill can be related to what drives individuals and groups within a company to effectively formulate and implement business strategies that will create and sustain the competitive advantage of a given company.

2.3 A Multi-Perspective Approach to Strategy

In the following section, we will present the relevant approaches to strategy. We will provide a justification of our reasoning behind taking a multi-perspective approach to the concept of strategic management. We will then proceed to describe four different approaches to strategy, that is Industrial Organization, Emergent Strategy, Strategy as Practice, and the Institutionalist Approach to Strategic Management. The purpose of a strategy is to provide a guiding and integrating basis for an organization to achieve its goals (Jenkins et al., 2015). Following a range of authors, it is common ground of agreement that strategy incorporates a number of core elements: i) a statement of the purpose of the organization, that is, where it is going and what it will look like when it gets there; ii) an analysis of the external trends and their impact on the strategy; iii) a thorough study not only of the internal capabilities of the organization, but also regarding new capabilities that could be developed or needed to reach the destination; iv) an understanding of the time by which the destination will be reached and key stages along the way; v) a statement of the choices and actions that are being made and how the organization should be structured to deliver these; and vi) the needed changes to be implemented in order to deliver the strategy (Jenkins et al., 2015; Rothaermel, 2017).

Accordingly, strategic management can be described as an integrative management field consisting of the pursuit of competitive advantage through three fundamental and combined actions: *analysis, formulation,* and *implementation* (Rothaermel, 2017). This definition accounts for the managerial decisions, processes, and activities that will eventually allow the creation and implementation of a strategy for an organization (Jenkins et al., 2015). Thus, strategic management is concerned with the future performance of a company, that is, maintaining competitive advantage over time. In one word: success.

Historically, various authors have been addressing the issue of future performance of organizations from a range of different perspectives. In 1938, Barnard (1938) emphasized the role of the individual executive in the strategy of the organization. Later in 1965, Ansoff (1965) stressed the usefulness of strategic analysis for decision. Porter (1979), by his part, enunciated his famous Five Forces, which are centred around the competitive forces that shape strategy. Alternative to the formal planning processes, Mintzberg (1994) heavily criticised this approach and his ideas culminated in the concept of Emergent Strategy. By his part, Pettigrew (1985) committed to deepening the understanding of strategic change. By the end of the 20th Century, Eden and Ackerman (1998) introduced the view of strategy as an organizational regeneration journey for the company. More recently, Cummings and Daellenbach (2009) presented the case of models and prescriptive tools becoming obsolete and highlighted the uniqueness of companies. As mentioned earlier, all these authors and perspectives are concerned with the future performance of organizations, albeit they approach the concept through different lenses.

Regardless of the chosen perspective, by conceptual nature, strategy focuses on the performances of organizations. Organizations, or companies, are one of the most complex phenomena studied in social sciences with many interacting elements at various levels. These elements include the environment or context in which the organization performs, the organization itself, and the individuals whose actions help shape the performance of the organization (Jenkins et al., 2015). On a macro-level, the environment of the organization includes elements such as competing firms, influential stakeholders, competing technologies, or regulations; all these elements can influence the strategic decisions. An analysis of the individual organization reveals that each organization operates in a particular way. Resources and internal capabilities are company-dependent components, which are used differently across companies to shape organizational performance. This performance achieved through different means will lead to particular pathways creating advantages over others. Finally, the role of the individual is central to the nature of the process of strategy since individuals are key ‘in developing, engaging and enacting strategy’ (Jenkins et al., 2015, p. 2).

The three levels (context or environment, organization, and individual) are interconnected and interact with each other creating a *dynamic set of ideas* that set the ground for strategic management (Jenkins et al., 2015). The final point is that the strategy agenda requires us to constantly move between these three levels in order to understand the dynamics between them as well as exploring each level in depth. This requires a more sophisticated approach than merely applying the same lens to look at these different levels of analysis. Some emerging and alternative theories could straddle and potentially integrate these levels.

Given the complexity of the three-level system in which companies exist, arguably unitary perspectives to strategy could hinder the ability of an organization to adequately incorporate all the elements needed for optimal strategy *analysis*, *formulation*, and *implementation*. A unitary perspective, that is, using the same lens to look at the three levels could result in a not sufficiently sophisticated approach to creating a strategy. Instead, a good strategy requires to continually analyse and explore the three levels (environment, company, and individual) in-depth to understand the dynamics between them (Barney, 2003; Jenkins et al., 2015). Due to this complexity, it is arguable that organizations able to adopt different perspectives will be able to address some of the strategic questions in a more effective and informed manner. For instance, a company taking an approach to strategy with a focus on the interactions of elements at the outer macro-level (context or environment) could face a hard time at identifying reasons for implementation failures. Especially if these failures happen at the individual employee level due to, for instance, a lack of engagement with the company’s strategy. Following this rationale, companies could benefit from adopting different lenses and perspectives to explore the strategic questions aimed at maintaining and improving future performance.

Therefore, we have designed our approach to business strategy in a way where we include complementary perspectives from all three levels. We apply Industrial Organization to outline the deliberate considerations of the firm in relation to the environment in which it exists. To complement the deliberate or intentional IO approach, we utilize Emergent Strategy to account for the option to adapt the strategy continuously as part of daily organisational activities and depending on the circumstances. Then we introduce Strategy-as-Practice to go one step deeper into the individual human's perspective and actions within strategizing, as well as to bridge intentionality with emergence. Finally, with the Institutional Approach to Strategic Management, we cover the social circumstances involved in strategizing, including the rationality of managers and thereby, we establish the link to social skill. Find an overview of our selected strategy perspectives below in **Figure 3.**

Figure 3: Overview of Strategy Perspectives[iii].

2.4 Business Strategy

2.4.1 Industrial Organization

Industrial Organization (IO), also referred to as industrial economics, is a branch of microeconomics. The purpose of IO is to analyse the economic behaviour of firms operating 'under imperfect competition, as individual entities with differing degrees of market power, within varying market structures and in reaction to public policies' (Rickard, 2015, p. 85). IO provides economic explanations on how to predict behaviour, ranging from the internal organization of the firm through relationships with customers and suppliers to strategic interaction with rival groups of firms. Essentially, IO is focused on explaining how individual firms achieve productive efficiency and develop competitive advantages. (Rickard, 2015). Furthermore, the IO theory is central to examine the firm structure and the boundaries between firms and markets (Coase, 1937; 1988; 1992; Williamson, 1981; 2009). For all this, IO provides the microeconomic foundations of strategic management (Rickard, 2015).

IO is a branch of microeconomics that in 1930 started to evolve from the blanks left unanswered by the neo-classical theory of the firm (Rickard, 2015). Neo-classicists contemplated only two market structures: perfect competition and pure monopoly, together with the conditions of perfect information and hyper-rationality. These core elements were not useful to answer basic questions such as ‘why firms exist’ (Holmstrom & Tirole, 1989; Coase, 1937). As a contrast to this, IO considers incomplete information and various market structures (Rickard, 2015). In fact, IO is fundamentally based on the premise that ‘a firm’s conduct and performance are determined by the structure of the industry within which it competes’ (Rickard, 2015, p. 97). This logic provided the foundations for the major developments of IO; namely the Structure-Conduct-Performance (SCP) paradigm (Bain, 1956) that would ultimately lead to Porter’s Five Forces framework of business strategy (Porter, 1979; Rickard, 2015).

2.4.1.1 The Structure-Conduct-Performance Paradigm

The SCP Paradigm proposes that a firm’s performance fundamentally depends on the features of the proximate business environment in which the organization competes (Bain, 1956).

Figure 4: The Structure-Conduct-Performance (SCP) Paradigm[iv].

As seen in **Figure 4**, many factors shape an industry's structure, from the number of sellers and barriers to entry to vertical integration and product differentiation (Rickard, 2015). According to the SCP paradigm, business strategy is driven by structure. Conduct captures the key decision variables related to the economic dimensions of strategy such as innovation, non-price competition, and production scale. Finally, performance is defined broadly to not only include profitability, productive and allocative efficiency, but also the wider benefits of social welfare, which now explicitly includes ecological sustainability. (Chamberlin, 1933).

2.4.1.2 Porter's Five Forces Framework

The SCP paradigm created the foundation for Porter's Five Forces framework (see **Table 1**) (Rickard, 2015), which is regarded as one of the most well-known strategy frameworks (Jenkins et al., 2015). Porter (1979) developed a conceptual tool that helps analyse the competition of a business. The framework outline five forces that shape competitive behaviour in any given industry. The Five Forces model is one of the most significant contributions to the field of IO (Jenkins et al., 2015).

1) Threat of new entrants	New entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources. The seriousness of the threat of entry depends on the barriers and the expected reaction from existing competitors. The fundamental six sources of barriers are: i) economies of scale; ii) product differentiation (including brand loyalty); iii) capital requirements; iv) cost disadvantages independent of size; v) access to distribution channels; and vi) government policy and regulations.
2) Bargaining power of suppliers	Suppliers can exert bargaining power over participants within an industry by raising prices or reducing the quality of purchased goods. Powerful suppliers can thereby shape a given industry. A supplier group is powerful if one or more of the following conditions are met: i) it is dominated by a few companies and more concentrated than the buying industry; ii) the product it sells is very differentiated or has switching costs; iii) it poses a threat of vertical integration within the industry; and iv) the buying industry is not an important customer of the supplier group.
3) Bargaining power of customers	When customers or buyers are powerful, they exert heavy influence on the industry. A buyer group is powerful when: i) it is concentrated or purchases in large volumes; ii) the products purchased from the industry are undifferentiated; iii) it earns low profits; iv) the industry's product does not save the buyer money; v) the buyers pose a threat of integrating backward to produce the industry's product themselves; and vi) it can influence consumers' purchasing decisions (not applicable to B2C environments).

4) Threat of substitutes	Substitutes are those products or services that have similar features to those produced by the industry and which, therefore, can replace them. Substitutes limit the potential of an industry unless it can upgrade the quality of the product or create differentiation for the product. The more attractive price-performance trade-off the substitute offer, the firmer the lid is placed on the industry's profit potential.
5) Rivalry within the industry	Rivalry among the existing competitors takes the familiar form of jockeying for position – using tactics like price competition and new product introduction. Intense rivalry is related several factors: i) competitors are numerous and of equal size and power; ii) industry growth is slow; iii) the product lacks differentiation or switching costs; iv) fixed costs are high or the product is perishable; and v) exit barriers are high.

Table 1: Porter's Five Forces Framework[v].

As described, the structure of the industry is a central concern of this model and also of the SCP paradigm from which the Five Forces evolved. In conclusion, as both models account for, IO recognises the ongoing changes occurring within industries. The implications for strategists are evident - individual firms are not viewed as passive units. Instead, companies emerge as active players in '… a world of imperfect and asymmetric information taking strategic decisions with the purpose of influencing their competitive business environment and motivating their strategic resources.' (Jenkins et al., 2015).

2.4.2 Emergent Strategy

In contrast with the intentionality and rationally preordained planning of the IO branch of strategy (deliberate strategy), some scholars are concerned with how strategies emerge with a lack of 'expressed intent' (Clegg et al., 2011, p. 127). This approach is called Emergent Strategy. Lack of expressed intent does not necessarily imply a lack of control, but rather indicates a perspective to strategy that is '…open, flexible and responsive' and which includes a willingness to learn (Mintzberg & Waters, 1985, p. 271). According to Mintzberg and Waters (1985), this behaviour is especially important when a business environment is too unstable and complex to comprehend. In addition, Mintzberg and Waters (1985) argue that very few strategies are purely deliberate or exclusively emergent, but that most are instead a combination. They listed eight different types of strategies (see **Table 2**) depending on the degree of deliberation and emergence contained in the strategies (Mintzberg & Waters, 1985)

Planned	Entrepreneurial	Ideological	Umbrella
Characterized by formal planning with explicit objectives. The strategy is communicated widely by senior managers and is carefully implemented. It is a deliberate strategy. Planned strategy-making is tightly controlled.	With this strategic approach, the entrepreneur formulates the strategic vision. The approach includes expressed intentions and a vision of the future, although it is prone to being halted or altered according to the entrepreneur's whim. It is broadly a deliberate strategy and is firmly controlled by the entrepreneur.	Ideological organizations often have a very strong culture, which socialises organizational actors into subscribing to a particular set of goals. The goals are often inspirational. An ideological strategy is broadly deliberate, often determining methods as well as objectives.	This form of strategy exists when an organization comprises a range of different interest groups and exists in an uncertain environment. The senior strategists will define broad boundaries, allowing others discretion to adopt strategies within those boundaries. It is at once deliberate and emergent, while being less controlling than the previous three examples.
Process	**Unconnected**	**Consensus**	**Imposed**
The central leadership of an organization controls the process through which a strategy is formulated, and the people in charge of making the strategy. The content of the strategy is, however, at the discretion of those making it.	The Unconnected approach is when a part of an organization is enjoying considerable autonomy and is able to develop its own strategy. From the vantage point of the group making the strategy, it can be deliberate or emergent. However, from the perspective of the organization such strategy-making is always emergent.	Generally emergent form of strategy-making, with an agreed consensus emerging from discussions between different interest groups in an organization. Such form of strategy-making entails negotiation and an organization having a 'feel' for a particular issue.	This type of strategy exists when a powerful group or an event from outside an organization determines a strategy for an organization. An imposed strategy is emergent in nature, although it might subsequently become the subject of deliberate intent by the organization.

Table 2. Types of Strategies[vi].

Deliberate strategy is concerned with pursuing a particular direction while controlling the implementation of a strategy, whereas emergent strategy is more focused on the adaptation to circumstances and strategic learning (Clegg et al., 2011). However, as Mintzberg and Waters (1985) ideas above suggest, strategies are likely to combine both deliberate and emergent elements. However, some strategies such as the 'Planned' strategy, are mostly deliberate, while others such as the 'Unconnected' strategy, are mainly emergent. Clegg et al. (2011)

argued that openness to emergent strategies will help enable management to act before everything is fully understood. Or, as Mintzberg and Waters (1985, p. 271) put it, '… to respond to an evolving reality rather than having to focus on a stable fantasy.'

2.4.3 Strategy as Practice

Strategy as Practice (SAP) is a cross-disciplinary field that focuses on '… the work of the strategist with the aim of understanding everyday processes, practices and activities involved in the making and doing of a strategy and strategic change in organizations.' (Balogun et al., 2015, p. 262). SAP emerged as a response to the dominant logic of microeconomic-based research in strategic management, in an attempt to *re-humanize* strategy (Balogun et al., 2015). While SAP theorists will acknowledge Porter and other microeconomists' contributions, they criticize the approach as being constrained by *positivistic assumptions* that avoid the chaotic reality of *doing* strategy (Balogun et al., 2015). SAP theorists argue that these microeconomic-based approaches do not account for human actions. To fill this theoretical gap, SAP is concerned with the detailed aspects of doing strategy such as how strategists think, talk, act, interact, and emote. This also extends to the tools and technologies strategists employ including the Five Forces, post-it notes, and software. (Hodgkinson et al., 2006; Whittington, 2006; Johnson, Scholes, & Whittington, 2010; Jarzabkowsky, Spee, & Smets, 2013).

SAP theorists argue that in order to move the strategic management field forward, it is necessary to emphasize the processes and practices constituting the everyday activities of organizational life that relate to strategic outcomes. These strategic outcomes can both be at the level of the firm or the broader environment. Implicitly, a linkage needs to exist between these processes within the firm and the more macro-organizational and institutional outcomes (Balogun et al., 2015). Accordingly, SAP shares a deep concern for firm performance with traditional strategy but also highlights the importance of intermediate outcomes (Jarzabkowski & Spee, 2009). Furthermore, SAP criticizes the fallacy posed by other theoretical approaches to strategy of presenting dichotomies: strategy content vs. strategy process; formulation of strategy vs. implementation of strategy; planned and intentional strategy vs. emergent strategy (Balogun et al., 2015). SAP theorists argue that all these components must be interlinked. Therefore, this perspective leads to qualitative research in order to bridge the gap between content and process, as well as intentional and emergent processes (Balogun et al., 2015).

2.4.4 Institutionalist Approach to Strategic Management

The Institutionalist Approach to Strategic Management challenges two core assumptions upon which many other perspectives rely (Raynard, Johnson, & Greenwood, 2015). These assumptions are, firstly, that the external and internal environments of organizations are the objective reality subject to examination and analysis. Secondly, most strategic management perspectives assume that managers behave in a fundamentally rational and analytic manner when they examine the internal and external environment (Raynard et al., 2015). Conversely, Institutional Theory is based on the notion that the world in which organizations and managers attempt to thrive is socially constructed (Scott, 2004). In this view, the external and internal environment of organizations is subjectively perceived (Raynard et al., 2015). The key principles of the Institutionalist approach can be seen below in **Table 3**.

1. Organizations are dependent on the social web of norms and expectations in which they exist and therefore are not only seeking to maximize profits. Social prescriptions affect the manager's choices.	2. Social prescriptions are spread by all types of ideas and beliefs carriers such as the state, the mediam, or any other agent (such as consultants or analysts).	3. Complying with or commitment to these social prescriptions increases the company's 'legitimacy'.
4. Social prescriptions might become institutionalized. Put otherwise, they could be taken for granted and thus become difficult to change.	5. Strategies conforming to social prescriptions may affect economic performance negatively but will improve long-term chances of survival. Multiple, potentially conflicting logics that prescribe different courses of action make organizations face institutional complexity.	6. Organizations may experience 'isomorphism'. Isomorphism occurs when similar organizations are subject to similar social prescriptions and adopt similar strategies to deal with them.

Table 3: Key Principles of the Institutionalist Approach to Strategic Management[vii].

In this view, collective beliefs that will shape social prescriptions are seen as emerging processes of repeated interactions between organizations (Berger & Luckmann, 1967; Zucker, 1977, 1987). Instead of emphasizing the unique competencies of a company to create a competitive advantage, institutionalists tend to emphasize that given some shared social pressures and logics, companies end up adopting similar strategies, structures, and practices (Raynard et al., 2015). In this way, banks, universities, or consulting firms function similarly within their operating field, depending on the degree of institutionalisation.

The great value added by the institutionalist perspective to much of the strategic management theorizing seems to be the challenge it poses on the rational strategic thinking-process. Although, we find it hard to believe that managers will solely consider this kind of perspective on a daily basis when designing a strategy, it is worthwhile to acknowledge the existence of socially constructed logics and structures in organizations. Thus, we argue that an institutionalist approach to strategy will prove helpful when combined with other opposing perspectives like the ones described above.

3.0 Literature Review

3.1 The Palm Oil Crop & Commercialisation

Palm oil is an edible vegetable oil derived from the fruit of the oil palms, primarily the African oil palm, *Elaeis guineensis* (Reeves et al., 1979). The fruit is formed as a hard-shelled nut surrounded by a pulp called mesocarp. Two types of oil can be extracted from the oil palm fruit: palm oil and palm kernel oil. The former, the commercial palm oil, is extracted from the outer part, the mesocarp. By its part, the palm kernel oil is obtained from the nut that contains the palm kernel. (Corley & Tinker, 2016). Regardless of whether it is palm oil or palm kernel oil, the oil palm gives the highest yields per hectare of all oil crops (from 5 to 10 times higher). The high yield efficiency has been central to the large and rapid industry expansion in recent decades across the tropic regions of Asia, Africa, and America (Bethe, 2010; Murphy, 2014; Corley & Tinker, 2016; Levin, 2012). The global production of palm oil accounts for 75.5MT (USDA, 2019) and in 2012, palm oil and palm kernel oil combined represented 37% of global vegetable oil production (Corley & Tinker, 2016).

3.1.1 Commercialisation of Palm Oil

Palm oil is grown for two types of markets. Local consumption (e.g. cooking oil) constitutes one market, while the other is as an exportable commodity (e.g. component in soap). The latter is, by far, the main driver for oil palm plantations due to the market size.

Uses of Palm Oil
- An estimated 70% is used for edible use, 30% for non-edible uses (25% consumer products, 5% biofuel)
- Examples of edible uses: cooking fats such as for deep frying. Also, an ingredient in bakery and dairy products, as well as snacks (e.g. potato chips).
- Examples of non-edible uses: cosmetics, lubricants, candles, detergents, and fertilizers.

Figure 5: Uses of Palm Oil[viii].

When it comes to palm oil's status as a commodity, over 75% of global palm oil is exported into the international markets. There, the palm oil offers diverse usages as an ingredient in consumer goods, both as part of edible and non-edible products (see **Figure 5**). (Corley & Tinker, 2016). It has been estimated that between 25% and 50% of the goods found in a supermarket contain palm oil (Gilbert, 2013; Rainforest Rescue, n.d.; Palm Oil Investigations, n.d.).

3.1.2 The Future of Commercial Palm Oil

According to Carter et al. (2007), the future of palm oil looks secure thanks to its 'cheapness, high yields, well-defined markets as a fuel and as food, practical plantation systems, and large information store' (in Corley & Tinker, 2016, p. 29). In the future, genetically modified palm oil can potentially make palm oil even more competitive as an edible oil, with a higher flexibility use in foodstuffs (Parveez et al., 2003). Although the crop is now mature, there is still room for significant further expansion (Corley & Tinker, 2016). Forecasts project a total global production of palm oil of between 90MT (Ling, 2019) and 110MT by 2025 (IMARC Group, 2019). Looking further ahead, Corley (2009) went a step further by estimating demand for at least 93MT of palm oil for edible uses alone by 2050. As we will cover in section **3.2 Palm Oil & Sustainability,** expansion of the oil palm crop implies cutting down rainforest or succeeding vegetation with consequent loss of biodiversity. These issues form the basis for the opposition to area expansion. (Corley & Tinker, 2016).

3.1.3 Regional Comparison

All countries within the equatorial climate range are potential oil palm producers (Corley & Tinker, 2016). Competition within the industry of palm oil is fierce, and there is a trend toward lower real prices, which inevitably will put stress on the countries with high production costs. Production costs heavily depend on the cost of land, wage rates, yields per hectare, and costs of cultivation and fertilisation. Additionally, due to the structure of the oil palm tree and the manner in which the fruit grows on the tree, mechanization processes are hard to implement, leading to a dependence on physical harvesting work. Thus, it is likely that oil palm trees, at least for the foreseeable future, will require a high input of labour.

Nonetheless, prices for oil palm products are generally rising. This increase allows countries with higher costs to compete, even though their producers are yielding lower margins. However, since differentiation is difficult to achieve, countries with low-cost structure tend to hold an advantage over the others (Corley & Tinker, 2016). The palm oil industry is complex, with each country has its specifications and regulatory frameworks in place. The largest producer of palm oil is Indonesia, followed by Malaysia. Together they produce nearly 85% of palm oil worldwide (USDA, 2019). We will briefly cover the two countries, as well as Colombia the fourth biggest producer, since these countries are the most relevant ones for our paper. See the world map in **Figure 6** below for an index-based overview of palm oil production by country.

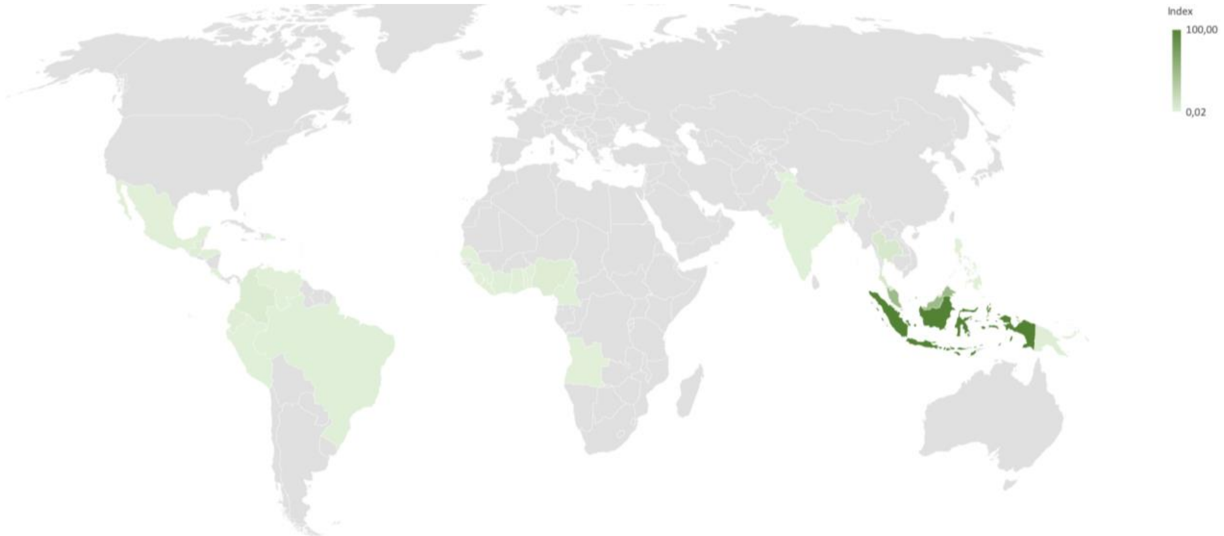


Figure 6: Palm Oil Production by Country, Index[ix].

3.1.3.1 Palm Oil in Southeast Asia

Indonesia is the largest producer of palm oil by far, producing around 43MT of oil per year, which represents 57% of global production (USDA, 2019). Nearly 70% of palm oil produced in Indonesia is exported (USDA, 2019). However, since all of Indonesia's palm oil production is derived from rainforests, the expansion of plantations in Indonesia has sparked debate and controversy related to deforestation, greenhouse gas, and GHG emissions. Even more so than in other places due to the scale of the industry. Typically, the three main business models for palm oil production in Indonesia are large-scale private plantations (50% of all planted surface), independent smallholders (around 40% of total area), and nucleus estate smallholders (below 10%).

(Obidzinski et al., 2012). In comparison with other palm oil-producing countries, Indonesian palm oil production presents lower costs, primarily due to production scale and comparatively low wages (Corley & Tinker, 2016).

By its part, Malaysia is the second producer of palm oil and accounts for 27.5% of the global production (20.7MT) (USDA, 2019). Over the last years, Malaysia has been experiencing a shortage of labour and areas for expansion. Regarding the human input, wage rates in Malaysia are higher than that of Indonesia and other countries. In fact, Malaysian palm oil producers have become dependent on short-term migrants from countries such as Indonesia, Bangladesh, and the Philippines (Corley & Tinker, 2016). Despite higher and rising costs of harvesting and collecting fruit, Malaysia has been able to stay successful over the years thanks to productivity improvements such as early use of oil palm mills, which overall has made production costs decrease (Mohd Noor, Gassner, & Schnug, 2005). When it comes to surface expansion, the difficulty in finding new places has led many Malaysian companies to invest in other countries (Guerts, 2000). This is also a result of tight regulation in Malaysia, both in terms of environmental and sustainability, along with other aspects of plantation operations (Corley & Tinker, 2016; Gan, 2007).

3.1.3.2 Palm Oil in Colombia

Finally, the production of palm oil in Colombia accounts for 1.68MT in 2017, growing at a rate of 3.38% and representing around 2.2% of global production (USDA, 2019). These figures make Colombia the fourth largest global producer of palm oil and the largest producer in America. Due to labour regulations, primarily, production costs in Colombia are significantly higher than that of Indonesia and Malaysia (Fry, 2015). According to Fry (2015), the differences between the countries in terms of production costs have increased over the years. In 2015, one tonne of palm oil produced in Colombia cost around 650$, whereas the costs per tonne in Indonesia and Malaysia were below 300$ and slightly above 300$, respectively (Fry, 2015). This difference in cost structure is vital in understanding what Colombian palm oil producers can do to compete with Asian producers. In Colombia, oil palm plantations are widely spread over its regions, although the best yields are located in the central regions (Fedepalma, 2011). However, endemic diseases have been influencing oil palm plantations expansion in the last years. The most remarkable one is bud rot or fatal yellowing. Recently, there has been reported an increasing interest in hybrid crops (*E. guineensis* and *E. oleifera*) that appear to be more resistant to fatal yellowing (Corley & Tinker, 2016).

3.2 Palm Oil & Sustainability

In the last half-century, the rapid expansion of the palm oil crop has caused numerous environmental problems to emerge regarding oil palm cultivation (Corley & Tinker, 2016). On this subject, Hartley (1988) observed issues such as the destruction of forests and the consequences of pollution related to palm oil production. Later, Corley and Tinker (2003) pointed out that the clearing of forests has been leading to a loss of biodiversity and highlighted the need for sustainable practices within the palm oil industry. Between 2003 and 2012, the area of oil palms expanded by over 80%. This unprecedented expansion negatively influenced forest coverage and caused biodiversity losses, while leading to social conflict in some countries. (Corley & Tinker, 2016).

All these aspects have led to a great demand for sustainability and sustainable development within the palm oil industry. According to the definition proposed by The Brundtland Commission: 'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' (WCED, 1987). The increasing demand for sustainability in a context of growing global concern about the negative social and environmental impact of the palm oil industry (Ramirez-Contreras & Faaij, 2018) crystalised in the creation of the Roundtable on Sustainable Palm Oil (RSPO).

3.2.1 The RSPO & CSPO

The Roundtable on Sustainable Palm Oil was established in 2004 to minimise future environmental damage caused by the palm oil industry and in order to counter the adverse public opinion of palm oil. The goal was to develop a set of sustainability standards for the industry developed by industry stakeholders (Vis et al., 2012; RSPO (b), n.d.). These standards are explicitly enforced through a sustainable palm oil certification scheme involving a set of Principles & Criteria (P&C) (RSPO (c), 2005). The certification takes both the social, economic, and environmental aspects of sustainability into account (Ramirez-Contreras & Faaij, 2018;

RSPO (b), n.d.). As of August 1st, 2019, RSPO has more than 4,700 members in 92 countries, including 86 Certified Growers owning 404 Certified Palm Oil Mills (RSPO (d), 2019). These members include stakeholders from the seven sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social NGOs (RSPO (b), n.d.). Since 19% of palm oil worldwide is certified RSPO (RSPO (b), n.d.), the organization is a crucial player in the palm oil industry with the power and ability to set the frame for sustainable palm oil production (Pye, 2019).

The sustainability criteria are outlined in the RSPO P&C, which were initially put together in 2005 and officially implemented in 2008. Legally, the P&C must be revised every five years, and therefore the RSPO P&C has been revised twice, in 2013 and 2018. RSPO-certified organizations are audited yearly in accordance with the P&C (RSPO (c), 2005). With each sustainability criterion in the P&C, there are indicators and guidance to assist both organizations and auditors in ensuring compliance. While the P&C are intended to be universal, the guidance varies between countries, depending on the National Interpretations (adaption of criteria to national regulations) (RSPO (e), n.d.). A guide for smallholders has also been published (RSPO (f), n.d.).

In summation, the RSPO identifies and certifies sustainable palm oil, and with its vast reach and influence, the Roundtable is the determinative actor in the Certified Sustainable Palm Oil (CSPO) segment. The RSPO certification comes with a stamp, which is used to identify and distinguish consumer goods containing CSPO. Nevertheless, according to Corley and Tinker (2016), in 2014, little price incentive existed for becoming RSPO-certified as CSPO was trading at a premium of about US$2. Given this situation, Corley and Tinker (2016), argued that corporate responsibility is the main reason for joining RSPO. However, a few years before, Bateman et al. (2010) found that there existed a consumer willingness to pay extra for premiums provided ingredients were “tiger-friendly”. As can be seen, this topic is an ongoing debate with divided opinions.

3.2.2 Activism & Criticism Against Palm Oil

Despite the creation of RSPO, in recent years several anti-palm oil campaigns (e.g. Friends of the Earth, 2004; Greenpeace, 2007) have been active in criticizing the palm oil industry for destroying original forests. Some have even petitioned for a change in the industry's conducts and practices, for instance, in order to save species like the orangutan from extinction (Friends of the Earth, 2005). Primarily these attacks have been centred around palm oil operations in Southeast Asia, the heart of global palm oil production (Wich et al., 2012; Corley & Tinker, 2016). Additionally, from 2004 to 2013, the number of academic papers on sustainability-related issues of palm oil rose from 11 in 2004 to 713 in 2013 (Hansen et al., 2015). Examples of papers on the issue related to palm oil include the works of Brown and Jacobson (2005), Basiron (2007), Edwards and Laurance (2012) Gilbert (2013), Ruysschaert and Salles (2014), and Murphy (2014). In the same period, global media outlets have published numerous articles about the topic. The articles has highlighted issues such as the negative consequences of palm oil (Rosenthal, 2007), the overall unethical behaviours from companies (Vidal, 2013), and the slow change the RSPO has brought (Balch, 2013).

During this time, the industry also been facing accusations of social irresponsibility and malpractice. Companies have been being accused of ignoring the rights of local communities (e.g. Sawit Watch, 2003; Colchester et al., 2006) and poor labour conditions, including forced migrant labour (e.g. Adnan, 2013; Pye et al., 2016). Corley and Tinker (2016) argued that while some of these accusations are justified, other anti-palm oil campaigns have been blaming the oil palm industry for matters beyond its control. An example of this misconception includes cases of companies that were accused of abandoning lands allocated for oil palm, but which were used for timber (Colchester et al., 2006; Sheil et al., 2009; Nelson et al., 2013. More recently, the critique of palm oil has been focusing on the certified sustainable version of palm oil, including accusations of CSPO not being sufficiently sustainable (Cazzolla et al., 2018; Lustgarten, 2018; Kilvert, 2018; Dalton, 2018).

3.2.3 Increasing Demand for Sustainable Palm Oil

In the early 2010s, palm oil stakeholders started to mobilise and engage in multi-stakeholder initiatives outside the RSPO. This mobilisation was a reaction to counter the controversies in the industry and of the RSPO. The aim was to promote more sustainable practices than the RSPO P&C and to meet the increasing demand for sustainable palm oil. Accordingly, in 2013, the Palm Oil Innovation Group was founded ‘in partnership with leading NGOs as well as with progressive palm oil producers. … [to] achieve the adoption of responsible palm oil production practices by key players in the supply chain through developing and sharing a credible and verifiable benchmark, and creating and promoting innovations.’ (POIG, n.d.).

In November 2015, under the contextual circumstances of criticism and the development of POIG and other initiatives (e.g. MSPO and ISPO), RSPO announced a voluntary add-on to their standard called the RSPO NEXT (RSPO (a), n.d.). RSPO NEXT was created with the intent to engage with RSPO member companies who met and voluntarily exceeded the standard RSPO requirements according to the RSPO P&C (RSPO (a), n.d.). RSPO NEXT’s additional criteria applicable at the level of the organization are broad and has come to impact and involve investments, joint ventures, and increasing the supply base for the organization (Ramirez-Contreras & Faaij, 2018). The criteria are based on the following six components: i) No Deforestation; ii) No Fire; iii) No Planting on Peat; iv) Reduction of GHG; v) Respect for Human Rights; and vi) Transparency (RSPO (a), n.d.). In order to become RSPO NEXT-certified and prove that companies live up to the claimed actions, it is necessary to go through credible third-party verification (RSPO (a), n.d.).

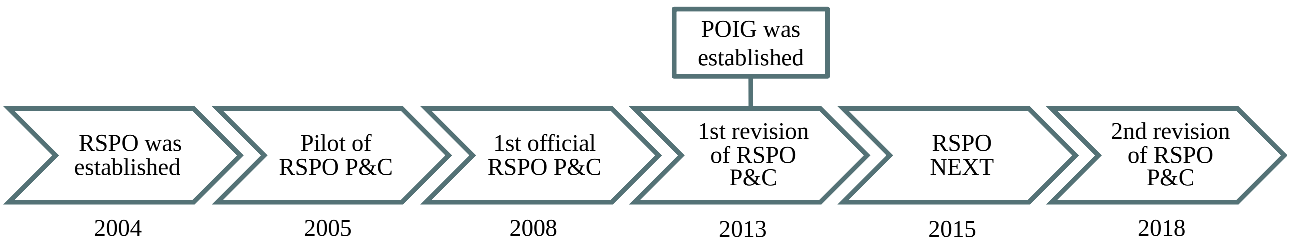


Figure 7: Timeline of CSPO[x].

Three years after the creation of the RSPO NEXT, the RSPO P&C was revised in November 2018 (RSPO (g), 2018) (see **Figure 7**). According to the RSPO, this latest version ‘… met and exceeded best practices … and has been the most inclusive and comprehensive RSPO P&C revision to date, with two 60-day public consultations, 18 face-to-face events in 13 countries, six physical TF meetings, and almost 11,500 individual stakeholder comments received.’ (RSPO (g), 2018). The objective of the revision was fundamentally aimed at strengthening the social and environmental protection, and economic prosperity across the CSPO supply chain (RSPO (g), 2018).

3.3 Differentiation within the Palm Oil Industry

Given that our object of study is the Colombian company DAABON, we will now explore the existing literature on how to differentiate in a business environment with the characteristics of the palm oil industry. Considering the nature of the industry, palm oil producers with high production costs fundamentally have two options to compete. The first option is to commercialize their products within national borders seizing internal market dynamics and national subsidies. In this way, they avoid open confrontation with competitors having lower production costs (mostly from Southeast Asia) but concurrently limiting their ability to grow. The second option is to develop a differentiation strategy and thereby, harness the increasing demand for sustainable practices in the global palm oil industry. Even though the first option seems perfectly valid, the latter is of more interest to this paper. We want to investigate the mechanisms and rules that govern the second alternative related to sustainability strategies. Therefore, we will dive into four different sustainability strategies and how sustainability can lead to the creation or strengthening of competitive advantage.

3.3.1 De-commoditisation

Before we continue with sustainability strategies, it important to understand the 'commodities' concept. We refer to commodities as goods sold 'with technical specifications and other features undifferentiated from those of competitors' (Mathur, 1988, p. 34) where availability and costs drive transactions. This is the case for crops such as maize, soybean, and palm oil (Oosterveer, 2015). In order to compete on differentiation, companies operating in an industry or segment based on undifferentiated commodities should move into a different space by offering something more or different (Mathur, 1988). In Mathur's (1988, p. 55) words: ''Commodities' can be modified to differentiate them from competitive offerings and … can also be creatively re-packaged with new merchandise and support to provide a unique cluster of benefits.' Mathur (1988) called this process de-commoditisation. To compete in the international trade market, palm oil producers will be forced to de-commoditise their products and offer something else, if they cannot reduce high production costs. To move towards differentiation and to de-commoditise palm oil, one pathway that palm oil companies can take is to harness sustainability strategically. We will now proceed to describe the main sustainability strategies identified by Orsato (2009) by applying the previously presented Five Forces framework in the context of sustainability.

3.3.2 Sustainability Strategies

Orsato (2009) has attempted to provide a framework that could help answer the question of what sustainability strategies are conducive to the creation of competitive advantage or new market spaces for companies. Before answering, Orsato (2009) describes which practices are not sustainability strategies, and he does so by building upon the work of Reinhardt (1999) and others. For his part, Reinhardt (1999) had shifted the focus of attention of strategists and managers when he proposed the open-ended question: ‘When does it pay to be green?’ as an alternative to the binary formula: ‘Does it pay to be green?’.

Instead of offering a guideline of strategies similar to Porter (1985), Reinhardt (1999, p. 2) presented five approaches or thinking-areas that could help managers ‘… to think systematically and realistically about the application of traditional business problems to environmental problems.’. These areas are product differentiation, competitor management, cost-saving approaches, environmental risk management, and market redefinition. Following a similar rationale, Esty and Winston (2006) intentionally separated the downside aspects of conducting business (reduce costs and risks) from the upside (increase revenues and intangibles). In their work, they proposed a handful of examples of companies that increased their competitiveness by deploying practices accordingly to one of the two aspects of conducting business (Esty & Winston, 2006).

However, Orsato (2009) took a step further and challenges the view of costs and risk reduction as a strategy. For Orsato (2009), reducing internal costs, and managing risks and uncertainty is something companies must do to stay in business. Costs and risk management are, Orsato (2009) argued, a strategic issue for companies (something important), rather than a clearly defined strategy (a choice). In Porter’s (1985) idiom, reducing costs and managing risks are constituents of ‘operational effectiveness’, which fundamentally means ‘performing better than rivals’ (Porter, 1985).

Building on this reasoning and within Porter's IO perspective on competitive advantage creation, Orsato (2009) investigated which sustainability strategies best fit within the generic strategies defined by Porter. He then identified, what he called *Competitive Environmental Strategies* (CES) which include four types of competing strategies for companies (see **Figure 8**): 1. Eco-Efficiency, 2. Beyond Compliance Leadership, 3. Eco-Branding, and 4. Environmental Cost Leadership (Orsato, 2009).

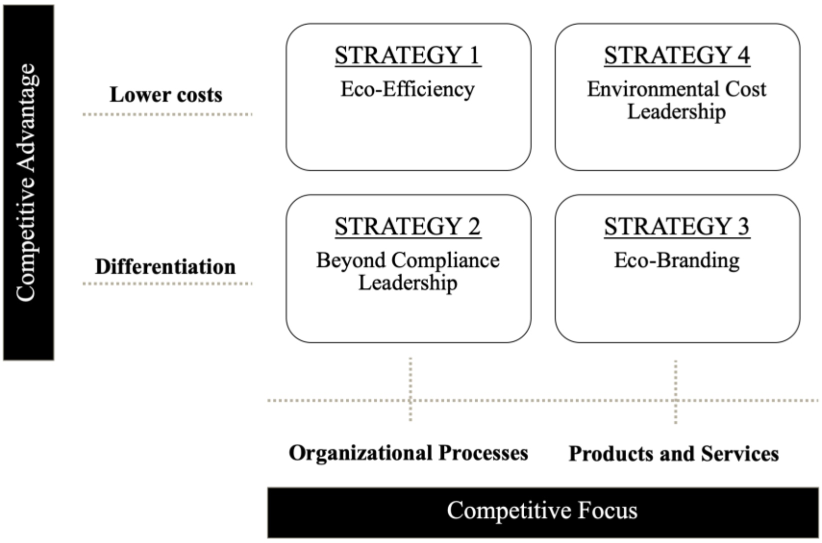


Figure 8: Competitive Environmental Strategies (CES)[xi].

As seen in **Figure 8**, and coherent with Porter's contributions, companies can opt for strategies of cost-saving or differentiation to create a competitive advantage. Simultaneously, depending on the competitive focus, companies can dedicate efforts on their organizational processes or their products and services. This matrix, however, does not work as a stage model, but rather as a *choice model*, as a continuum of space in which companies can move (Orsato, 2009). If we relate this to the palm oil industry, producers in countries such as Colombia are unable to produce at low costs compared to Indonesia or Malaysia. If Colombian producers desire to compete internationally, they are forced to compete on differentiation with the attached difficulties that this entails in a commodity industry. We will now briefly describe each of the CES.

3.3.2.1 CES 1: Eco-Efficiency

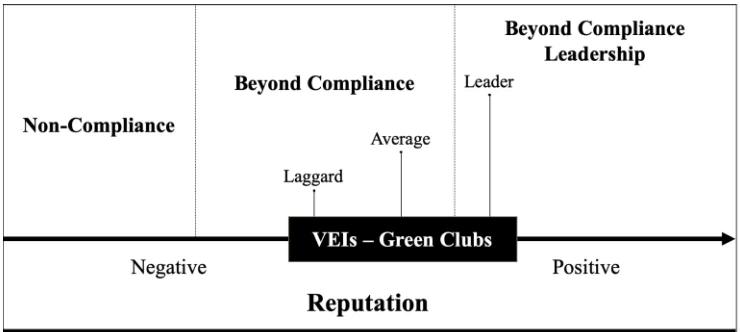
The first type of CES is Eco-Efficiency. Eco-Efficiency has been a long-time part of corporate terminology with the World Business Council for Sustainable Development (WBCSD) proposing a definition of the concept in 1991 as 'doing more with less' (WBCSD, n.d.). However, Orsato (2009) argued that this definition makes the incorrect analogy of Eco-Efficiency with resource productivity and instead considered 'doing more with less and lower environmental impact' as more appropriate to the Eco-Efficiency concept. Besides process optimization, Eco-Efficiency can also be generated by substituting or reducing the amount of material used in a product. Furthermore, ecological efficiency can be achieved by reducing the environmental impact of any or all of the stages of a production system: the whole system of production and consumption, pre-manufacturing, and post-consumption. (Orsato, 2009).

When companies engage with Eco-Efficiency strategies, they attempt to reduce both the economic costs and the environmental impacts of their processes. Not surprisingly, this type of CES is more common in process-intensive firms like B2B companies in the agribusiness or food and beverages sectors. Firms engaging with Eco-Efficiency are expected to continually improve their processes by developing capabilities and increasing productivity while decreasing costs and negative environmental impact. To be considered a strategy itself, and not merely operational effectiveness, companies have to obtain value from wastes. (Orsato, 2009).

3.3.2.2 CES 2: Beyond Compliance Leadership

Strategy 2 in Orsato's (2009) view is Beyond Compliance Leadership. Companies engaging with this strategy go beyond what is required by law in terms of reducing negative environmental impact. Simultaneously, they do their best to demonstrate this commitment in order for demanding stakeholders see them as leaders in environmental protection. In other words, Beyond Compliance Leadership serves to avoid reputational risks. Through this strategy, firms engage in voluntary programmes and schemes and engage with civil society organizations. They often join what is called Green Clubs to enhance their reputation. (Orsato, 2009).

The rationale for companies to join these clubs is depicted in **Figure 9**. They serve as means of enhancing stakeholder dialogue, communication, and engagement, which will eventually affect their reputation. Companies use Green Clubs as instruments for managing their environmental reputation (moving from left to right in **Figure 9**). Overall, engaging with this strategy and joining green clubs allow companies to avoid reputational risks and increase their reputation. The latter happens especially in the cases when a company engages with multi-stakeholder initiatives, which require demanding standards from members. Therefore, these initiatives have higher reputational value than the ones formed by business alone, or the ones with lax requirements. Multi-stakeholder initiatives also help build legitimacy. However, it should be mentioned that the return (tangible and, often, intangible) on eco-investments is very context- and situation-dependent, and recommendations have to be made on a case-by-case basis. This context depends on the sector, industry or segment in which the company operates, the constituency of Green Clubs, as well as the type of customers served by the company. (Orsato, 2009).



From	To
Beyond Compliance	Sustainability leader in the industry
Avoiding *Negative* Reputation	Building *Positive* Reputation
Reactive and Defensive	Reflexive
Stakeholder opposition and confrontation	Stakeholder criticism, negotiation, and dialogue
Consumer boycotts	Consumer engagement

Figure 9: Beyond Compliance Leadership[xii].

3.3.2.3 CES 3: Eco-Branding

The third CES, Eco-Branding, fundamentally aims at differentiating products and services from competition from an ecological standpoint. For products, this eco-differentiation entails additional requirements as their environmental impact must be considered in tandem with all other features, such as quality, convenience, and aesthetics. In this case, consumers should be informed in a credible manner about the environmental contribution of the product, such as biodiversity preservation or CO2 reduction. Additionally, companies must rely on trustworthy data sources and use a reliable method to assess the data. Since self-claims lack legitimacy, a way of presenting such information could instead be via eco-labels. (Orsato, 2009). In essence, eco-labelling programmes seek to inform consumers about which products meet certain environmental criteria. Labels facilitate consumer choice by providing credible environmental-friendly claim to products. An important note is that a high adoption rate of eco-labels by competing products undermines the exclusivity and eventual competitive advantage brought by the eco-label. The product is not differentiated any longer. (Orsato, 2009). According to Orsato (2009), as eco-label schemes become increasingly successful, the competitive advantage they provide to producers decreases.

3.3.2.4 CES 4: Environmental Costs Leadership

Finally, the fourth CES is Environmental Costs Leadership. The few companies engaging with this strategy have competently managed to create and develop services and products presenting both a reduction in costs and less negative environmental impact (Orsato, 2009). This strategy is hard to accomplish, and companies that are aiming to achieve Environmental Cost Leadership should seek to harness innovation in all its versions. Generally speaking, eco-investments may result in higher costs, which would hinder an environmental costs leadership strategy. However, for some companies in specific situations, the effort can be worth it considering low costs attract customers in general. Therefore, the companies able to offer low-priced eco-attributes in their product portfolios are in a much better position to compete in more stringent regulatory environments. (Orsato, 2009).

4.0 Case Company: DAABON Group

In this chapter, we will briefly present the case company, the DAABON Group. First, we will shortly summarize critical aspects of the company, and outline an overview of the history of the Group from its conception in 1914 until recent events. Later in the chapter, we will proceed to describe DAABON complex business model, developed as a result of their strategy. Last, we introduce the intricate network of subsidiaries that form the Group and their primary business activities.

4.1 Overview & History

'Grupo DAABON' (DAABON Group) is a family business based in Santa Marta, Colombia. The Dávila Abondano family owns the Group and started to run its business in 1914 when the first banana plantation was established (DAABON Group (a), n.d.); DAABON Group (b), 2019). Although initially constituted as an agribusiness, DAABON Group's vertical integration strategy has led the group to currently establish and own a number of companies aimed at supporting different stages of the supply chains of their four business lines: agriculture and livestock, industry, logistics, and real estate. In addition, DAABON have internationalized their activity throughout the last two decades. The Group currently serve 13 different international markets (see **Appendix A1** for an overview of the markets) and operate five international offices in the US, UK, Germany, Australia, and Japan (DAABON Group (b), 2019; DAABON Group (c), n.d.). Since its conception, DAABON has obtained over 80 certifications (DAABON Group (c), n.d.), and sustainability is used as a branding asset both within and outside the company.

4.1.1 Early History: 20th Century

As previously noted, DAABON's history began in 1914, where the Dávila Abondano family began cultivating banana and held livestock. The company grew slowly but organically over the years. According to Participant 3, products harvested in Colombia during the second half of the 20th Century heavily depended on the political situation and needs of the US. Accordingly, from 1959-1975, DAABON started to expand into cotton and palm oil, and established a dairy product subsidiary in San Francisco. In 1980, the family business was incorporated, adding the Group structure to the DAABON name. During the period 1985-1992, DAABON's production of palm oil, coffee, and banana was certified organic. (DAABON Group (a), n.d.). Between 1993 and 1998, DAABON began to internationalize and vertically integrate the organization. Accordingly, in this period, the first exports of coffee, crude palm oil, and banana were made to the European and Japanese markets. Furthermore, a palm oil refinery plant was funded by the Dávila Abondano family in order to extend DAABON's influence range across the supply chain of their core business of palm oil production. Also, in the late 1990s, DAABON initiated negotiations with the Santa Marta Port Society, which later resulted in the creation of the company Terlica. Terlica's added value consisted of 65.000 cubic metres of storage for oil in the international port of Santa Marta (DAABON Group (a), n.d.).

4.1.2 Recent History: 21st Century

In the early 2000s, DAABON proceeded to open international offices in Japan, the US, Europe, and Australia to better serve those specific markets. The company kept adding various types of certifications, and in 2004, DAABON became the first Colombian company to start the RSPO certification process. In 2009-10, The Clean Development Mechanism (CDM) project was undertaken, capturing GHG in plantations to use for energy, which led to an energy self-generation system for DAABON. By 2012, DAABON had become the first Latin American company to become RSPO-certified and Rainforest Alliance palm oil-certified (DAABON Group (a), n.d.).

A defining moment in DAABON's recent history was the Las Pavas issue. Around the year 2010, DAABON had an issue in an area called Las Pavas (DAABON Group (e), 2010). The Group was accused of displacing farmers in the area. Until then, DAABON had been a largely unknown, small producer with a policy of non-exposure (Participant 3 (a); DAABON Group (e), 2010). The Las Pavas situation moved DAABON into the international spotlight, and they lost a high-profile customer in The Body Shop (Syal & Brodzinsky, 2010; DAABON Group (e), 2010). Therefore, DAABON made efforts in trying to adapt the strategy to the new market conditions (Participant 3 (a); DAABON Group (e), 2010). The strategy went from focusing on the internal operations in Colombia and meeting national regulations, to tuning into the increased exposure from the outside world and international regulations (Participant 3 (a)).

In the last half-decade, DAABON has kept strengthening its vertical integration and international reach as well as their sustainability strategy. These efforts have included the development of a port project to enhance the company's distribution channels, and the establishment of Caribbean Eco Soaps to export soap noodles. Also, the company became FairTrade-certified in palm oil (DAABON Group (a), n.d.) and a founding member of the POIG in 2013. In 2017, the company managed to become the first in the world to receive the RSPO NEXT certification (RSPO (h), 2017). The investments in certifications has followed the company's overall strategy and vision, which is: 'To be recognised worldwide as a leading business group in the production, transformation and export of organic and sustainable agricultural products with the highest quality and innovation standards for the satisfaction of our customers, the human development of our employees, workers, communities and the financial consolidation of the business units.' (DAABON Group (d), n.d.).

4.2 Group Structure

4.2.1 Governance

The Headquarters in Santa Marta are in overall charge of managing the DAABON Group, and its subsidiaries. The Corporate Board is the central management body of the DAABON Group. The board's decisions have a cross-cutting impact on the entire corporate structure, setting operational guidelines for subsidiaries, and for the back office and departments. It is composed of nine members of the Dávila Abondano family, who also have roles as President and Vice Presidents. Moreover, four external advisors sit in board, and each is considered an expert on a specific topic. Being family-owned and -operated means that the family has the final say on decisions. However, there is still an ordinary positional hierarchy within the firm. (Participant 3 (a))

4.2.2 The Sustainability Department

The Sustainability Department was established in 2009 to provide ongoing support and improvement for sustainability and certifications within the organization (DAABON Group (e), 2010). The department's role is to leverage commercial management by speaking the language of sustainability in front of buyers, and by having expertise in environmental and sustainability issues. Participant 3 was hired to manage the department, since he had been specializing in sustainability through his studies. In addition, he had been working on a couple of projects for the organization, before he was put in charge (Participant 3 (a); DAABON Group (e), 2010). Participant 3 is the direct contact partner for international offices concerning sustainability, also in terms of marketing. (Participant 9). According to Participant 1, "... [Participant 3] has done a great job in that leadership, to position the group worldwide with the different certifiers, to demonstrate the commitment that the DAABON Group has created internally ...". Participant 3 has a close relationship with the Dávila Abondano family, and the company's management hold him in high regard (Participant 1).

4.2.3 Business Model

In 2018, DAABON's total revenues were COP$531M or around €147.5M. DAABON Group consists of several sub-companies (see **Table 4**).

Company	Business Area	Share of Total Revenue	Employees	Suppliers
C.I. Tequendama	**Palm oil (plantation/extraction/refinery)**	**73.75%**	**1003**	**661**
Palmatra	**Palm oil (extraction)**	**11.09%**	**51**	**333**
C.I. La Samaria	Banana	4.76%	559	135
Construproyect	Construction	4.42%	112	250
Terlica	Terminal/Storage	3.18%	62	154
Oleoyuma	**Palm oil (plantation)**	**1.31%**	**105**	**72**
Zona Franca Las Américas	Logistics/Facilities	0.78%	29	58
Superportuaria	Port Operator	0.34%	15	45
AFD Corporation	Livestock	0.24%	37	220
ECO BIO Colombia	Coffee/Avocado	0.09%	6	22
Voltaje Empresarial	Energy	0.03%	1	11
		Total: €147.5M	**1980**	**1961**

Table 4: DAABON Group Subsidiaries[xiii].

Palm oil is DAABON’s core business and the three palm oil entities of Tequendama, Palmatra, and Oleoyuma directly made up for around 86% of DAABON’s total revenues in 2018. Below is an overview of the various companies owned by DAABON, together with their business areas, the share of total revenue, and the number of employees and suppliers. Important to note is that Soapworks, a UK-based soap manufacturer and Organic Mountain, a range of organic products, have since been added to the fold.

4.2.4 Sourcing and Segregation

For many years, DAABON was known as DAABON Organic due to their reputation of being a producer of organic palm oil. However, DAABON's identity and name "... has migrated from DAABON Organic to DAABON Group to now being DAABON ‘From the Soil to the Market’ …" (Participant 3 (b)). All DAABON’s palm oil is certified sustainable, and they work both with Identity Preserved (IP) and Segregated supply chains. Furthermore, DAABON offers both conventional and organic palm oil for customers. (Participant 3 (b)). DAABON is not sourcing all its palm oil from directly owned plantations. Through efforts to democratize palm oil during the 1990s, the Colombian Government gave land to smallholders (Participant 2). When DAABON became RSPO NEXT-certified in 2017, DAABON had 122 smallholder suppliers in palm oil, and they all became covered by the certification (RSPO (h), 2017).

5.0 Methodology

In the following chapter, we seek to explain the methodological approaches and actions from our research process. Moreover, we intend to clarify the nature of the decisions that have led us to answer our research question. Following the approach of the research onion, developed by Saunders, Lewis, and Thornhill (2016), we will peel away one layer at a time, thereby uncovering the methodological rationales of the thesis. This method will help us make sure that we define the important issues and decisions behind our choice of data collection methods (Saunders et al., 2016). To provide a foundation for the knowledge developed in our thesis, we will first outline our philosophical assumptions. We will also look to clarify the nature of our research approach, the considerations behind the design of our research as a qualitative case study. In the end, we look to explain our methods of data collection, analysis, and quality.

5.1 Purpose of Research

The purpose of our research is to understand the ability of palm oil companies to identify sustainable strategic opportunities and gain insights into the importance of differentiating through sustainability in a competitive segment. We desire to shed light on a highly impactful industry and combine the concept of social skills and business strategy to assess how this combination can be used for strengthening a company's competitive advantage in the industry. By the nature of conducting a case study within the context of DAABON becoming certified RSPO NEXT, we have decided to approach our research in an exploratory manner.

With our exploratory research, we sought to explore 'what is happening' in the field of sustainable palm oil, 'to seek new insights' about the role of social skill in the context of strategic opportunities, and to 'assess phenomena in a new light' by undertaking a case study into DAABON's relationship with RSPO NEXT (Robson, 2002, p. 59). Due to the nature of our study being exploratory, we relied on discovering patterns during the research, which we then framed into theory. We did not explicitly look to test or validate any propositions or hypotheses.

5.2 Research Philosophy

In this section, we intend to outline the philosophical assumptions we have adhered to throughout the process of conducting our research. The intention is to clarify the researchers' worldview and the nature of the research (Creswell & Creswell, 2018), presenting the cosmos in which our planet exists. Defining the philosophical orientation of the research forms the basis for all other decisions in the research (Bryman & Bell, 2015; Saunders et al., 2016). Those decisions involve establishing what influences our applied research practices, including the choices leading to the research topic, how the research is undertaken, and how results are interpreted in the study. (Creswell & Creswell, 2018; Saunders et al., 2016).

Our ontological beliefs are how we, as researchers, view the nature of reality and our assumptions about reality. In other words, ontology revolves around the question of existence and who or what defines what exists. Although a large variety of ontological perspectives exists, three of the primary views are considered to be *objectivism*, *subjectivism*, and *realism* (Saunders et al., 2016; Bryman & Bell, 2015). *Objectivists* consider the existence of social entities to be independent of the social actors involved in their existence. *Subjectivists* deem social phenomena to be based on the perspectives and actions of the social actors involved in their existence, which, therefore, makes the world socially constructed. *Realists* adhere to the perspective that reality is seen through the lenses of the human senses showing us an objectively existing world independent of the human mind. (Saunders et al., 2016; Sayer, 2000)

We ascribe to realism and more specifically, the branch called *critical realism*. By following critical realism, we extend on the realist acknowledgment of the existence of the aforementioned human filter adding to an independent, objective reality. As critical realists, we also recognise that knowledge of the world is not immutable but is socially and historically conditioned based on the individual's knowledge and experiences. This includes distinctively subjective elements such as upbringing, culture, and worldview (Raduescu & Vessey, 2009; Sayer, 2000; Saunders et al., 2016). In order words, we experience sensations which represent reality (Saunders et al., 2016).

According to Saunders et al. (2016), experiencing the world from a critical realist viewpoint involves two phases. One is to experience the thing itself and the related sensations. This is followed by the sensations reaching the human senses when mental processing then takes places, and we ‘reason backwards’ from our experience into the reality behind the experience. (Saunders et al., 2016; Reed, 2005). Important to acknowledge is the inherent tension in critical realism, as reality is both considered objectivist and subjectivist, both mind-separate and mind-constructed. To resolve this tension, we argue that the world is not entirely socially constructed but only partly so. While we, as humans, create complex social stories that help us navigate and explain social situations through research, the ‘real’ world existing outside of our collective minds has the capability of destroying or breaking down these stories. (Easton, 2010; Sayer, 1992).

According to Easton (2010), instead of *constructing*, critical realists *construe* the world. As Sayer (2000) puts it, *meaning* forms an intrinsic part of social phenomena. What this suggests is that meaning not only describes the phenomena from the outside but also forms the basis of said phenomena, in addition to material elements. Meaning is not something that can be quantified but needs to be understood. Therefore, there is always ‘an interpretive or hermeneutic’ element to social science (Sayer, 2000, p. 17). Sayer (1992) argued that the belief system of critical realism is formed by eight basic assumptions, where especially three assumptions are key: i) ‘The world exists independently of our knowledge of it.’; ii) ‘There is necessity in the world; objects—whether natural or social— necessarily have particular powers or ways of acting and particular susceptibilities.’; iii) ‘The world is differentiated and stratified, consisting not only of events, but objects, including structures, which have powers and liabilities capable of generating events.’ (Sayer, 1992, p. 5)

We accept these three assumptions to form the foundation of our critical realist ontological view, which we connect with the epistemological approach of relativism. Epistemology concerns what we, as researchers, consider acceptable knowledge, and the extent of how we can justify our knowledge claims. In other words, it concerns how we understand knowledge, and much we know or are able to know. (Wynn & Williams, 2012; Saunders et al., 2016). In this regard, the epistemological view of relativism asserts that for a perspective, opinion, or viewpoint to have much value, one must consider relatively to other perspectives. In addition, relativism asserts that knowledge is not unchangeable, just as social conditioning is *unsettable* over time. (Raduescu & Vessey, 2009)

The ontology of critical realism is consistent with the relativist epistemological approach considering that relativism recognises the human engagement in reality. Human engagement imply that social conditioning such as agency and culture makes reality relative, notwithstanding the existence of an objective reality. The relativist approach expands on critical realism by acknowledging that meaning or perspective is not conclusive in isolation. Instead, it calls for the relative engagement of other meanings through inter-subjectivity. (Raduescu & Vessey, 2009; Given, 2008). In summation, we accept that there is an observable reality, which is independent of the human mind. However, we also attribute importance to the socially conditioned perspective of the individual, recognizing that it cannot be seen in a vacuum but call for a relative perspective in order to hold value. (Raduescu & Vessey, 2009; Bryman & Bell, 2015; Saunders et al., 2016).

5.3 Research Approach

This discussion now leads us to our research approach, where we explain the reasoning behind our applied theory-research relationship. According to Saunders et al. (2016), critical realism can be useful in both quantitative and qualitative studies. To a large extent, the subject of the study decides which research approach and methods are most applicable (Saunders et al., 2016). Following Creswell and Creswell (2018, p. 3), research approaches can be described as the research 'plans and procedures' behind the methods of 'data collection, analysis, and interpretation'. These plans and procedures stretch from the broad to the detailed and from assumptions to methods (Creswell & Creswell, 2018). Upon beginning the research process, we decided to approach the case in an exploratory manner. Two advantages of the exploratory approach are the ability to clarify one's understanding of a problem and the inherent flexibility in having the ability to change the focus (Saunders et al., 2016). However, this flexibility does not insinuate a lack of direction in the research. Instead, it enables the focus to turn from being broad to become narrower (Adams & Schvanefeldt, 1991).

For our reasoning approach, we carefully considered the relevance of both deduction and induction. Deduction is a top-down approach with the purpose of testing theory by having an assumed outcome in the form of a specific hypothesis or proposition. Studies using deductive inference move from general theory to data. This direction allows for high researcher-researched independence, while increasing the generalizability of the study. (Creswell & Creswell, 2018; Saunders et al., 2016). By its part, induction is a bottom-up reasoning approach, where the intent is to gain an understanding of the research context and the meanings human associate with said context. The inductive approach is exploratory and revolves around the researchers making sense of the patterns in the data, free from pre-study assumptions. The goal is to formulate a theory based on an analysis of the collected data, meaning that theory follows the data. (Saunders et al., 2016; Bryman & Bell, 2015). Finally, there exists a combination of deductive and inductive approaches that results in what is called abduction.

To study the case at hand, we applied the abductive mode of inference, which exists in-between deduction and induction (Järvensivu & Törnroos, 2010; Fann, 1970; Suddaby, 2006). By applying abductive inference, we accept the existing theory, yet seek to build on this theory. We have inductively moved from observations to discovering patterns in our data, from which we then have sought to draw generalizations (Järvensivu & Törnroos, 2010). The strategy behind the abductive approach in the real world incorporates '... the meanings and interpretations, the motives and intentions that people use in their everyday lives and which direct their behavior – and elevates them to the central place in social theory and research.' (Blaikie, 2009, p. 89). Blaikie (2009) argues that the deductive and inductive reasoning approaches ignore these elements.

To become familiar with the nature of the situation, we inductively explored the subject through extensive research and review of empirical data. We sought to experience the reality around us to establish different views of the phenomena in the studied context (Easterby-Smith et al., 2008). As we proceeded to get an understanding of context-specific reality and reasoned backwards, we identified institutional theory as a particularly useful theoretical framework for interpreting and analysing the data. In this manner, we applied deduction in the translation of the theory of SAFs into our case study context to provide a scope for our interviews. While we did not test any specific hypotheses or assumptions, we acknowledged our subjective experiences of the reality around us and that these interpretations played a role in our research procedures. We proceeded to inductively build on top of the theory at hand, bridging the concept of SAF with theoretical strategy concepts to create a holistic perspective from which to analyse our findings. Overall, by accepting and building on theory, while being aware of the meanings, interpretations, motives, and intentions of our participants, we followed an abductive reasoning research approach. (Saunders et al., 2016; Järvensivu & Törnroos, 2010).

5.4 Research Design

With our research approach outlined, we will now present the research design of our thesis. We have divided the design into *methodological choices*, *strategy* and *time horizon*, following the concepts of the research onion (Saunders et al., 2016). In this section, we present the plan for answering our research question. The plan is based on the definition of our research problem, the desired rigor of our study and the research objectives, as well as how we collected, analysed and interpreted data (Sekaran, 2003; Saunders et al., 2016).

5.4.1 Methodological Choices: Mono-Method Qualitative

Due to the exploratory nature of our research, and the flexibility inherent in interviewing, we considered qualitative research to be the most suitable research approach for our thesis. Supporting this judgment is Creswell and Creswell (2018), who argued that a qualitative approach is appropriate for exploring and learning about an issue when the researchers' focus is on the study participants' assumptions and their ascribed meaning to the context. Moreover, Creswell and Creswell (2018) proposed that when research is seeking to encompass a multitude of perspectives, as well as identifying and addressing different factors in a situation, a qualitative approach is advantageous. Thereby, we would be able to assess the research problem holistically.

We wanted to include a wide range of stakeholders in our research with different worldviews and varying opinions on the studied phenomena. In order to understand the perspectives of the participants, we recognised the need to go into detail with each participant through qualitative data collection. (Creswell & Creswell, 2018). According to Tashakkori and Teddlie (2003), the use of multiple methods can be beneficial if it supports the researchers in answering the research questions and can improve the reliability of the study. However, we placed a high value on each individual's perspective for our research. Therefore, we chose to conduct a mono-method study relying on semi-structured interviews as the single data collection technique and qualitative analysis as a corresponding procedure of analysis. (Saunders et al., 2016). Both in terms of limiting the scope, as well as spending our time most effectively. Also, since we consider our case study to be extreme/deviant, the reliability of the study would be a challenge either way.

5.4.2 Strategy: Case Study

The second step of the research design is to choose a research strategy. While each form of empirical data collection and analysis is based on different forms of logic and procedures, the different strategies are not mutually exclusive. Each strategy can both be used in isolation or combined with other strategies (Saunders et al., 2016; Creswell & Creswell, 2018). There are a number of factors influencing the selection of a research strategy, including the researcher's philosophical foundation, the chosen research approach, the context of the research problem, the nature of the research question, and a matter of preference (Saunders et al., 2016; Creswell & Creswell, 2018; Yin, 2017). For this paper, we decided to conduct a single case study. The single case study strategy is a context-dependent, in-depth, empirical investigation of a single example of a phenomenon with multiple evidence sources (Flyvbjerg, 2006; Robson, 2002; Yin, 2017). In our case, we wanted to gain a comprehensive understanding of the institutional contexts and mechanisms (Morris & Wood, 1991) in the strategic action field of CSPO, and DAABON's role as an actor in this field.

While our case is context-dependent, it exists in a dynamically evolving context with strategic action fields by their nature being in constant movement. Therefore, we deemed an exploratory approach necessary, as it allowed us to be flexible in following the dynamic movements of the field. Our critical realist perspective helps us to experience the sensations related to the change in the objective reality, and mentally process the resulting shifts in the constructed strategic action fields (Saunders et al., 2016). A case study enables us, as researchers, to learn about a phenomenon without any further goals or motives (Flyvbjerg, 2001). Throughout our exploration of the study subject, we sought to examine the phenomena at hand without verifying any previous assumption or hypothesis. According to Yin (2017), the case study demonstrates to be the best method to capture the richness of the human experience. We have captured the aspect of human experience through the perceptions, attitudes, and meaning ascribed to the context by the involved actors in our study. Thus, the case study approach helped us explain the complexities of real-life situations which may not be captured through experimental or survey research (Yin, 2017).

After conducting our research and analysing the data, we can infer that our case study can be classified as extreme or deviant (Flyvbjerg, 2006). This classification is based on our assessment of DAABON’s position and approach in the sustainable palm oil industry. We consider it to be a very particular example of how certifications can be actively used as part of a successful sustainability strategy. Additionally, as Flyvbjerg (2006) pointed out, extreme or atypical cases like ours typically reveal more information since more actors and mechanisms are being activated than in other types of cases. Our research has been met with a large amount of enthusiasm and interest in findings from palm oil stakeholders. Hence, we have experienced a willingness to share detailed information and thoughts on the research problem. Methodologically, the case study approach was advantageous, given that the examination of the data in case studies is most often conducted within the context of its use (Yin, 2017). That is, within the situation in which the activity takes place. However, the boundary between context and the phenomenon is not clear in case studies, meaning that it can be challenging to separate one from the other (Yin, 2017).

In our case study, we were interested in the process of how DAABON pursuing the opportunity of RSPO NEXT led to implications for the competitive advantage of the organization. While we consider the case inseparable from the context in which it exists (Yin, 2017), our case study allowed us to analyse the information within the specific space, time, and with the involved actors. In this way, we could establish a legit framework from which to draw relevant conclusions (Yin, 2017). Also, variations in terms of intrinsic, instrumental, and collective approaches to case studies allow for both quantitative and qualitative analyses of the data (Stake, 1995). Considering our exploratory approach, we appreciate the flexibility of the case study method. The method allowed us to pursue the data collection methods, we found most suitable, while also allowing us to switch approaches. We used an intrinsic approach to learn about the specific phenomenon of DAABON becoming certified with RSPO NEXT, yet we used the instrumental approach to infer generalizable learnings for the industry. (Stake, 1995; Yin, 2017).

5.4.3 Time Horizon: Cross-sectional

One logistics-determining element to consider, when planning the research strategy is the time horizon. Important to note is that while the time horizon is mostly independent of the rest of the research strategy and the applied method, time constraint can factor into the chosen research strategy. Overall, the time horizon decision differs between a cross-sectional and a longitudinal study. With the cross-sectional study, the undertaken research is a 'snapshot' at a specific period in time. It is particularly useful for studying a specific phenomenon such as a case study, and especially if the study is time constrained. A longitudinal study is more based on a 'diary' perspective, and advantageous in the possibility to observe development and change over time. (Saunders et al., 2016) For our study, we chose a cross-sectional study considering the time constraint inherent in having a deadline for the dissertation. Also, we believe a snapshot at this moment of RSPO NEXT's existence is optimal. Especially considering we are conducting the study in-between DAABON's implementation of RSPO NEXT and shortly after the RSPO P&C 2018 was announced.

5.5 Data Collection, Analysis, & Quality

Finally, we move into the centre of the onion, which consists of data collection and analysis (Saunders et al., 2016). In this section, we want to present our process of data collection and analysis. As already established, the data in our thesis is based on qualitative research, which is a type of data collection that usually involves multiple data types (Creswell & Creswell, 2018). Thus, we utilized both secondary and primary data for collection and analysis.

5.5.1 Secondary Data

Overall, the empirical material in our thesis stemming from secondary sources can be divided into books, academic papers, and electronic media such as online articles, DAABON company information, and reports. The empirical data obtained from secondary sources served as a method of gaining familiarity with the subject, as well as critically reviewing interview statements and providing additional insights into the study context. Primarily, we collected the material from Google Scholar, the CBS Library database, SAGE Publications, Emerald Insights, ResearchGate, and the DAABON website. The software Mendeley was used to keep track of our data, notes, and articles, as well as a suggestion tool for insightful papers.

5.5.2 Primary Data

5.5.2.1 Selection of Participants

For exploratory, qualitative research, the goal is to deliberately select the most relevant participants in helping the researchers understand the topic of the research and add insights in connection with the research topic (Creswell & Creswell, 2018; Rowley, 2012). The participants for our study were selected based on purposeful or purposive sampling (Bryman & Bell, 2015; Creswell & Creswell, 2018). We applied a contingent sampling approach, meaning that the selection criteria of participants were developed and updated on a recurring basis. (Bryman & Bell, 2015). At the onset of the study, we had considered which types of interviewees that could add relevant insights to our study. However, as we explored the topic and narrowed our scope, the selection criteria shifted slightly.

We desired to interview people from all the major stakeholders within the sustainable palm oil industry to get a broad set of perspectives on the case of DAABON and RSPO NEXT. As our case company, DAABON was our key priority. We purposefully made an effort to interview representatives from the entire supply chain in order to holistically assess the impact of RSPO NEXT. In general, we were looking for individuals with unique perspectives on the researched phenomena (Robinson, 2014). We managed to interview 16 people over 17 interviews, whom all participated voluntarily and with great interest and curiosity in the study. The interviews lasted an average of 47 minutes, ranging from 15 to 134 minutes in duration. The distribution of participants can be found in **Table 5** below.

Contacted	Interviewed	DAABON	Competitors	RSPO	NGO	Palm Oil Buyers
38	16	11	2	1	1	1

Table 5: Distribution of Participants.

5.5.3 Phases of Interview Procedures

In its simplest form, an interview is a form of conversation (Kvale, 1996). However, in research, it most often takes the shape of a more formal discussion with a specific purpose (Kahn & Cannell, 1957). Kvale (1996) elaborates on the interview's role in qualitative research stating that interviews are 'attempts to understand the world from the subjects' point of view, to unfold the meaning of peoples' experiences, to uncover their lived world prior to scientific explanations' (Kvale, 1996, p. 1). The focus is on understanding the subjects' perspectives and the meanings they ascribed to the world around them.

Following Patton's (1990) framework, there are three overarching approaches to conducting qualitative interviews: the informal conversational interview, the interview guide approach, and the standardized open-ended interview. The approaches differ in structure, format, and questioning technique, yet are similar in their purpose in seeking open-ended responses from interviewees. To collect data in a comprehensive and relatively systematic way, while avoiding steering our participants, we employed the interview guide approach. With this semi-structured approach, we had an outline of the themes and issues to cover but with the option to modify the formulation of questions and change the question order. (Patton, 1990). Our goal was to keep the number of questions low to ensure focus on the most urgent topics (Creswell & Creswell, 2018). In this way, we intended to gain as much insight as possible into concepts and information not available to the public.

We relied on Kvale's (1996) seven stages of qualitative data collection and analysis, which we further condensed into four main phases: Preparation, Data Collection, Data Analysis, and Data Quality. The stages sorted into phases can be found in **Table 6** below.

Four Phases	Seven Stages
Preparation Phase	Thematizing
	Designing
Data Collection	Interviewing
Data Analysis	Transcribing
	Analysis
Data Quality	Verifying
	Reporting

Table 6: Four Phases of Data Collection and Analysis[xiv].

5.5.3.1 Preparation

In the Preparation Phase, we followed a procedure, where we first determined the purpose of our study and the themes that would be relevant for our research, i.e. *Thematizing* (Kvale, 1996). Since we initially followed an exploratory approach, our purpose was not defined at this point. Rather, we sought to explore specific topics to look for patterns in the data. We then proceeded to clarify the relevant information to obtain within each theme. Finally, we created the guiding questions from those points of interests. Within the themes, we also asked more specific questions based on the individual participants functional or knowledge areas. A table with an overview of the themes can be found in **Appendix B1**.

The second part of the Preparation Phase is the *Designing Stage*, where the overall interview process needs to be planned. It involves determining the strategy for the interview process, such as determining the right form of data analysis depending on the circumstances and the scope of the research. (Kvale, 1996). Our interview research design consisted of three primary considerations. One was our decision to visit DAABON's Headquarters on a research trip in order to conduct interviews in a natural setting and get an understanding of the local context (Creswell & Creswell, 2018) (see more in section **5.5.3.2.1 Research Trip**). The second was time restriction. We set a deadline of May 15th in terms of scheduling interviews to be able to shift our focus to data analysis (Saunders et al., 2016). The last consideration was our choice to transcribe all interviews to ensure that we would not miss any valuable insights (Saunders et al., 2016).

5.5.3.2 Data Collection

Moving on to the Data Collection Phase, which Kvale (1996) calls *Interviewing*. We developed a DAABON Group representatives interview guide and an Industry Stakeholder interview guide. The DAABON representatives had several things in common such as a position within the organization and an intra-organizational perspective on the RSPO and RSPO NEXT. Therefore, we utilized the DAABON interview guide more explicitly compared to the Industry Stakeholder guide, where the interviewees came from diverse backgrounds. This diverse set of participants necessitated that we tailored our preparation for each Industry Stakeholder interview more in detail. Our second interview with Participant 3 followed the same approach since we had already exhausted the interview guide questions.

In general, we used the same order of progressing through the research themes to create structure (Robson, 2002). For every interview, we started by introducing ourselves and the topic, moving into asking for recording consent. The first question block consisted of a range of introductory questions about the role of the participant and the participant's organization. The second block focused on RSPO and RSPO NEXT, and the participant's relationship with the certifications, especially RSPO NEXT. We concluded the interviews by asking whether the interviewees had anything to add or any recommendations about other potential interview participants. Our interview guides can be found in **Appendix B2**.

In the first half of March 2019, we went on a two-week research trip to Santa Marta, Colombia, to visit the headquarters of the DAABON Group. There, we conducted seven interviews with central DAABON representatives in the company's Headquarters and went to visit a DAABON refinery and plantation with

Participant 3. Moreover, we experienced the local culture and context and had several informal conversations with the representatives, which improved our understanding of DAABON and palm oil. The visit provided us with the opportunity to collect data in the natural setting of the participants (Creswell & Creswell, 2018) and allowed us to see face-to-face with high-ranking people in the DAABON organization. Personal contact with participants improved our chances of gathering interesting insights (Saunders et al., 2016).

5.5.3.3 Data Analysis

In this phase, we utilize Creswell & Creswell's (2018) data analysis process framework to break down the six sequential steps. The steps cover stage 4 (*Transcribing*) and stage 5 (*Analysing*) of Kvale's (1996) approach. Consult **Table 7** below for the list of steps in data analysis.

The Process of Data Analysis
Organizing and Preparing Data for Analysis
Reading Through All Data
Coding the Data
Generating Themes/Descriptions
Interrelating Themes/Descriptions
Interpreting the Meaning of Themes/Descriptions

Table 7: The Process of Data Analysis[xv].

First, by having our interviews transcribed, collecting our field notes and cataloguing and scanning our material, we organized and prepared our data for analysis (Creswell & Creswell, 2018). To protect ourselves against technological failure, we recorded all interviews on two different devices. Simultaneously, we wrote brief notes during each interview, which helped us maintain concentration (Ghauri & Grønhaug, 2005) and remembering valuable insights for subsequent interviews and data analysis (Saunders et al., 2016).

We transcribed approximately half of the interviews ourselves, and the rest were transcribed externally. Afterwards, we reviewed the external transcripts to check for any errors such as a lack of contextual understanding. The Spanish transcripts were examined thoroughly to translate and extract key insights and quotes from the interviews. We are aware that certain phrases could have been lost in translation. Accordingly, both authors read the interview transcripts in an effort to ensure that no essential points from the interviews were missed. The review of the transcripts also provided us with an overview of the general meanings and patterns in the data. (Creswell & Creswell, 2018). The interview transcripts can be found in **Appendix C**.

Qualitative interviews generate a large quantity of data, which needs to be condensed and sorted in order for interpretations to be made (Kvale, 1996). So, with the data prepared in transcripts, we proceeded to start organizing the data by coding, which is the process of organizing pieces of data into categories and labelling these categories (Creswell & Creswell, 2018; Rossman & Rallis, 2012). Subsequently, we began to generate descriptions and themes. The description codes included insights about the setting of the case, the role of the participant, and the participant's organization; in order words, the contextual pieces of information (Creswell & Creswell, 2018). The themes consist of the key findings for the analysis (Creswell & Creswell, 2018).

We identified three overarching themes (see **Appendix B1**) and grouped the codes within each theme. The themes were then analysed and interlinked in our results chapter, creating a thorough narrative representation of the results relevant to our case (Creswell & Creswell, 2018). The final step concerns our interpretation of the data. The interpretation involved creating a summary of our findings, establishing a comparison between the findings and secondary data, as well as discussing the findings together.

5.5.3.4 Data Quality

The last of the four phases is Data Quality, which Kvale (1996) split into verifying and reporting. The purpose with this last phase is to demonstrate the credibility of the research findings (Saunders et al., 2016), as well as how we made an effort to communicate these findings effectively (Kvale, 1996). Starting with verifying, reliability refers to the consistency of the research findings based on the repeatability of the operations of the case study (Yin, 2003; Kvale, 1996). Both in terms of whether our operational approach could be transferred to another context or other researchers and the level of transparency in raw data analysis (Easterby-Smith et al., 2008).

Following Robson's (2002) threats to reliability, the varying contextual factors affecting the participant and observer in the moment of the interview such as mood and time of the day can lead to *participant and observer error* (Creswell & Creswell, 2018). We managed to apply the same structure for all the interviews to limit error. While one person was asking questions, the other was either a silent note-taker or not participating. In every interview, we carefully explained the research topic and proceeded to ask introductory questions to make the interviewee feel comfortable. (Robson, 2002).

Participant bias is another threat. We are aware that our study can be affected by participant bias, especially considering Participant 3's large role in our study as our DAABON contact person. He was the host on our research trip to Colombia, both for security reasons and to provide us with his take on DAABON's business. Furthermore, he was in charge of most of the mediation between us and the interview subjects. Participant 3 was aware of whom we interviewed and even participated in the interview with Participant 1. We are very appreciative of Participant 3's efforts to accommodate us, and our research would not have been possible without him. However, we are also aware that we developed a personal relationship with Participant 3, which means that bias is challenging to avoid. To combat this bias, we made sure to test all his verifiable claims against other data. For other participants, we limited bias by assuring anonymity of the interviewees and screening for bias when analysing interview data (Creswell & Creswell, 2018).

Observer bias is another important bias to acknowledge. According to Delbridge and Kirkpatrick (1994), since we exist in the social world that we are trying to study, based on our interpretations of the world, we cannot avoid subjectivity. In conclusion, observer bias is unavoidable (Saunders et al., 2016). However, since we were aware of this bias, we asked interviewees to clarify statements to ensure understanding, either during or after the interviews. We tested the participants statements against each other. Also, we cross-checked each other analysis codes independently and discussed our interpretations to reduce individual bias (Creswell & Creswell, 2018). We found it imperative to keep our critical, analytical distance and avoid becoming embedded in the company culture. For this reason, we decided to stay for only two weeks in Colombia (Saunders et al., 2016) and chose not to borrow office space at the DAABON Headquarters.

The validity of a research paper concerns applying specific procedures to support the accuracy of the findings (Creswell & Creswell, 2018; Creswell & Miller, 2000). According to Yin (2017), two types of validity exists for exploratory studies; construct validity and external validity. Construct validity defines how well a test or experiment measures up to its claims. It is achieved when the theoretical constructs of a case accurately represent the real-world situations they are intended to model (Yin, 2017). Several strategies can be used to ensure validity (Creswell & Creswell, 2018). One is *triangulation.* In order to increase the construct validity of our thesis and structure a coherent narrative and justification for themes (Creswell & Creswell, 2018), we examined and converged multiple sources of data (Yin, 2017). These sources included participant perspectives, academic papers, reports, and news articles. We also undertook *member checking* when we conducted a follow-up interview with Participant 3 and allowed him to comment on our findings (Creswell & Creswell, 2018).

External validity refers to whether the findings can be generalized to other times, people and contexts (Yin, 2017). We have aimed to provide a *detailed description* of the studied case, as well as many different perspectives to the researched phenomena (Creswell & Creswell, 2018). This was a consideration in terms of allowing our readers to get a deep understanding of our findings and ultimately, increase validity (Yin, 2017). However, as our study is an extreme case study, it is not meant to be generalizable in a broader context (Flyvbjerg, 2006). The research is very company- and context-dependent (Flyvbjerg, 2006), focusing on DAABON's strategy and their role in the industry. Harland (2014) even argued that since a case study is spatially and temporally bounded, it cannot be replicated. Nevertheless, learnings can still be extracted to other contexts. As we found in interviews with other sustainable palm oil producers, strategic and market positioning issues is shared by other companies within the sustainable palm oil industry. We would argue that this is also the case with companies outside the industry. Arguably, DAABON's approach largely works as a case of best practice for other companies.

Patton (1990) expressed importance of being aware of certain ethical considerations when conducting research. Interviews can especially generate issues due to the intimate sharing of information often of a personal character. Therefore, we developed a consent form (see **Appendix D**), which we delivered to the participants on the day of their interview. The form specified the research topic, the formalities of the interview procedure, as well as a statement of confidentiality. To respect the privacy of our participants, we have concealed their names. Also, we adhered to anonymity requests from certain interviewees, who desired for their organizations to be anonymous. Furthermore, for transcripts, we used the services of TranscibeYA, who guarantee complete confidentiality (TranscribeYA, n.d.). Also, all the interview recordings were destroyed immediately upon transcription.

6.0 Results

In this chapter, we will present the findings we have obtained from our 17 interviews with a broad group of sustainable palm oil stakeholders. First and foremost, we want to provide an understanding of the mechanisms and implications existing in our case study of DAABON's relationship with RSPO NEXT. Also, our goal is to establish a strong foundation from which to answer our research question. Therefore, we have divided our results into three overarching themes, divided into the following sections: **6.1 DAABON's Concept & Strategy**, **6.2 The Decision to Pursue RSPO NEXT**, and **6.3 The Implications of RSPO NEXT**. **Table 8** below contains a brief overview of the participants.

Organization	Department	Participant	Role
DAABON Group	DAABON Mgmt.	Participant 1	Vice President
	Sustainability Dept.	Participant 2	Social Adm.
		Participant 3	Director
		Participant 4	Supply Chain
		Participant 5	Communication
		Participant 6	Environmental Adm.
		Participant 7	GIS
		Participant 8	Marketing
	DAABON Europe	Participant 9	Supply Chain
	DAABON UK	Participant 10	Management
	Soapworks	Participant 11	Technical Department
Competitor A	Sustainability Dept.	Participant 12	Director
Competitor B	CSR Dept.	Participant 13	Director
Buyer C	Sustainability Dept.	Participant 14	Sustainable Sourcing
NGO D	NGO LA	Participant 15	Director
RSPO	RSPO LA	Participant 16	Outreach & Engagement

Table 8: Overview of Interview Participants.

6.1 DAABON’s Concept & Strategy

DAABON’s business model has moved past selling products to the market and made an effort to de-commoditise their palm oil. Instead, they intend to sell an integrated solution instead of a product or service to customers (Participant 3 (a)). According to Participant 3 (a), "We [DAABON] do not sell products. We took the challenge to sell a concept. If I sold a product, I would be out of business ... it is not a unique selling point". The concept involves understanding their customers’ problems or needs, and then identifying how DAABON can help solve these concerns, tailoring solutions to clients in the process. Participant 3 (ab) repeatedly emphasized the DAABON concept as a decisive differentiator in the industry. He highlighted that it enables DAABON to serve customers in a more integrated manner, both in the product-customer relationship and in the effort to leverage the customers’ businesses in other ways (Participant 3 (ab)). Investments in innovation is another focus area for DAABON in their effort to differentiate and strengthen their competitive advantage (Participant 3 (b)).

The relationship with the client is important for DAABON. Participant 3 (a) wants to create a feeling of familiarity, trust, and safety around the DAABON brand aided by being transparent and ensure traceability throughout the supply chain. As he commented: “My aim has been to be like olive oil. And that is a challenge coming from the palm oil industry. Olive oil has nothing bad about it. People talk openly about it. It is a symbol of status. ... That is the place where I want us to be as a company. Where people are open enough to say: I source from these guys. I am not ashamed. I use palm oil.” (Participant 3 (a)). Participant 3 wants clients to be positive and talk openly about palm oil, and he wishes for the entire industry to share this goal.

Throughout our interviews, we identified two primary strategic branches of DAABON: Positioning and Operations. Each branch is composed by a number of sub-themes, making up the overall strategy of the company. For Positioning, we have categorized the sub-sections *Sustainability & Certifications* and *First Movers*, leading to *Reputation*. For Operations, we have deemed the focus areas to be *Vertical Integration* and *Internationalization.*

6.1.1 Positioning

6.1.1.1 Sustainability & Certifications

A fundamental part of DAABON's strategy is sustainability. DAABON considers themselves as national and global sustainability leaders since 2010 (Participant 1). Participant 1 argued that by integrating principles of responsibility and accessibility, DAABON has achieved high sustainability awareness and a different business culture than competitors. Participant 10 emphasized that "For us [DAABON], sustainability is paramount, and it is the reason for why we exist.". For sustainability to become DAABON's raison d'être, Participant 1 spoke to the importance of permeating sustainability throughout the whole organization. Participant 10 supported this statement by acknowledging how sustainability is embedded from the DAABON Headquarters to her business unit, DAABON UK.

The sustainability permeance has been aided by certification requirements and guidelines (Participant 1). Other than providing a sustainability guideline, Participant 3 (a) asserted that certifications have added robustness to decisions and acted as a risk mitigation tool. Also, Participant 8 mentioned how each certification generates learnings that strengthen the internal processes at DAABON. While certifications can be costly to obtain and maintain (Participant 3 (a)), a direct economic return is not always expected and not the primary purpose (Participant 1). As Participant 1 stated: "Here, first we do well, and then we see how we will be rewarded for that.". This statement was seconded by Participant 3 (a)'s, who proclaimed that: "[DAABON] is not a business of certifications.". According to Participant 1, DAABON always invests in certification because it is part of their conviction and DNA. At Competitor B, the approach is similar. Every certification is a means to reach a goal, not the driver itself of the goal (Participant 13).

For DAABON, the idea is not to make money out of certifications. Rather, it is a method to build capabilities and follow guidelines (Participant 1; Participant 3 (a)). Therefore, DAABON considers their sustainability certifications to be embedded in the price and not an added premium, as the cost of certifications is diluted across the supply chain (Participant 3 (ab)). Certifications are regarded as a matter of building and maintaining a certain brand and DNA in the company and aligning across departments and offices. As Participant 1 noted:

"All the certifications have certainly been perfecting group activity in our way of thinking and our way of acting. It became the DNA of the company to do things right because it is the right way to do it, more than because we have to comply with a certification.". Certifications are also considered motivational for employees to overachieve and catapult them to keep reaching new targets (Participant 4).

6.1.1.2 First Movers

The mentality of being overachievers is visible in the first-mover aspect of DAABON's strategy as well. Concerning the pursuit of RSPO NEXT, Participant 8 explained DAABON's first-mover rationale: "We [DAABON] want to be the first in everything because it goes in our DNA. We want to be certified beyond the normal certificate." (Participant 8). Originally, sustainability was a competitive first-mover advantage in a market that came to prefer sustainable options, and other companies have since followed in DAABON's trail (Participant 1). With certifications, DAABON has also been first movers on several occasions (Participant 3 (b); Participant 1). Other than becoming global first movers with the RSPO NEXT certification, DAABON also became the first RSPO-certified company in Latin America, as well as the first Rainforest Alliance-certified palm oil producer. (Participant 6; Participant 1; Participant 3 (b)).

While DAABON pursued the Rainforest Alliance-certification with the intent of increasing recognition of the brand in the US, the RSPO NEXT-certification "... was more of a consideration of moving forward the RSPO." (Participant 3 (b)). So RSPO NEXT was a matter of strengthening the RSPO, as well as keeping up with customer expectations regarding no deforestation (Participant 3 (b)). Overall, Participant 3 (a) believes that being early responders has been beneficial. Both to avoid risk, generate more touchpoints and conversations with clients, and in terms of becoming more well-known. Participant 4 encapsulated this proactive approach by stating that: "... we [DAABON] are always trying to anticipate or vision rather than trying to keep up with the speed of our surroundings." Based on inputs from NGOs, customers, and other stakeholders, the Sustainability Department identifies customer needs (Participant 3 (a)).

6.1.1.3 Reputation

Reputation is critical in improving DAABON's market position. Through compliance with certifications, standards, and regulations, sustainability is a reputational tool for DAABON. DAABON are also first movers partly due to the first-mover reputational benefits, being promoted to the world as the first ones to become certified. DAABON use vertical integration as a measure of risk mitigation to protect the company's reputation from exposure. By being able to control all steps of the supply chain, the company is less liable and exposed to the reputation-damaging actions of other entities. One of DAABON's goals is to counter the tarnished reputation of palm oil and the palm oil industry. According to Participant 3 (a), the idea is to let third parties communicate about the reputation of DAABON: "That is our goal. To be the company that everyone says: You know what? These are good people. I will do business with them. I am not organic, but they are good people. They have a good reputation." (Participant 3 (a)).

In our interview with Participant 16, she called DAABON one of RSPOs 'star companies'. She has observed that they participate heavily in the conversation and spaces around RSPO. Sustainability is in their core and their ethos. Her impression is that DAABON has always wanted to go above and beyond RSPO. For her, it was natural that they were the first with the trial and later, the first company being certified RSPO NEXT. They want to fulfil all the needs of the market, both getting certified in trade, organic, and sustainability. (Participant 16). The sentiment of DAABON as a star company with a good reputation was echoed by Participant 13 from Competitor B: "If someone wants to buy organic palm oil and [Competitor B], for any reason, cannot supply, DAABON is the first one that we recommend. We do this often, because … it is a small market, and everyone knows everyone." Even though the companies are competitors, there is a good relationship and close linkage between them (Participant 13). This perspective aligns with Participant 3 (a) aspirations to have DAABON considered 'good people' with a 'good reputation' in the industry.

6.1.2 Consolidation of Operations

6.1.2.1 Internationalization

To be close to customers and to be able to share the concept of DAABON, the organization owns offices around the world (Participant 3 (a)). The international offices play a key role in DAABON's strategy. In order to understand and be attentive to market movements, there is a constant feedback loop between Participant 3's Sustainability Department and the international offices (Participant 3 (a); Participant 9; Participant 10). Since there are differences between the markets and different issues of importance, this allows the Sustainability Department to respond and react to the insights quickly, as well as understand customers better (Participant 3 (a)). As Participant 3 (a) told us: "... I am from Germany, but I am also from the UK, I am from the US. In every situation, I have to say something different because my market is completely different, the sensitivity is completely different." Distinctions include that in Germany, there is a focus on supporting the RSPO, as well as on stopping deforestation and planting on peat. However, in the UK, the attitude toward the RSPO is generally negative, but there is trust in NGOs and their desire to create change. (Participant 3 (a)).

CEO Dávila Abondano explicitly mentioned consolidation as one of DAABON's key strategic pointers (DAABON Group (g), 2019). Participant 3 (b) elaborated by stating that "... consolidation is not only that we have solid results from a financial point of view, but also that we are structured to be able to consolidate or to access the full supply chain." Part of this strategy is to communicate more closely with the international offices (Participant 3 (b); Participant 9). CEO Dávila Abondano also touched upon how consolidation relates to efficiency. According to Participant 3 (b), efficiency in DAABON's strategy deals with increasing the product portfolio, the innovation capabilities, the company's network, and communication with customers. Internally, "... the efficiency would be directed towards being able to use the maximum capacity, not only in products but also in the capacity of the people." (Participant 3 (b)).

6.1.2.2 Integration: From the Soil to the Market

The desire to achieve vertical integration and consolidation is another vital element of DAABON's strategy, explicitly expressed through the company slogan 'From the Soil to the Market' (Participant 1; Participant 6).

According to Participant 1, the incentive in pursuing integration as a strategy lies in the ability to ensure traceability of products and control the supply chain, since traceability is in demand by both certifications and customers (see **Figure 10** for an outline of DAABON's vertical soap supply chain). Also, with an integrated supply chain, the costs of certifications become diluted across the supply chain (Participant 3 (a). Participant 6 informed us that while the majority of DAABON's operations are in-house activities, for some large projects, DAABON has found it necessary to outsource. Overall, DAABON has managed to build capabilities across a network of companies throughout the supply chain to ensure vertical integration (Participant 6).

Figure 10: DAABON's Vertical Soap Supply Chain[xvi].

This network consists of a broad portfolio of subsidiary companies in the DAABON Group (DAABON Sustainability Report, 2019), as presented in the **4.0 Case Company** section. According to Participant 6, most of these companies were built from scratch to support a function in the Group's operations. However, these companies have started to grow by themselves and now also generate value on their own. An example is the subsidiary Construproyect, which was established by DAABON to undertake transportation and construction projects for the DAABON Group. Now Construproyect also bids for public and private projects. While these companies operate individually in terms of daily operations, the DAABON Headquarters job is to maintain alignment of values, protocols, and systems. (Participant 6).

The RISA (Respect, Integration, Sustainability, Love) framework has been created as an overarching set of principles for all the different subunits (Participant 6). Regarding protocols, whenever a protocol is implemented in one subunit, DAABON applies the protocol or system transversally across all subunits and on a corporate level (Participant 2). The process often is instigated by the need to comply with specific certification criteria (Participant 3 (a)). According to Participant 2, this policy has made DAABON the first company in the region to consolidate as an exporting company. While DAABON currently positions itself regionally and locally, the company has also made great efforts to maintain and grow the company's international position in recent years (Participant 2).

In April 2018, DAABON completed the purchase of Scottish soap bar manufacturer Soapworks (DAABON Group (f), 2019), a diversion from the usual DAABON strategy of creating businesses from scratch. The ownership transition involved an overall review of Soapworks conducted by DAABON UK, including assessing protocols and manufacturing processes, and the implementation of RSPO NEXT (Participant 11). For DAABON, Soapworks was primarily an opportunity to vertically approach the market in their 'From the Soil to the Market'-strategy. (Participant 11; Participant 3(b)). Furthermore, the two organisations had a long-term supplier-buyer relationship and they shared the same sustainability ethos. In terms of products and services, DAABON found a match in Soapworks in terms of the focus on quality, trust, and customer-centric solutions (Participant 11; Participant 3 (ab); Participant 10; DAABON Group (f), 2019).

6.2 The Decision to Pursue RSPO NEXT

In the early to mid-2010s, the palm oil industry was going through turmoil. The industry was facing accusations of killing orangutans, deforestation, and social issues (Participant 3 (a); Participant 10). NGOs were becoming vocal in their criticism of buyers, and the market was affected. According to Participant 3 (a), "That is the way stakeholders can be effective into generating a change." The zeitgeist of that time called for RSPO to react and go above their existing standards (Participant 10; Participant 14). Since the RSPO legally could only review their standard in 2018, a multi-stakeholder initiative named POIG was founded in a partnership between a group of palm oil producers and NGOs. POIG was formed with the intent to mitigate stakeholder concerns

(Participant 10) and created what Participant 1 referred to as ‘El Club de Los Superbuenos’ (The Club of the Super Good Ones). For Buyer D, POIG did help to alleviate some concerns (Participant 14).

When the criticism reached its peak in 2015, RSPO responded by launching the RSPO NEXT certification, as a stricter norm for RSPO companies willing to go above the P&C (Participant 3 (a)). According to Participant 13, who was part of the development process of RSPO NEXT, the certification drew heavy inspiration from the POIG. While POIG was developed to fill the gaps in the previous RSPO P&C, RSPO NEXT was a double response to stakeholder criticism and the creation of POIG (Participant 13). Participant 3 (a)’s found the short time from criticism to action to be peculiar. The feedback he had received from DAABON's customers did not signal that RSPO needed to act (Participant 3). For RSPO, to go from having a one-standard-fits-all system of to having two tiers was not without its complications. Participant 3 (a) observed that: "If there is something that people want in an organization like this, it is for people to move at the same time. It is like a flock of fish. When you move together, you have less possibility of getting eaten." Participant 16 acknowledged that there was a risk of losing members. She argued that in order for the RSPO to be credible and legitimate to society, consumers, and NGOs, it is necessary for the organization to be dynamic, up-to-date, and maintain a certain rigorousness.

DAABON made the decision to pursue RSPO NEXT certification at the RSPO RT13 conference in Kuala Lumpur, Malaysia[1] in 2015, when the RSPO announced the finalized criteria for the standard (Participant 3 (a); Shah, 2015). Participant 3 (a) recalled that the RSPO NEXT project coordinator gave a speech on the certification and the criteria. Afterward, a representative from Buyer C informed the audience that the company was interested in buying RSPO NEXT Credits since they were experiencing the criticism first-hand. The interest made Participant 3 (a) realize: "If there is a requirement from the market, I am going to eventually need to live up to that market requirement." He pictured how this demand would increase in the future and therefore reacted: "So, I stood up and said: We are going to do this, DAABON can be committed with this,

[1] Originally, Participant 3 claimed that the RSPO NEXT was announced in Paris in 2016. However, the announcement conference of RSPO NEXT took place in Malaysia in 2015. Participant 3 later confirmed this revision.

and we will take a year to do so." (Participant 3 (a)). Participant 3 (ab) decided to pursue RSPO NEXT on his own on behalf of DAABON. Participant 6 noticed how eager Participant 3 was to make DAABON the first RSPO NEXT-certified company in the world.

Participant 3 (a) was aware of the industry concern about having a tiered system and that adopting RSPO NEXT could result in consequences for DAABON's position in the industry. When he made the decision, Participant 3 did not feel popular among the fellow members of the roundtable (Participant 3 (a)). He observed that on one level, "There were going to be the forward-thinking, faster-performing companies like DAABON and others." (Participant 3 (a)). On the next level, there were going to be a second tier of companies not willing or not able to go for the add-on. (Participant 3 (a)). However, he was of the opinion that: "That is not my flock, I am not in the industry as a commodity, I am in the industry as a concept. We went through with it." (Participant 3 (a)). He did not consider the negative opinions of other members to be important compared to the potential benefits involved with becoming RSPO NEXT-certified. (Participant 3 (a))

Participant 3 (a) considered DAABON to be in a state of 50 or even 60 percent of completion when he applied for the certification. Part of the remaining 40 percent were already established as part of other regulations or certifications (such as POIG's Living Wage Calculation), or not relevant for DAABON (such as the No Planting on Peat component) (Participant 3 (a)). According to Participant 1, Participant 3 applied for the certification following his conviction and foresight. He took full responsibility for implementing the standard (Participant 1). Thus, since Participant 3 made the decision on his own, he faced the risk of meeting opposition from his superiors. Participant 3 (a) understood and accepted the individual risk of his decision-making. He felt comfortable pursuing RSPO NEXT without the influence of DAABON executives or the board of the company. He explained his reasoning in the following way: "I know my system very well, I know my company very well, and I know my capacities very well. In a good way, I know where I can give a fight, and I know where I cannot." (Participant 3 (b)). Participant 3 (b) believed that the board would support him, and they gave him their trust and support in return.

However, Participant 3 (b) did acknowledge that the situation did not unfold in a very deliberate way. The situation was unique, and it was a personal decision (Participant 3 (b)). An indication of the lack of deliberate strategy behind Participant 3's decision was DAABON related public announcement. DAABON never usually state they will obtain a certification before implementing it. However, on this occasion, the management compromised and publicly announced the intention to adopt RSPO NEXT (Participant 3 (b)).

Both from a market perspective and in general terms, Participant 3 (a) did not consider the adoption of RSPO NEXT a risk. He was confident that the certification was possible and realistic for DAABON to obtain. With the Buyer C representative's words on top of his mind, he also felt sure there would be a market for the standard (Participant 3 (a)). Participant 1 and Participant 10 agreed with this assessment. Timing and prevention of the deforestation issue reaching Colombia were two additional considerations for adopting RSPO NEXT. DAABON was not expanding in other areas of the business, and the topic of deforestation was starting to spread from Southeast Asia. (Participant 3 (b)).

Generally, we got the impression that Participant 3's colleagues at DAABON agreed with his decision, at least retrospectively. For Participant 1, RSPO NEXT was an effort to try and make up for the flaws of RSPO, to strive for a little more. Moreover, the overachieving inherent in pursuing RSPO NEXT corresponded well with the organisation's culture of wanting to do more than what is asked for (Participant 1; Participant 4; Participant 10). Even with the expectation of a limited uptake of RSPO NEXT, Participant 1 asserted that the certification was a good example of DAABON's strategy of certifications and the aim of showing that DAABON's conduct their business differently.

Both DAABON and Competitor A seemed to be allured by the potential reputational benefits of the certification, being part of the 'Club of the Super Good Ones' (Participant 1; Participant 12). In contrast, Participant 13 from Competitor B mentioned that his company did not see the need to become RSPO NEXT-certified, since their customers were satisfied with POIG. From Competitor B's perspective, there was a lack of benefits in terms of sustainability and marketing, and they considered RSPO NEXT to constitute a waste of resources. (Participant 13). For DAABON, the main difference between POIG and RSPO NEXT is that POIG is a corporate commitment, not a certification (Participant 3 (b)). Therefore, the main difference in the two companies' strategies with regards to certification seems to be the importance of leveraging a certification commercially.

6.2.1 The Industry Response

With only five RSPO NEXT-certified companies to date (Participant 3 (a); RSPO (b), n.d.), the interest in the certification has been low. Considering the high rigour of the RSPO NEXT criteria, the general response from the market has been negative (Participant 3 (a)). Participant 9 experienced that customers saw RSPO NEXT as a nice-to-have not a must-have. Simply, they were not willing to pay more for it (Participant 9). After all the market demands and NGO criticism leading to the creation of RSPO NEXT, "... all of a sudden, the market was never interested in buying the RSPO NEXT Credits." (Participant 16). The lack of commercial success can be blamed on two primary issues. One was the lack of availability in terms of volume that made it impossible for companies like Buyer C to announce full RSPO NEXT compliance. Instead, they had to settle for buying RSPO NEXT Credits (Participant 14). Participant 8 argued that another issue was the absence of a label for RSPO NEXT, which severely reduced the publicity of the certification. Consequently, the potential for leveraging the value of the certified oil to consumers has been minimal (Participant 8; Participant 10). Important to note is the individual company's responsibility in making RSPO NEXT a success, such as planning the marketing strategy for the certification (Participant 15).

6.2.2 The Future of the RSPO NEXT

The future of the RSPO NEXT is uncertain. This notion was universally agreed upon by all of our interview participants who commented on the topic. Most argued that the pivotal aspects of the RSPO NEXT had been swallowed by the RSPO P&C 2018. Some even indicated that the RSPO NEXT will cease existing, as it becomes redundant with the new RSPO P&C. As Participant 16 from RSPO stated: "…I do believe that it will be coming to an end very soon. It will be taken out of our systems because it is now all included under the RSPO Principles and Criteria." However, others contested this point and saw a potential future for RSPO side-by-side with the RSPO P&C, if the standard or the strategy behind the standard gets reconfigured. (Participant 8; Participant 12; Participant 14).

6.3 The Implications of RSPO NEXT

6.3.1 DAABON Changes & Challenges

The first RSPO audit with RSPO NEXT was in February 2017, and DAABON had six months adopt the new standard (Participant 3 (a)). However, as previously mentioned, DAABON felt prepared to become RSPO NEXT-certified, both in terms of the auditing process and the organizational structure (Participant 3 (a); Participant 7). DAABON had been through numerous audits before and were aware of the importance of being proactive in identifying the most stringent laws beforehand (Participant 3 (a)). Also, the processes and systems (e.g. for logistics) were already in place in the organization. This situation allowed for a smooth transition into integrating the new components (Participant 3 (a); Participant 4). Participant 3 (a) described DAABON becoming RSPO NEXT as being in "... the eye of the hurricane ... Everything is moving very fast, but we were very calm in the middle." (Participant 3 (a)). For Competitor A, Participant 12 claim preparation did not demand much either, as they already had a strong and sustainable backbone from which to work. However, he acknowledged that the investments made in the process were expensive. The investments covered everything from changing the culture of behaviour towards workers, building bathroom facilities and cellars, doing specific studies to analyse changes in soil use and adjust maps to correspond with reality (Participant 12).

6.3.1.1 The RSPO NEXT Components

The RSPO NEXT standard consists of six overarching components: 1. No Deforestation; 2. No Use of Fire; 3. No Planting on Peat; 4. Reduction of GHG; 5. Respect for Human Rights; and 6. Transparency. Participant 3 (a) disclosed that in many cases, DAABON leveraged already created openings into establishing more formalized programs to comply with RSPO NEXT. Participant 3 (a) found it very difficult to measure the outcome of these programs and the overall success of RSPO NEXT since there are no tangible things like higher yields to measure. He suggested that a comparison with non-RSPO NEXT companies could be made based on the value of shares, although this is not relevant in the particular case of family-owned DAABON. Instead, to measure the impact and discover if something is not working well, DAABON uses a system of complaints and claims, an organizational evaluation of their impacts, yearly meetings with the local community, as well as the audits as points of reference (Participant 3 (a)). Additionally, Participant 3 (a) relies on the change in market perception to evaluate the success of the certification. For Participant 3 (a), the outcome of RSPO NEXT or any other certification is not directly based on the commercial response in terms of profits. Instead, the sum of company integration, capacity-building, and reputation are essential for Participant 3 (a), when evaluating the outcome. **Table 9** includes an overview of DAABON's implementation of the RSPO NEXT components.

Component 1: No Deforestation	**Component 2: No Use of Fire**	**Component 3: No Planting on Peat**
Existing company policies prepared DAABON for dealing with the No Deforestation component. However, DAABON reconsidered starting buying to 'fresh' land. As this would open up the company for HCS evaluation, DAABON decided to continue buying land that is already planted and accounted for, instead of exposing the company for risks. (Participant 3 (a)).	While there is no tradition for slash-and-burn practices in Colombia, DAABON did implement monitoring processes and alarm systems for RSPO NEXT to control fire in plantations, as well as a contingency plan for dealing with fires (Participant 3 (a); Participant 7).	According to Participant 3 (a), this component is not relevant in Colombia, since there is no peatland in the country.
Component 4: Reduction of GHG	**Component 5: Respect for Human Rights**	**Component 6: Transparency**
RSPO NEXT required the whole supply chain to be GHG measured. DAABON had to figure out the system boundaries of the supply chain. They needed to generate a standard for all the measurements and embed this standard in the entire supply chain. (Participant 3 (a); Participant 11).	DAABON has: developed collective family gardens to diversify family incomes; established gender committees to deal with gender issues; explained national documents to RSPO to show unavoidability of hiring underage interns in agriculture and clarify that it does not constitute child labour; and convinced RSPO the national FPIC regulations were strict enough concerning the previous consultation with minorities. (Participant 3 (a); Participant 2).	To ensure compliance with traceability and transparency requirements from RSPO NEXT, DAABON established plans regarding the administration of palm oil from extraction plant and transportation to refinery and storage. This process standardization has left DAABON more transparent and aligned, and with a better overview of the supply chain. (Participant 4)

Table 9: DAABON's Implementation of RSPO NEXT[xvii].

Participant 16 considered three of the elements to be the most robust and thereby the most challenging for companies to solve. The three were High Carbon Stock as part of the No Deforestation component. traceability of fresh food within Transparency, and the decent living wage methodology concerning Respect for Human Rights.

6.3.2 Implications for DAABON

After going through the implementation, and the ensuing changes and challenges of RSPO NEXT, we will now take a closer look at the direct implications for DAABON, both in terms of financial implications, the implications for DAABON's competitive advantage and other implications such as the development of TRUST and the movement towards RSPO P&C 2018. Overall, about the impact of certification, Participant 4 claimed that: "From all perspectives; professional, commercial, and environmental, it has generated a very positive impact for us as DAABON ...". This statement was supported by Participant 3 (a), who, when asked about the RSPO NEXT certification stated: "I do not think there is any negative impact." In the following section, we will look take a closer look at the impacts and implications of RSPO NEXT for DAABON.

6.3.2.1 Financial Implications

Both Participant 3 (a), Participant 10 and Participant 4 stated that DAABON do not sell more products as a result of the RSPO NEXT certification. Nonetheless, Participant 10 disclosed that the combination of RSPO IP and RSPO NEXT is a unique selling point for DAABON in an industry where most of the companies sell Mass Balance or Segregated palm oil. Right after adopting RSPO NEXT, there was commercial interest in sourcing RSPO NEXT-certified oil, albeit only from a couple of customers (Participant 3 (a)). However, the interest never developed due to timing and a lack of assurance about the sourcing supply chain (Participant 10). Participant 14 expressed worries from Buyer C that RSPO NEXT was not going to be connected to Buyer C's sourcing. She told us: "So, we are supporting the RSPO by purchasing these RSPO NEXT Credits in the market, but it was Credits and not oil directly to our physical supply of the palm oil. It was kind of an interim, in-between solution which was not 100 percent satisfactory for us." (Participant 14). Participant 12 acknowledged that since only a few companies have been certified, it has not been possible to meet the demand for oil.

However, DAABON did manage to sell RSPO NEXT Credits to Buyer C through Soapworks (Participant 8; Participant 11), so Buyer C doubled down on their promise from the announcement of RSPO NEXT. In a conversation we had with Participant 3 prior to the first interview, he hinted that a factor in the decision to purchase Soapworks was the opportunity to sell RSPO NEXT Credits through Soapworks to clients. According to Participant 3 (a), the main costs were to pay for the certification itself, combined with the opportunity costs of focusing on the certification instead of pursuing new projects. In terms of staff resources, Participant 3 (a) commented that Participant 7 was hired, and Participant 4 was moved to the Sustainability Department in order to accommodate the requirements of RSPO NEXT. More specifically, the requirements related to increased monitoring, traceability, and source identification. The studies and methodology developed for the RSPO NEXT were also an expense (Participant 6).

The RSPO NEXT certification entailed a variety of costs from the opportunity costs to hiring new employees. Participant 3 (a) acknowledged that DAABON's Financial Department probably would refer to RSPO NEXT as expensive. However, he considers the financial implications of RSPO NEXT to be a difficult discussion since the impacts show in a variety of tangible and intangible ways. Overall, Participant 3 (a) believes that RSPO NEXT has been worth the invested resources, partly because the costs are diluted across the costs of operations. For Competitor A, Participant 12 revealed that the investments in becoming RSPO NEXT-certified had been expensive. The investments ranged from changing the culture of behaviour towards workers to doing specific studies to analyse changes in soil use and on HCV.

6.3.2.2 Competitive Advantage

A common sentiment among our interview participants seems to be that the RSPO NEXT certification has kept DAABON in the sustainability lead. Also, the certification process has accentuated to the market, customers and employees that DAABON is a sustainable company (Participant 9; Participant 3 (a); Participant 10). According to Participant 9, becoming RSPO NEXT-certified supported the notion of DAABON being a leader in sustainability. On a general level, Participant 16 supported this argument by stating that RSPO NEXT's competitive advantage is to prove to the market, buyer or consumer that the company is committed to sustainability, zero deforestation, and respecting the local community and human rights. In this manner, the RSPO NEXT has strengthened legitimacy and credibility for DAABON (Participant 3 (a)), which shows in the industry and the market's perception of DAABON as sustainability overachievers.

Participant 10 agreed that the RSPO NEXT has raised the bar for DAABON in terms of sustainability achievement. The adoption has caused a switch in mentality, pushing DAABON employees to be more demanding of themselves in order to stay in the sustainability lead (Participant 4; Participant 10). For Participant 10, RSPO NEXT has been a foundation for pride, commitment, and proactiveness for DAABON, while also being the answer to many stakeholder concerns. Furthermore, adding Soapworks to the organization during the process of becoming RSPO NEXT-certified has been crucial to assure continuity of the sustainability agenda and push the culture one step closer to the clients (Participant 10).

In addition to maintaining the status as sustainability leaders, DAABON also showcased their early response strategy by being first movers in adopting RSPO NEXT (Participant 3 (a)). DAABON wanted to advance the RSPO process and show that RSPO NEXT was possible while preparing for the future of the RSPO (Participant 6; Participant 15). Now DAABON is ahead in the implementation process of RSPO P&C 2018 (Participant 6). As Participant 6 mentioned, instead of potentially wasting investments on now outdated processes or infrastructure, DAABON are already prepared for the new P&C. By moving first, DAABON ensured to stay ahead of the competition, who now needs to catch up (Participant 6). This first-movers approach has provided differentiation, which in Participant 8's opinion is especially valuable for a small company such as DAABON.

Participant 3 (b) asserted that another first-mover advantage consisted of strengthening and adding exposure to DAABON's brand. By being the first company complying with the high standards of the RSPO NEXT, DAABON gained credibility, which was further amplified when a large-scale Malaysian producer, became certified (Participant 3 (b)). Participant 6 believe this credibility has been helpful in further improving

DAABON’s status in the industry and speaks well for the company’s social and environmental responsibility. While living up to the demands is a daily challenge, RSPO NEXT serves as a differentiator for DAABON (Participant 6; Participant 8; Participant 2). RSPO NEXT has helped DAABON maintain and even improve on its position at the forefront of the sustainable palm oil industry, as well as strengthening relationships with clients (Participant 6; Participant 8). In Participant 12’s experience, the RSPO NEXT has been very beneficial for Competitor A in terms of reputation and improving the visibility and the reputation of the company.

A key reason for DAABON to pursue the RSPO NEXT certification was to continue the efforts of vertically integrating the company ‘From the Soil to the Market’ (Participant 3 (a); Participant 1). According to Participant 10, included in this aspect was the decision to invest in Soapworks to further integrate the supply chain, as "... we [DAABON] wanted to integrate our entire supply chain from soil to society, meaning we produce the oil, we manufacture the noodles, we export the noodles. The noodles are brought by boat to our subsidiary in the UK, and they manufacture bars with that. That integration adds value to us."

Furthermore, the demands of the RSPO NEXT certification has been a catalyst for strengthening the supply chain and standardizing processes, exemplified by the need to build a logistics strategy for the certification (Participant 4; Participant 10). Besides integrating the supply chain, DAABON also decided to implement new additions transversally across business units, in order to consolidate the operations further and secure high standards for all business activities (Participant 3 (a)). Gender committees is an example of something, which was implemented in all operations.

Several participants highlighted this systematization of processes and controls as an important implication. (Participant 15; Participant 7; Participant 6). According to Participant 15, the main value proposition of RSPO NEXT is, "That it allows for identification of priority topics. ... And that there is a systematic way to measure progress. That is the greatest value of RSPO NEXT." For her job of monitoring agricultural processes and plantations, Participant 7 appreciated the tools that were developed to respond to RSPO NEXT criteria. In relation, the opportunity to review supply processes and creating a robust long-term guideline for the future was regarded by Participant 6 as a positive impact of RSPO NEXT. Participant 3 (a) stressed how RSPO

NEXT also provided robustness in the decision-making processes of the company while complementing and permitting more keenness to DAABON’s strategy.

6.3.2.3 TRUST

This keenness is part of what influenced the creation of DAABON’s ‘TRUST’ scheme. According to Participant 3 (b), most of the considerations for TRUST came from the RSPO and RSPO NEXT. In the official announcement of TRUST, it was declared: ‘The scheme is a step-by-step methodology that outlines the main risks associated with common supply chains around the world, and determines how we can use online tools, complemented with on the ground observation, to avoid actors who engage in problematic behaviours such as deforestation and labour violations. What makes this program unique is the fact that consumers believe that companies want to perform better in sourcing, and they encourage their brands to lead the way. We want to help build brands that can clearly state its efforts -not only in palm oil- but with all the ingredients they use.’ (DAABON Group (h), 2019).

Participant 3 (b) elaborated on the influence of RSPO NEXT in developing TRUST, by remarking that the methodology on areas such as HCS and human rights have been adopted from the RSPO NEXT. He noticed the prospects in applying the sustainability assessments from the RSPO NEXT and the RSPO P&C to other crops: "The idea behind it is that we, with our knowledge of the standards, can pick and choose whatever criteria we think that are the most relevant for certain crops, and give it to the people so they can do the same." (Participant 3 (b)). From that consideration, TRUST was envisioned in June 2018, and it is still under development by the Sustainability Department. Currently they are determining the relevant spaces for the scheme and testing a pilot. The hope is to see results in Q3 2019 before the official launch is scheduled for late 2019 or early 2020. (Participant 3 (b)). See **Figure 11** below for a timeline of TRUST.

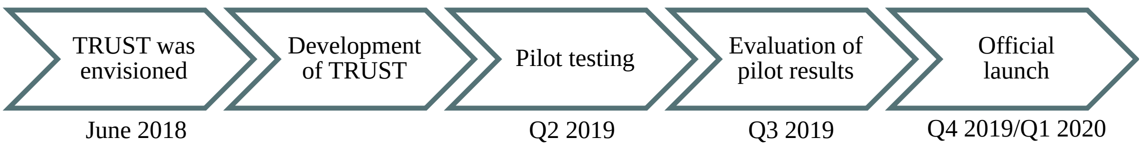


Figure 11: Timeline of TRUST[xviii].

According to Participant 3 (b), the TRUST program is not a certification nor a business of certifications. Instead, the goal "... is to enable those parts of the supply chains that may present a risk and cannot be certified, to bring them into your supply chain." (Participant 3 (b)). It is rather meant to certify the units in the supply chain that lack the necessary management system to become certified on their own. DAABON is the trustee, who is then vouching for smallholders. TRUST is planned to be built as an open-source scheme. The idea is to give people an overview of specific components through an open platform. An example of this could be to examine the deforestation of individual farms. The goal with TRUST is to be able to assess risks for clients and, ultimately, let the clients trust the sourcing of their products. (Participant 3 (b)).

Participant 1 let us into the strategic vision behind the TRUST scheme. He observed that with many certifications on the market, there will be a need to simplify things for consumers and put trust in the brand, not only the certifications. As Participant 1 stated: "We have to make our products, not so much depending on the thousands of certifications, but on the good name of the company, the branding of the company, for its quality of having demonstrated in several decades how we have done with regards to environmental and social sustainability.". He explained that DAABON's branding strategy involves using the great reputation of the company to provide a guarantee for great products and traceability. All the while limiting environmental and social risks for customers. The idea with the TRUST project is to have the name 'DAABON' be enough to give customers and consumers' the confidence to not require a certification but instead place their trust in DAABON. (Participant 1).

Participant 1 believes that the name of DAABON signals or will signal credibility and responsibility for consumers and stakeholders, based on the quality standards of DAABON and the company's unique DNA. According to Participant 1: "This certification is DAABON giving you the tranquillity, transparent sourcing of the product you need. Not just the product itself, but also the sourcing of products". All the certifications will be incorporated in the name of DAABON, and the TRUST scheme is then planned to be audited by a third party to ensure legitimacy. (Participant 1). This last point was disputed by Participant 3 (b), who suggested that it still has not been decided whether to audit internally or externally. However, both agreed that the ultimate goal with TRUST is to serve customers better, decrease the risks of the supply chain, and increase traceability (Participant 3 (b); Participant 1).

6.3.3 Preparation for RSPO P&C 2018

Considering that the add-on criteria from RSPO NEXT has become internalized in the new RSPO P&C, the future of the RSPO NEXT looks bleak or at least seems destined for a change, (Participant 15). There is a transition period now, where companies can implement the changes to prepare for the P&C audit in 2020. Since RSPO NEXT-certified companies such as DAABON already comply with most of the updates to the new P&C, they have an advantage for the implementation of the new P&C (Participant 15; Participant 16). In Participant 15’s opinion, the leading companies have wisely used RSPO NEXT to show that they can cover all the new criteria and be overachievers in the sustainable palm oil segment.

7.0 Discussion

The purpose of the following chapter is to discuss and analyse the findings from this research project. We will convergently integrate the theoretical frameworks and academic literature revisions presented earlier with our findings presented in the **6.0 Results** section in order to answer our research question:

How has DAABON leveraged social skill within the Certified Sustainable Palm Oil segment; and what are the strategic implications of the RSPO NEXT certification for DAABON?

Our research question comprises two components, and we will structure this chapter accordingly. We will first apply the theory of Strategic Action Fields to construe the CSPO business segment. In this segment, we will then proceed to analyse the role of social skill combined with business strategy in the context of DAABON becoming certified RSPO NEXT. In this process, we will dissect how actors within the CSPO field are strategically competing for an advantageous position. Also, we look into how DAABON has challenged the status quo to gain preponderance in the context of RSPO NEXT. For this discussion, we will make use of the perspectives on strategy we described in the **2.0 Theory** chapter. The first part of the discussion will end out in a reflection on the existing linkages between DAABON's social skill, and DAABON's strategic pursuit of RSPO NEXT. Later in this chapter, we will address the second part of the research question related to the RSPO NEXT's strategic implications for DAABON. We conduct an analysis of DAABON's strategy regarding the company's sustainable DNA, and their positioning and operations efforts. This analysis is followed by a presentation of the implications of RSPO NEXT for DAABON's, both in terms of financial implications, as well as implications for risk management and DAABON's competitive advantage.

7.1 The Emergence of the CSPO SAF

Through the lens of the Strategic Action Fields theory, the SAF of certified sustainable palm oil (CSPO SAF) emerged from a bigger SAF formed by all the palm oil producers (PO SAF). The CSPO SAF was formed after an exogenous shock led to a crisis episode. This shock fundamentally consisted of some collective and individual actors altering the PO SAF's status quo. These actors (ranging from NGOs and activists to consumer and purchaser associations) were external to the PO SAF and jointly triggered the exogenous shock to the status quo by heavily criticising the palm oil industry due to its allegedly negative impacts on the environment. In response to the negative public opinion, which demanded more sustainable practices for the palm oil industry, the RSPO was formed in 2004 by several individual and collective actors. The creation of RSPO meant the emergence of a new SAF with different governing logics and components than that of the PO SAF. In this new SAF, the governing logic would entail two aspects. First, competition would function according to the traditional market rules as within the PO SAF, where success is determined by the ability to generate a competitive advantage. Simultaneously, it would be necessary to comply with social and environmental standards imposed by RSPO. We call this new strategic action field, the CSPO SAF.

7.2 The CSPO SAF: Components, Governing Logics, & Development

In 2004, the CSPO SAF emerged in response to an exogenous shock to the PO SAF. The fundamental differences between the original PO SAF and CSPO SAF are the new governing logics and the components of each SAF. Now we will describe the boundaries of the CSPO SAF including its governing logics, its incumbent and challengers, the role of social skill, the surrounding fields, and the changes affecting the CSPO SAF. This will lead to an explanation of the emergence of RSPO NEXT and the 2018 RSPO P&C.

7.2.1 Boundaries

CSPO SAF's actors are the CSPO producers and the governance unit RSPO. They interact with knowledge of each other within some unfixed boundaries that are subject to constant change and revision. The three aspects that define the CSPO SAF are:

1) **Consensus.** CSPO producers share a consensus of what is going on within the CSPO SAF: They are all *playing all the same game*. The game consists of classic business competition within an industry that sells CSPO internationally. CSPO producers within the CSPO SAF share and agree to the

governing logics or ‘rules’ that shape the field. Even if challenging CSPO producers within the CSPO SAF wanted to change the governing logics, they would have to acknowledge their behaviour within the field is subject to the current rules.

2) **Variations in power.** There are different levels of power within the CSPO SAF. Not all CSPO producers have the same position within the field. There are incumbent companies, for which the governing logics (status quo) are beneficial; and challengers, aiming at re-thinking the status quo.

3) **Subjectivity**. Each CSPO producer perceives what the other CSPO producers are doing from a subjective point of view, shaped by its way of looking at the world. For instance, the CSPO producer DAABON observes the CSPO SAF from the perspective of a Colombian family-owned business, defined by certain cultural and social aspects distinctive to one Malaysian CSPO producer. This aspect will be key to understand why change within the CSPO SAF is occurring and is an intentional phenomenon after challengers had identified an opportunity. This view is opposed to the classic view of Institutional Theory of change as ‘unintentional’.

On the RSPO website, a continuously updated list exists of companies that currently meet the described characteristics and, therefore, are part of the CSPO SAF (RSPO (i), n.d.).

7.2.2 Governing Logics

Two fundamental elements are governing the CSPO SAF, apart from operating within the framework of existing international market regulations to produce and sell palm oil. Ultimately, these elements will determine the position of actors within the CSPO SAF. The first one is maximization of business operational effectiveness within the sustainable palm oil market. As in the broader palm oil industry, the ability of producers to generate value at the minimum costs will help gain a better position within the CSPO SAF. The second is compliance to RSPO P&C sustainability standards. In the CSPO SAF, companies must comply with the standards imposed by the RSPO P&C should they want to sell CSPO.

The ability to integrate these two elements most efficiently will result in a company’s competitive advantage within the CSPO SAF. Within this governing structure, those actors capable of generating a more effective competitive advantage will have a better position within the field. Nonetheless, within this configuration, the competitive advantage is still heavily influenced by production costs. Since the RSPO standards were arguably lax back in 2005, they were easily achievable by many players and hardly a differentiating factor. The competitive importance of production costs is one of the reasons why some individual and collective actors both in and outside the CSPO SAF were eager to challenge the governing status quo. Instead, they were in favour of shifting importance more towards sustainability. We will address this challenge in a section **7.2.5 Changes in the CSPO SAF**.

7.2.2.1 Incumbents, Challengers, & Governance Units

Given these governing logics, the status quo favours the actors with the ability to increase operational effectiveness, once the RSPO P&C have been met. As seen in previous chapters, palm oil is mostly sold as a commodity and is largely dependent on cost-efficiency. Therefore, once a company complies with the RSPO P&C and puts the RSPO stamp on its products, its profitability will be based on costs which then again will determine its position of privilege within the industry. In this regard, large CSPO producers from Asia with lower production costs will find it easier to generate more profits when selling their products internationally. These actors occupy the role of incumbents in the CSPO SAF. Since the current system favours their prosperity, they do not need differentiation.

By their part, the rest of the players to which this structure is not beneficial are the challengers. Actors with higher production costs that would like to differentiate their products through more sustainable practices will envision a structure or logic alternative to the current one. Such is the case of DAABON. DAABON is a first mover and innovator when it comes to sustainability within the CSPO segment. However, the governing logic of P&C versions before P&C 2018 failed to reward beyond-compliance behaviours as there is nothing to be gained after meeting the RSPO P&C (applicable to P&C versions before 2018). Finally, we have the governance units, who are commissioned to oversee compliance of the CSPO SAF rules. In the case of the CSPO SAF, the RSPO members, as part of the General Assembly, have empowered the RSPO board and the RSPO Secretariat to be the primary governance units of the CSPO SAF (RSPO (j), n.d.).

7.2.3 Social Skill within the CSPO SAF

As presented in the **2.0 Theory** chapter, social skill comprises the cognitive and emotional ability of some individual and collective actors for reading people and environments, framing lines of action, and mobilizing people in the service of these action frames. Social skill is what drives strategic action within a field, that is, the search of a more privileged position within a field. Given that the CSPO SAF is a business segment in which companies are competing, social skill broadly represents the ability of managers and other employees to identify which moves, behaviours and opportunities could place their company in a more privileged position. The term ‘more privileged position’ (or incumbency), is related in this case to ‘business success’ (or prosperity within an industry) in the sense that both are concerned with getting an advantage over others. Business success is the ultimate goal of business strategy and concerns generating a competitive advantage for companies, assuming that this competitive advantage will bring success.

Managers featuring highly developed social skill of incumbent companies within the CSPO SAF will be concerned with strategic moves with the intention to maintain the status quo. In contrast, highly social-skilled managers of challenging companies will be looking for opportunities to overthrow the status quo. Their goal is to implant more favourable governing logics under which they can get the position of incumbency. By the virtue of its focus on actors’ cognitive and emotional ability, social skill is determined how the actors behave and how they see the world. Therefore, social skill fits well with the four complementary approaches to business strategy we reviewed in the **2.0 Theory** chapter. We do not argue that social skill and business strategy are the same. Rather, we argue rather that managers with high levels of social skill will be able to analyse, formulate, implement strategies in a more effectively. We will provide examples of this later.

7.2.4 Broader CSPO SAF Environment

Like all SAFs, the CSPO SAF is embedded in a complex web of fields that interact with each other in diverse manners. To undertake a proper analysis of the broader CSPO SAF environment, we will tackle it in two steps or dimensions. Firstly, we will address a horizontal analysis of the CSPO SAF’s surroundings. In this analysis, we will describe the other fields gravitating in the same plane of the CSPO SAF, that is, without a hierarchical relationship. Since the CSPO SAF fundamentally represents a snapshot of a business segment, we will apply Porter's (1979) Five Forces framework to describe the surrounding fields influence on the CSPO SAF. Secondly, we will take a vertical approach to the CSPO SAF. We will zoom out and apply the funnel-perspective presented in **Figure 2** to determine the other SAFs with which the CSPO SAF maintain a vertical relationship, where hierarchies and subordination apply.

7.2.4.1 Horizontal Relationships

The CSPO SAF is affected by many different fields that exist in the same plane and hold diverse degrees of influence to the CSPO SAF (**Figure 12**). Consistent with the Five Forces, the CSPO SAF represents the competition (or rivalry) between the CSPO producers. Subsequently, proximate to the CSPO SAF, we have the fields formed by substitutes to CSPO producers, CSPO customers, to-be CSPO producers, and CSPO suppliers. Also, we included two fields that affect and shape the CSPO SAF, termed NGOs and Other Fields.

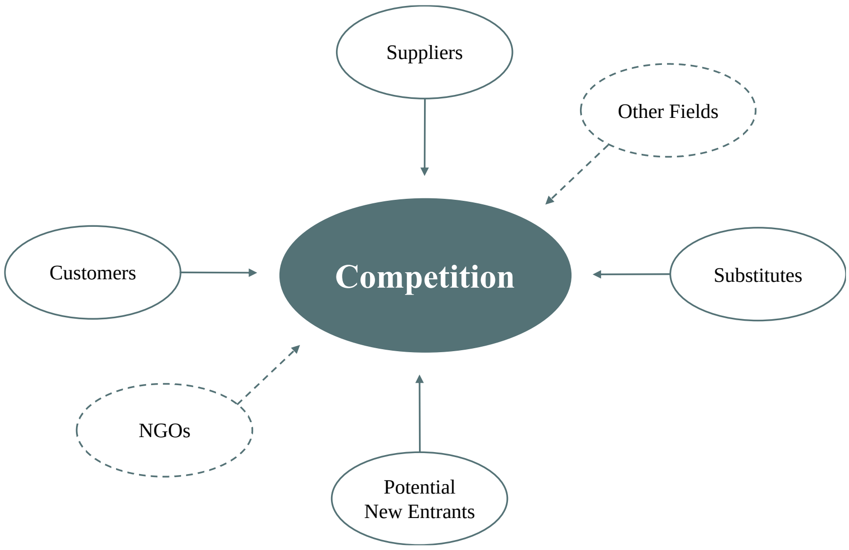


Figure 12: The Forces Affecting Competition in the CSPO[xix]*.*

1) **CSPO competition.** Given that CSPO is a hard-to-differentiate commodity together with the relatively easily achievable standards to become an RSPO member (before P&C 2018), competition within the CSPO SAF is fundamentally driven by costs and prices.

2) **CSPO customers.** Big customers ordering large volumes such as Walmart, IKEA, McDonald's, Unilever, and Buyer C (WWF, 2016) will influence how companies within the CSPO SAF compete. For instance, a bigger demand for stricter sustainability standards from large CSPO customers could lead to a field shift.

3) **Substitutes to CSPO producers.** CSPO currently offers an efficient yield compared to alternatives. However, fluctuating prices of CSPO or controversy could entail a shift toward CSPO substitutes such as other sustainable vegetable oils (e.g. sustainable rapeseed or soy oils). Also, palm oil certified by other sustainability certification schemes could also be a possible alternative to CSPO. These alternatives could be existing schemes like POIG, Rainforest Alliance or new ones still to be created.

4) **Potential new CSPO entrants.** Before the P&C 2018, new entrants to the CSPO field were likely since the sustainability standards were easily achievable. This is supported by the exponential growth of RSPO members since its conception. This heavily influenced competition and made the RSPO stamp an eco-label with low differentiation. New entrants could come from the PO industry, should they comply with RSPO standards, and to a lesser extent, from other vegetable oil industries. However, only when producers have the capabilities and business intent to start producing CSPO.

5) **CSPO suppliers.** Here we have to make a distinction. There are CSPO producers like DAABON that own plantations and source most of their CSPO from their plantations (although they also outsource some of the oil). Nevertheless, other CSPO producers purchase most of the raw material from smallholders or other companies. In any case, both very scattered and very concentrated supplying schemes might hinder or influence negatively how CSPO producers compete. CSPO producers that have vertically integrated supplying into their business will exert more control over their operations, which is desirable from the perspective of Porter (1979).

6) **NGOs.** From their position external to the CSPO field, NGOs hold immense power on the field, as the voice of consumers. Their campaigns impact how consumers think and act, which then impacts the buyers who produce the products and the producers, who supply the palm oil. A case in point is the criticism of deforestation and social malpractice in the early 2010s. This leads to the exogenous shock that led to the formulation of RSPO NEXT. We would argue that without NGOs, there would be no

CSPO, as the NGOs hold the actors within the field accountable and take part in shaping the boundaries of the field. Without NGOs, it is doubtful that sustainability would have a large role in the palm oil industry. Examples of influential NGOs include the WWF, NGO D, and Rainforest Alliance.

7) **Other fields.** In this category, we include all other surrounding fields that could have an impact on the CSPO SAF. Some examples of these are the SAF formed by press and media palm-oil-related coverage, or the field formed by consumer associations aimed at informing end-users. In both examples, both SAFs hold the potential to alter the CSPO SAF should a change occur within them.

7.2.4.2 Vertical Relationships

The CSPO SAF is also subject to hierarchical influence both up- and downstream (see **Figure 13**). On closer inspection to the funnel below, it can be seen that the funnel offers endless possibilities depending on the focus. In vertical relationships, upper fields exert subordinate influence over fields below them. Additionally, depending on how close the fields are, the influence will vary. Proximate fields exert a bigger influence on subordinates than distant fields. In this sense, the CSPO SAF is heavily influenced by what happens to the PO SAF. A variation in the PO SAF (even a small change within its governing logics) will inevitably destabilise the CSPO SAF current structure as these fields are very proximate.

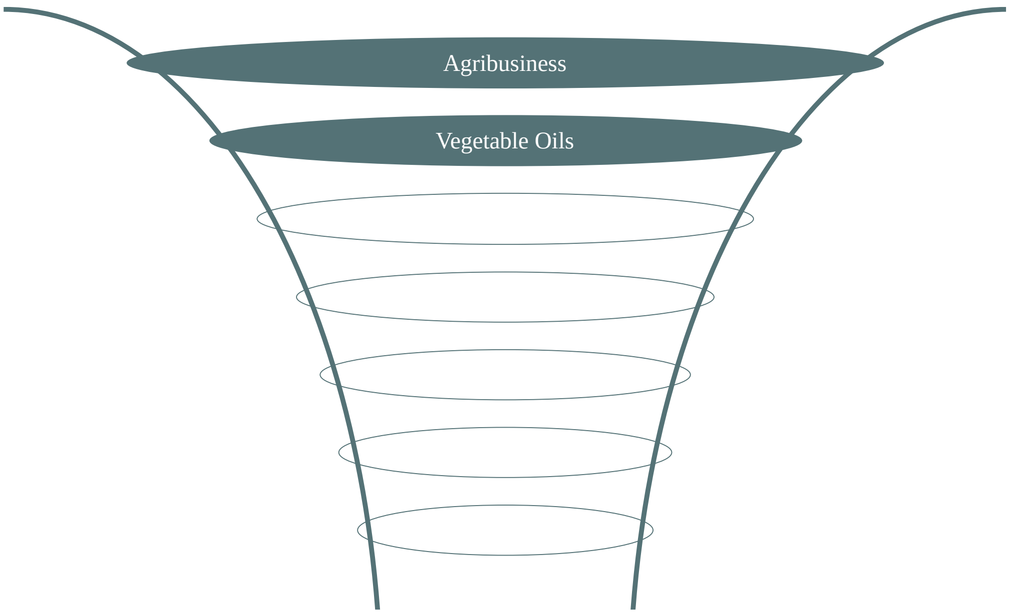


Figure 13: CSPO Vertical Relationship Funnel[xx].

The further we get from the CSPO SAF upward or downward to other fields, the more radical the change will have to be in these fields in order to have a real effect on the CSPO SAF. For instance, a change originated in the large agribusiness field would have to be tremendously big to impact the CSPO SAF such as a change in global agribusiness regulations due to climate change. Likewise, moving downstream, we observe that Colombian company DAABON's SAF is tremendously influenced by what happens in the CSPO SAF. At the same time, what happens to DAABON will determine the SAF formed by the department of sustainability of DAABON.

7.2.5 Changes in the CSPO SAF

From the interdependence described above, it can be seen that there exists a vast number of ways in which change may occur to the CSPO SAF. Incumbents within the CSPO SAF are concerned about the occurrence of change, since a change may very well lead to a new, more favouring, status quo for challengers like DAABON. Moreover, as highlighted in the previous section, changes to the CSPO SAF can come from changes in upper hierarchical fields or fields gravitating in the same horizontal plane. We will now investigate how change occurred to the CSPO SAF according to the chronological events until 2018.

7.2.5.1 The External Challenge to the Status Quo

After the RSPO was created in 2004, criticism and activism were constants, not only toward regular palm oil but also toward sustainable palm oil. Collective and individual actors from external fields (NGOs, newspapers, academia, and consumer associations) heavily criticised the CSPO SAF negative impact on sustainability. Whether explicitly or not, these critics were aimed at the core of RSPO's sustainability standards, which according to them were not high enough in the earlier P&C versions. Therefore, they attempted to change the production process of CSPO toward a more sustainable model. Regardless of the origin of the controversy, a perception of increasing demand for more sustainable CSPO practices began to spread across CSPO stakeholders and kept spreading for some years. This perception embodied an external shock to the CSPO SAF logics that internal challengers strived to seize. This exogenous shock embodied a threat to the CSPO SAF's status quo that crystallised in the creation of an alternative multi-stakeholder initiative in POIG as well as a new RSPO certification.

7.2.5.2 The Internal Challenge: El Club de los Superbuenos

Since governing logics within the CSPO SAF at that moment were not favouring companies looking for more sustainable practices such as DAABON, the external shock driven by criticism to the CSPO ignited an internal challenge to the CSPO SAF logics. This challenge resulted in three sustainability-focused internal actors (challengers), including DAABON, founding a new multi-stakeholder initiative called POIG in parallel to the RSPO and together with buyers and NGOs. Participant 1 referred to this association as 'El Club de los Superbuenos' (The Club of the Super Good Ones).

7.3 The Emergence of the CSPO NEXT SAF

RSPO responded to these external and internal challenges by creating a new voluntary add-on standard in 2015 called RSPO NEXT. The creation of RSPO NEXT represented the emergence of a new field with renewed governing logics fundamentally based on stricter sustainability standards. Aside from stricter sustainability standards, RSPO NEXT differed from the RSPO P&C by being a supply chain certification, and in not having a label for consumers. Eager to advance its position to a more privileged one, CSPO SAF challenger actor DAABON vehemently encouraged this initiative and pledged to be the first company worldwide to be certified RSPO NEXT. DAABON's highly developed social skill, more concretely that of Participant 3, also motivated this bold step, which we will elaborate on in section **7.4.4.1 Reading & Understanding DAABON's Environment**. In 2017, DAABON became the first actor within the newly created CSPO NEXT SAF. Four other companies joined DAABON and currently the CSPO NEXT SAF is formed by five CSPO NEXT producers.

7.3.1 The New Settlement of the CSPO SAF

The CSPO NEXT SAF was hugely affected by the update of the RSPO P&C in 2018. As pointed out earlier, the revised P&C integrate all the differentiating components of the RSPO NEXT. In the SAF theory terminology, the update of P&C 2018 represented a change in the governing logics to the CSPO SAF. Accordingly, more weight was added to sustainability than operational effectiveness compared to the balance of the original governing logics of the field. This change in the CSPO SAF represents a crucial challenge for the CSPO NEXT SAF. As of today, it is unclear what will happen with the RSPO NEXT certification and the future of the CSPO NEXT SAF remains uncertain.

7.4 DAABON's Strategic Move within the CSPO SAF

In this passage, we will explore the existing relationship between DAABON's social skill and DAABON's strategic pursuit of RSPO NEXT. First, to better grasp how the pursuit of RSPO NEXT fit with DAABON's overall strategy, we will outline DAABON's strategy and the two main pillars of said strategy, i.e. positioning and operations. In the second part of the section, we will break down the concept of Social Skill in the context of DAABON to determine how and why it played a critical role in the pursuit of RSPO NEXT. For this part, we will focus on the actions undertaken by Participant 3 as he was the main driver of DAABON becoming the first RSPO NEXT-certified company.

7.4.1 DAABON's Strategic Use of Sustainability

Prior to discussing the concrete strategic action of DAABON, it is important to once again highlight the significance of sustainability as a matter of identity for DAABON. As many participants highlighted, sustainability is integrated within DAABON's strategic thinking, and it is present in everything they do. Summarizing this perception, Participant 10 mentioned that: "For us [DAABON], sustainability is paramount, and it is the reason for why we exist.". Their ranking as number 1 on the SPOTT Transparency and Sustainability platform for the last five years (SPOTT, 2018) support this statement. The SPOTT platform assesses palm oil producers and traders on 100 indicators (SPOTT, 2018).

Apart from the moral convictions to engage with sustainability, to have sustainable practices also make good business sense for DAABON. Albeit we were not allowed to dive into their financial statements and carefully study their cost structure, we know that Colombian palm oil producers have higher production costs compared to other players in the industry such as large producers in Southeast Asia. As mentioned in section **3.1.1 Commercialization of Palm Oil**, the production of palm oil is very labour-intensive, and wages in Colombia are significantly higher than in countries such as Malaysia or Indonesia. Accordingly, DAABON has invested resources on sustainability strategies to add value to their products and services. Ultimately, this has been done to differentiate DAABON from competitors. Related to Orsato's (2009) view of CES, we have observed that DAABON fundamentally engage with the two strategies of harnessing sustainability to differentiate from competitors: Strategy 2 about Beyond Compliance Leadership, and Strategy 3 on Eco-Branding. The former is concerned with demonstrating that DAABON's organizational processes are committed to reducing the impact of their operations. In this way, they show that they are going beyond legal requirements in order for demanding stakeholders to perceive them as leaders in environmental and social protection. Accordingly, DAABON goes a step beyond compliance toward sustainability leadership, also in terms of challenging the status quo of the CSPO SAF by demanding more sustainable practices.

The latter, Eco-Branding, is related to DAABON's products. DAABON are very focused on making sure they sell the most sustainable oil possible. To demonstrate this, they feature all the relevant sustainability labels, as well as other environmentally related stamps such as organic and non-GMO. As of August 1st, DAABON display 18 stamps, certifications, and eco-labels on their website (DAABON Group (i), n.d.). However, they do not charge a premium for customers and applies the different certifications across all of their palm oil production. The only exception is organic palm oil for which they charge a small premium. The lack of premium may very well be understood as another differentiating strategy. (Participant 3).

Through these strategies, DAABON seeks to mitigate reputational risks and enhance the value of their products and services through transparency and trust, while strengthening the perception of the company as a responsible one. Considering all the controversy associated with the palm oil industry, we would argue that this approach seems especially appropriate in order to differentiate and gain a competitive edge. Finally, in order to stay competitive, DAABON has also engaged in cost-reduction sustainability strategies, although to a lesser extent. An example of this is DAABON's CDM project initiated by Participant 3. The CDM project aims to reduce the GHG emissions of DAABON's palm oil plantations while saving money by utilizing the GHG for energy. We will now break down the different components of DAABON's strategy (see **Figure 14**) and what the company is doing to sustain and strengthening their competitive advantage.

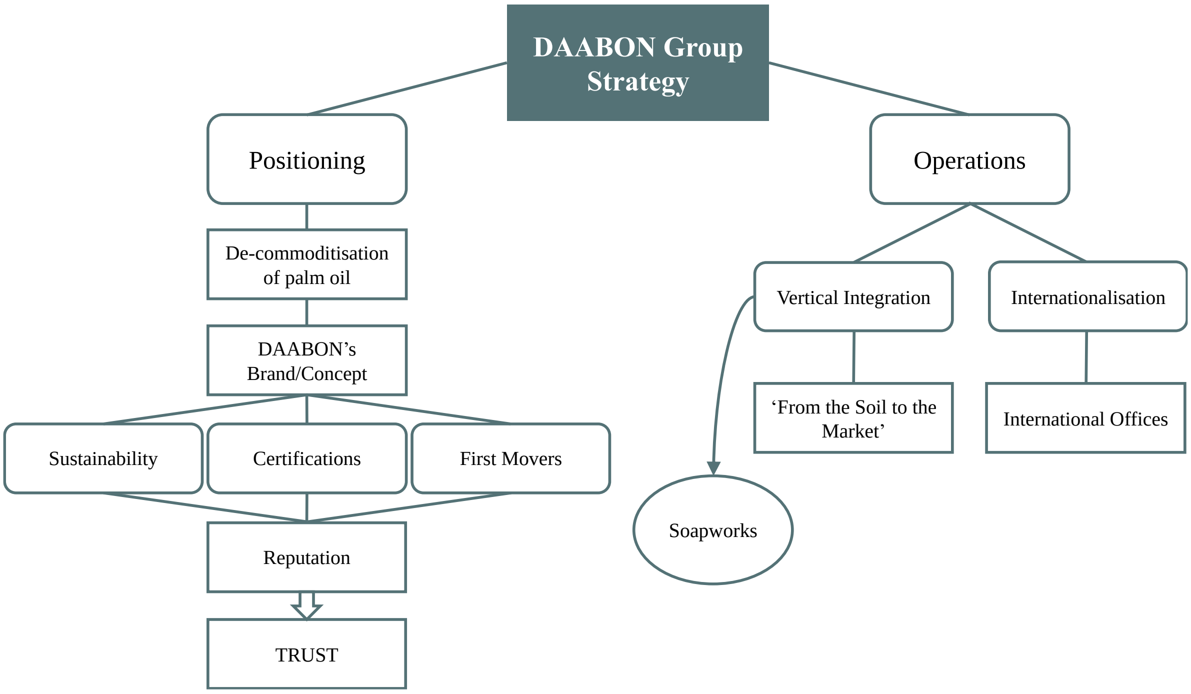


Figure 14: DAABON Group Strategy[xxi].

7.4.2 DAABON's Strategic Positioning: Becoming Olive Oil

As seen in **Figure 14**, DAABON's strategy comprises two broad pillars. The *Positioning* pillar relates to how the company actively positions itself in a particular way in the industry, segment, or market. The other pillar, *Operations*, regard how DAABON effectively manage their their operations. Overall, both pillars are concerned with strengthening and leveraging DAABON's competitive advantage. With regards to positioning, DAABON has over the years been trying de-commoditize their palm oil products. They want to add value to their products, so they are not mere commodities. Only in this way is DAABON able to compete internationally against producers with lower production costs. DAABON's strategy to de-commoditise is based on what they call the concept of DAABON. This concept revolves around understanding DAABON customers' problems or needs, and then identifying how DAABON can help solve these concerns, tailoring solutions to clients in the process. The long-term vision of DAABON's concept is to improve the reputation of DAABON's palm oil and make it as well-reputed as olive oil.

DAABON pursuit of this vision is two-fold. One is by obtaining the relevant sustainability certifications, and the other is by striving to be perceived as early-movers and innovators. Ultimately, these means are intentionally combined to strengthen DAABON's reputation. As pointed out, DAABON features up to 18 stamps, certifications, and eco-labels. The role of certifications as a risk-mitigation, robustness-enhancing tool that fits with the company's DNA was highlighted by several DAABON representatives (Participant 1; Participant 3 (a); Participant 8). DAABON commits a lot of resources and effort into being perceived as innovators and first movers. Accordingly, being first movers seems to be ingrained in the company's DNA. The perception of DAABON as first movers and innovators has been vital for the company in order to mitigate risks, open conversations with customers, and strengthen their image. The first-mover mentality has been apparent on several occasions such as DAABON becoming the first Latin American company to become RSPO-certified, as well as the first palm oil producer oil in the world to be certified RSPO NEXT and Rainforest Alliance.

The interviewed DAABON representatives identified reputation as critical for DAABON's competitive advantage and success, especially considering the notorious state of the industry in which they operate. DAABON's investment in reputation has proven to be successful. Both Participant 16 and Participant 13 (as outsiders of DAABON) highlighted the company ethos, referring to DAABON as a 'star company' with a good reputation. All these efforts to position the company as a 'star company' and the most transparent and trustworthy producer in the palm oil industry crystallises with DAABON's long-term positioning strategy. DAABON is moving beyond being mere palm oil producers to instead actively leverage their unique position to become a certification body in their own right. They have catapulted the learnings, the publicity, the trust, and the processes gained from achieving sustainability certifications into establishing their own certification system, the TRUST scheme. The establishment of the scheme is a result of frustration stemming from the challenge in certifying smallholders, as well as DAABON identifying the opportunity to apply their excellent reputation on a larger scale. They have taken matters into their own hands and uses trust as a catalyst to self-certify smallholders, utilizing the good name and reputation of DAABON.

7.4.3 DAABON's Strategic Operations: From the Soil to the Market

Regarding DAABON's operations strategy, they organize their processes around two approaches: vertical integration and internationalization. On the former and consistent with the positioning pillar, DAABON formulated the strategy 'From the Soil to the Market' aimed at ensuring traceability and control of their products throughout the supply chain from plantations to manufacturing. As part of this vertical integration strategy, the company has been creating subsidiaries from scratch in order to support the main business line - palm oil. These companies have ended up becoming profitable by their own and today work independently under the Group's command. An added benefit is that the array of subsidiaries has helped improve operational cost efficiency and spread the cost of certifications across operations. In summation, DAABON's strategy of vertical integration serves to increase operational control, mitigate risks, and improve cost-efficiency.

In 2018, DAABON deviated from their approach of building subsidiaries from scratch, when they acquired the soap manufacturer Soapworks. Through this purchase, DAABON manifested a consolidation of the palm oil supply chain from plantations to the manufacturing of products. Thereby, the company moved closer to their customers and, as a result, the consumers. As explained in the **6.0 Results** chapter, DAABON and Soapworks was a match made in sustainability heaven. Since RSPO NEXT is a supply chain certification, all steps of the supply chain need to function under the criteria of the certification. DAABON needed this final phase of manufacturing to ensure complete traceability of RSPO NEXT oil in order to sell the oil and Credits to customers. Accordingly, Soapworks enabled DAABON to employ RSPO NEXT commercially. Congruous with the 'From the Soil to the Market'-strategy and the purchase of UK-based Soapworks, DAABON is aiming to move closer to their customers through internationalization. Accordingly, the company has opened international offices around the world to support the Headquarters in Colombia.

7.4.4 The Pursuit of RSPO NEXT: Social Skill in Action

In this section, we will elaborate on the connection between DAABON's pursuit of RSPO NEXT and the concept of social skill, from the Strategic Action Fields theory. Firstly, we will break down social skill and analyse its components. Secondly, we will proceed to transfer social skill into the framework of DAABON's strategy and the context in which everything occurred, as well as combine it with the theoretical perspectives of strategy presented in the **2.0 Theory** chapter. The definition of social skill comprises three fundamental elements: i) reading people and environments; ii) framing lines of strategic action; and iii) mobilizing people in the service of the action frames. In addition, social skill is rational (cognitive), emotional (empathetic), and communicative. We will now see how Participant 3's behaviour in the pursuit of RSPO NEXT fit under this definition and the characteristics of social skill.

7.4.4.1 Reading & Understanding DAABON's Environment

Participant 3 showed highly developed social skill in the decision to pursue RSPO NEXT for DAABON. He was confident in his knowledge of the system around him and his capabilities in navigating this system. Albeit bold, this subjective perception turned out to be accurate. Participant 3 read the situation well and was able to see beyond DAABON's surroundings and understand what other stakeholders were demanding in terms of sustainability. He did this even though DAABON had not received any demand for more sustainable practices from their customers, and thus, bypassing the feedback mechanisms he had established himself. However, Participant 3 understood what the RSPO was planning, and he was aware of both the global and particular risks and opportunities of pursuing RSPO NEXT.

In this regard, Participant 3 foresaw the potential consequences of RSPO creating RSPO NEXT. He imagined that it would generate asymmetry in the CSPO segment and that RSPO members would fear a two-tiered system with forward-thinking overachievers and regular companies, who would fall behind. His perception of the RSPO was that the incumbents would fear the repercussions of a new standard and that they instead desired to continue with only the P&C to avoid 'getting eaten' by challengers. However, Participant 3 saw this supposed risk of getting eaten as an opportunity to differentiate from others and reinforce DAABON's position and the DAABON concept. He pictured the opportunity for DAABON to be a first-tier company, and therefore, he took it. Also, he already contemplated the demand for more sustainable practices as an opportunity of risk mitigation, where he could move first and live up to future market requirements ahead of time. This thought process is highly consistent with DAABON's positioning strategy.

7.4.4.2 From Challengers to Incumbents: Framing DAABON's Strategic Action

Important to remark is that not only did Participant 3 effectively read DAABON's environment, he also framed a defined line of strategic action for the company. The line of strategic action was to *pursue and implement RSPO NEXT*. When Participant 3 heard of RSPO NEXT, he immediately saw it as an opportunity. Accordingly, he committed to pursue the certification, especially since he quickly realized that DAABON already complied with 50-60% of the criteria. Participant 3's rational analysis helped him stand up in the conference, where he confidently committed to implementing the standard. This public announcement represented DAABON's first pre-adoption announcement of pursuing a certification. Participant 3 took full responsibility for the decision, showing great confidence and deliberation about his decision-making and position in the DAABON. The RSPO's move to set up the RSPO NEXT established the CSPO NEXT SAF, an emergent field alternative to the CSPO SAF. From being a challenger in the CSPO SAF, DAABON stepped into the position of incumbent in the CSPO NEXT SAF.

7.4.4.3 Getting the Internal Buy-in: Mobilizing People

After his confident public statement, now Participant 3 had to 'sell the idea' internally. First of all, he had to convince his superiors that his public commitment was, in fact, an opportunity for the company. Additionally, he had to communicate the decision to his subordinates and colleagues in an effective manner. Testimonies from both levels confirm Participant 3 capability to inform about the RSPO NEXT effectively. While the employees at the DAABON Europe office were reluctant at first, Participant 3 managed to convince them. Through being a first-mover, Participant 3 helped promote DAABON's brand both with industry stakeholders and especially customers. Aslo, he was able to gather the human resources needed to accomplish the task of implementing RSPO NEXT, such as obtaining the necessary human capital through new hires for the Sustainability Department.

On the downside, Participant 3 misinterpreted some signals from the market. This misinterpretation accentuates the quality of social skill as intrinsically subjective. Participant 3, for instance, overestimated the commercial demand for RSPO NEXT. He thought the more sustainable RSPO NEXT oil would be easily sold and that the certification would generate a higher uptake. He failed to use his feedback mechanism of listening to the market, and the international offices. The feedback was that the demand would be small. Instead, he relied on the stakeholders in the RSPO and the single case of Buyer C, who had committed publicly. Additionally, he made a mostly subjective and arguably superficial evaluation of the implications of RSPO NEXT. Before committing, he did not wait for the conduction of a proper analysis of costs and revenues. Also, he did not inspect the standard in detail.

7.4.4.4 RSPO NEXT: DAABON's Strategic Move

Despite a couple of misjudgements in process, Participant 3's decision to pursue RSPO NEXT as a strategic move for DAABON came to function as a lever in the company's strategy. This situation emerged, not through in-depth analytical assessments but day-to-day working practices. By virtue of Participant 3's daily tasks such as meetings with industry stakeholders, daily contact with co-workers and superiors, and attendance to conferences, he was able to gain comprehensive insights into his company and his industry. These insights led him to identify RSPO NEXT as a favourable strategic move. Thus, apart from the official strategy of DAABON, carefully designed by the top management, there is an underlying set of emergent strategies materializing in the day-to-day business operations. In this sense, Participant 3's entrepreneurial initiative could very well be related to the emergent strategies: umbrella strategy and entrepreneurial strategy, which is depicted by Mintzberg and Waters (1985). Additionally, the fact that Participant 3 understood DAABON's environment from his perspective and even made some mistakes in his estimations, accounts for the validity of the institutionalist approach to strategy. The institutionalist approach claims that subjectivity is inevitably ingrained in the manager's thinking.

Key to mention is that sustainability directors in other organizations might not make the same reading of the situation. Hereby, we want to illustrate that Participant 3's social skill supported his ability to make a holistic, yet subjective assessment of the situation that placed RSPO NEXT in the opportunity pipeline. Then, Participant 3 was adept at effectively communicate this assessment to his superiors and his co-workers in a manner that transmitted confidence, trust, and motivation. Later, he managed to gather the necessary human resources to put his plan into action. This chain of events led to the outcome of DAABON becoming the first RSPO NEXT company worldwide. This outcome had subsequent implications for the company (see section **7.5 Implications of RSPO NEXT for DAABON**), as well as an increase in Participant's 3 personal standing, leading to a professional promotion. As to our knowledge, Participant 3 took over his new position in August 2019.

Translated to the theory of Strategic Action Fields, Participant 3 managed to seize an external shock and turn it into an internal challenge to the status quo. Mainly on behalf of Participant 3 and his social skill, DAABON managed to change its position from challenger in the CSPO SAF to incumbent in the CSPO NEXT SAF, despite being a relatively small producer with high production costs. After the new settlement of the CSPO SAF, with stricter governing logics on sustainability, only time will tell DAABON's future position.

7.5 Implications of RSPO NEXT for DAABON

In this section, we will assess the implications of DAABON's pursuit and implementation of RSPO NEXT. The implications will be evaluated on four different levels. First of all, we will portray the circumstances in the context that made it a favourable environment for implementing RSPO NEXT. Secondly, we will highlight the financial implications of RSPO NEXT, both in terms of costs and revenues. Thirdly, we will demonstrate the benefits RSPO NEXT brought as a risk mitigation tool for the DAABON. Lastly, we will reflect on the impact of RSPO NEXT on DAABON's competitive advantage.

7.5.1 Implementability of RSPO NEXT

As a beyond compliance sustainability leader, DAABON did not need to make profound changes in order to comply with the RSPO NEXT standards. Being a part of multiple sustainability initiatives, as well as transversally integrating standards from other agricultural products into palm oil had prepared DAABON to meet the high demands of RSPO NEXT. According to Participant 3, when RSPO NEXT was announced, he knew that DAABON already complied with around 50-60% of the criteria. For the remaining 40%, Participant 3 identified most as either irrelevant for DAABON (e.g. No Planting on Peat), or already a part of another certification, only needing modifications for RSPO NEXT (e.g. POIGs decent living wage methodology).

In this regard, it is also important to recognise and acknowledge the role of Participant 3 and his social skill in the adaption of the standard. He quickly evaluated the implementability of RSPO NEXT for DAABON based on his knowledge of the mechanisms in his company and the framework of certifications. This overview allowed him to efficiently proceed with implementing the RSPO NEXT, as well as identifying opportunities or holes needing to be covered. Given DAABON's beyond compliance sustainability leadership and Participant 3's highly developed social skill, we would argue that DAABON was in a comfortable position to pursue and implement RSPO NEXT. Arguably, this process would have been more challenging, extensive, and costly for companies with less developed social skill and ordinary sustainability practices. An example is Competitor A, who had a strong sustainability backbone yet had to invest heavily in improving their practices.

7.5.2 Financial Implications

In terms of RSPO NEXT's financial impact on DAABON, we would argue that the certification was not a commercial success. While Participant 3 mentioned that direct monetary gain from selling RSPO NEXT oil or Credits was never the primary objective of adopting RSPO NEXT, a full evaluation of the standard's strategic implications necessitates a financial review. In our data, we found three important aspects to highlight:

1) RSPO NEXT generated very few direct revenues for DAABON. As of our knowledge, out of DAABON's customers, only Buyer C has bought RSPO NEXT Credits.

2) The costs of becoming RSPO NEXT-certified has primarily stemmed from structural changes, auditing, staff allocation and hiring, and opportunity costs. The costs of structural changes consisted of elements such as the development of employee initiatives and fire prevention plan, as well as the need to develop studies and methodologies to comply with the standards. As with any other certification, auditing presented itself as a cost with the involvement of a third party. Regarding staff allocation, Participant 4 was moved to the Sustainability Department to manage the logistic aspects of RSPO NEXT, while Participant 7 was an external hire. Finally, the resources committed to pursuing RSPO NEXT prevented DAABON from allocating those resources to pursue other projects or opportunities.
3) Costs of RSPO NEXT have been diluted across the operations of the company thanks to its vertical integration strategy. Since DAABON upgraded their RSPO-oil to RSPO NEXT-oil, the two certifications follow the same supply chain.

Albeit Participant 3 persistently claimed that RSPO NEXT has been a success, the claim cannot be verified from a financial perspective given the available information.

7.5.3 Implications for Risk Management

As mentioned, RSPO NEXT's financial impact on DAABON can primarily be considered indirect and difficult to measure precisely. Part of the future value of the RSPO NEXT lies in its applicability as a risk mitigation tool for DAABON. We managed to identify three fundamental areas, where the adoption of RSPO NEXT will support DAABON in reducing future risks:

1) **RSPO NEXT helped DAABON prepare for RSPO P&C 2018**. The RSPO P&C include standards far higher than that of the 2013 P&C. As were highlighted in by several of our participants, the fact that DAABON already complies with RSPO NEXT almost automatically qualify the company for the updated RSPO P&C, since it is based on the criteria of RSPO NEXT.
2) **RSPO NEXT enhanced DAABON's internal robustness**. As a supply chain certification, RSPO NEXT allowed DAABON to scrutinise the entire supply chain while presenting itself as an opportunity

to increase vertical integration. Since DAABON puts a significant strategic focus on transversally implementing new standards across the organization, the additions from RSPO were extended to the rest of the Group's business units, thus adding robustness to the company.

3) **RSPO NEXT improved DAABON's traceability and transparency measures**. Implementing the RSPO NEXT component of Transparency implicated a restructuring of the entire palm oil supply chain, where DAABON set up detailed plans to trace the different oil types. This standardisation left the organisation with a better understanding of its supply chain and more transparency for its customers.

Being at the forefront of sustainability by engaging in voluntary certification schemes such as RSPO NEXT help companies such as DAABON reduce potential risks. Risk mitigation is one of the objectives of the sustainability strategies that DAABON engage with: Beyond Compliance Leadership and Eco-Branding. As a beyond compliance leader, DAABON makes sure to stay one step ahead of what is demanded of them, making them less liable to suffer from the risks that challenge competitors. Also, the Eco-Brandings strategy has supported DAABON's reputation, which means they are less likely to be blamed for malpractice. However, important to acknowledge is that DAABON also faces more scrutiny for their practices by virtue of these strategies.

7.5.4 DAABON's Competitive Advantage: Improved Positioning and Industry Knowhows

These implications lead us to assess the impact of RSPO NEXT on DAABON's competitive advantage. In brief, RSPO NEXT has strengthened DAABON's global positioning and has provided the organization with key industry knowhows. This combination could eventually serve to aid DAABON in gaining a more advantageous position in the CSPO segment in the future.

In terms of improving DAABON's global position, including the organisation's reputation, the adoption of RSPO NEXT has provided a boon in three manners. First of all, given that RSPO NEXT is a voluntary supply chain certification and DAABON status as first adopters (with high media coverage), has enhanced DAABON's image of sustainability leaders, early-responders and overachievers. At the moment of the announcement, the RSPO NEXT standards were the most demanding in terms of sustainability. In this way, DAABON's credibility and legitimacy have been reinforced, adding to their overall reputation. Based on our data, we would argue that DAABON's image has benefitted from being positioned in the 'green leadership' space, especially considering the controversial reputation of the palm oil industry. This argument is backed by several interview participants, who informed us that RSPO NEXT helped open conversations with clients and strengthened the existing relationships with them.

If we look at the specific industry knowhows acquired during the process, a key aspect to mention is DAABON's strategy to launch their own certification scheme called TRUST. TRUST is one reason for DAABON's eager to obtain certifications, as each certification brings learnings that assisted in the design of TRUST. From RSPO NEXT, learnings mainly materialized from the areas of HCS and human rights. While DAABON plans to launch TRUST as an open-source scheme, the certification would also be the culmination of a strategic long-term branding campaign. TRUST is DAABON's next step to differentiate. They intend to leverage the traceability, transparency, and legitimacy throughout their supply chain. The plan is to offer the certification to smallholders, who are not able to be certified on their own and cover them by the umbrella of DAABON. In other words, DAABON goal is to funnel the good reputation the organisation has built through certifications into TRUST. In summation, we will argue that the competitive advantage of the company has been enhanced through RSPO NEXT by improving reputation and increasing industry knowhows while reducing overall risks.

8.0 Conclusion

In March 2019, we visited Colombian company DAABON to investigate the role of sustainability certifications within the palm oil industry as an instrument for strategists. We decided to focus on RSPO NEXT and more particular DAABON as the first company worldwide to be certified RSPO NEXT in 2017. Therefore, we asked: **What are the strategic implications of the RSPO NEXT certification for DAABON's competitive advantage?**

To examine such a complex industry from a theoretical standpoint, we decided to employ the theory of Strategic Action Fields. We used the SAF theory to describe how sustainable palm oil producers gravitate and interact within this segment. Proposed by Fligstein and McAdam (2011), we believe it provides a holistic explanation for why change occurs in different societal spheres, motivated by 'strategic action' and the aim of obtaining a *better position*. In doing so, the concept of social skill promptly stood out as it is what drives actors to define and pursue strategic action effectively. As we were investigating a business segment, we believe it made sense to combine this theory, particularly the concept of social skill, with what academics have been studying in the realm of business. More specifically, in order to account for and describe how companies attempt to gain that *better position*, i.e. business strategy. Keeping in mind DAABON's competitive advantage as an end goal, we inquired: **How has DAABON leveraged social skill within the Certified Sustainable Palm Oil segment?** By bringing these two questions together, we came up with our research question:

How has DAABON leveraged social skill within the Certified Sustainable Palm Oil segment; and what are the strategic implications of the RSPO NEXT certification for DAABON?

We delved into these questions by three fundamental means. We reviewed the academic literature on palm oil and sustainability strategies, visited DAABON facilities in Santa Marta, and interviewed a number of selected stakeholders internal and external to the company.

Regarding the first half of the research question, Participant 3's social skill played a determining role in the company pursuing RSPO NEXT. We put forward this claim, since Participant 3's behaviour and actions in relation to RSPO NEXT fulfilled the three components that conceptually constitute social skill: the ability to i) read people and environments; ii) frame lines of strategic action; and iii) mobilize people in the service of the action frames.

In terms of reading people and environments, Participant 3 anticipated the potential consequences of RSPO creating RSPO NEXT. He imagined the asymmetry in the CSPO segment that such a move would generate. In this regard, he was able to foresee the reaction of other RSPO members, including the fear of a two-tiered system with forward-thinking overachievers and regular companies, who would fall behind. He pictured the situation as an opportunity for DAABON to be a first-tier company. Furthermore, he already contemplated the demand for more sustainable practices as an opportunity for risk mitigation, as he would be able move first and live up to future market requirements ahead of time. Finally, he did all this, keeping in mind DAABON's positioning strategy as an overarching theme and consideration that would frame his lines of actions. As he declared himself, he knew his system very well. Translated to the Strategic Action Fields theory it means that he was able to read people and environments effectively.

On the second component, the ability for framing lines of strategic action, DAABON ability to leverage social skill seems more evident. The line of strategic action was to pursue and implement RSPO NEXT. In order to use RSPO NEXT as a strategic move to be perceived as a first-mover overachieving company, DAABON needed to move fast and first. Participant 3 acted quickly and decisive when he announced publicly in the conference that DAABON would be the first company worldwide to implement RSPO NEXT. This bold move was possible thanks to the previous component, i.e. Participant 3's knowledge about his system. He knew the company already complied with 50-60% of the RSPO NEXT criteria. In the Strategic Action Fields theory nomenclature, RSPO's move to set up the RSPO NEXT and the related public announcement established the CSPO NEXT SAF, an emergent field alternative to the CSPO SAF. Through this public announcement, Participant 3 helped DAABON to get an advantage in vying for the position of incumbency in the new CSPO NEXT SAF.

Finally, Participant 3's ability for mobilizing people in the service of the strategic action helped him to sell RSPO NEXT internally in a successful manner. Testimonies from superiors confirm that Participant 3 both informed about the RSPO NEXT adoption and sold the idea of said adoption quite effectively. Additionally, testimonies from Participant 3's co-workers suggest that he was able to motivate his employees in a very effective manner as the sustainability team quickly embraced the RSPO NEXT opportunity.

Concerning Participant 3's social skill, there were also a couple of downsides. For instance, Participant 3 overestimated the commercial demand for RSPO NEXT. He thought the more sustainable RSPO NEXT oil would be easily sold and that the certification would generate a higher uptake. He failed to use his feedback mechanism of listening to the market, and the international offices. The feedback was that the demand would be small. Instead, he relied on the stakeholders in the RSPO and the single case of Buyer C, who had committed publicly. It seems Participant 3 misinterpreted some signals from the market. This misinterpretation accentuates the quality of social skill as being intrinsically subjective.

Regarding the second half of the research question, DAABON's particular context is key to understand in which ways RSPO NEXT influenced the company. In a schematic manner, the results of this study indicate the following implications for DAABON:

1) **RSPO NEXT implementation was smooth and not resource-intensive for the company**. Around 50% of the requirements were met before pursuing the certification, and the other half were easily implementable.

2) **RSPO NEXT was not a direct commercial success for the company**. Since the market uptake was low, the related demand for RSPO NEXT was small. Therefore, DAABON was only able to sell very few credits of RSPO NEXT oil.

3) **RSPO NEXT has benefitted DAABON by**:

   A. **Mitigating risks for the company**. RSPO NEXT helped DAABON adapt to the RSPO P&C 2018 before their competitors. It also strengthened the robustness and increased transparency of DAABON's supply chain.

   B. **Improving positioning**. RSPO NEXT increased DAABON's image of sustainability leaders, innovators, and overachievers, all as part of their positioning strategy.

   C. **Bringing industry knowhows**. RSPO NEXT provided learnings that will ultimately help build DAABON's TRUST scheme, which is part of the company's long-term strategy.

Overall, Participant 3's applied his well-developed capacity to understand his department, his company's capabilities, his customers, and the overall industry together with his ability to frame lines of strategic action effectively. This combination helped him identify RSPO NEXT as an opportunity and as easily achievable for DAABON. Participant 3's social skill resulted in DAABON's pursuing RSPO NEXT, which, according to our findings, have strengthened the company's position and competitive advantage overall. Thus, it has allowed the organization to enjoy a more advantageous position in the CSPO segment and the palm oil industry. However, we should be cautious about the dimensions of this increase as it has not been properly analysed from a cost-revenue standpoint.

8.1 Theoretical Implications

One fundamental implication this paper holds for the academia stem from the nature of the project itself of having applied a specific theory to a specific reality. Another implication is the conceptual bridge we proposed in section **2.2 Social Skill & Business Strategy: Bridging the Gap Between Theories**. The present research project represents one of the few written examples of applying the Strategic Action Fields theory to the economic realm and its orders (markets or industries). Additionally, with great confidence, we claim that no other researchers have applied Fligstein and McAdam's (2011) perspective to the palm oil industry prior to this work. Overall, the theory has proved useful and valuable when identifying the different elements within the CSPO segment, their role, and how they interact. Nonetheless, probably the most significant contribution of the Strategic Action Fields theory to the economic realm is its ability to account for and describe how and when change occurs (external and internal shocks), and how a new settlement is driven. The concepts proposed by this theory have been able to describe the complex business segment of CSPO effectively. Also, it can account for the subsequent moves of the actors in and outside the CSPO SAF, who use strategic action to gain an advantageous position over others within the field according to the governing logics.

Furthermore, in section **2.2 Social Skill & Business Strategy: Bridging the Gap Between Theories**, we presented a conceptual bridge that combines the two academic areas, institutional theory, and business strategy. With great confidence, we proclaim that the Theory of Strategic Action Fields has never been combined with Porter's Five Forces or with the Emergent Strategy approach before. As a case study, our paper shows that, the linkage between the concept of social skill and business strategy seems to be profound and rooted in the aim of actors (companies) within a field (segment or industry) to define lines of strategic action in order to gain an advantageous position. Accordingly, Participant 3 highly developed social skill has helped DAABON successfully navigate through the intricate and complex web of Certified Sustainable Palm Oil.

Thanks to Participant 3, the company pursued the opportunity of RSPO NEXT to improve the overall competitive advantage, which is the ultimate objective of business strategy. However, more research should be conducted into the relationship between social skill and the increase of a company's competitive advantage to ensure that our findings are applicable on a broader level.

8.2 Practical Implications

Regarding the implications of this project for practitioners (such as business strategists and managers), there is one remarkable and fundamental learning. Given the current global situation within the CSPO segment, and although RSPO NEXT brought benefits to DAABON, we do not recommend palm oil producers to join the RSPO NEXT certification scheme. We claim this for the following reasons:

1) **RSPO NEXT is difficult to sell.** The certification offers little to nonfinancial return as there is little added perceived value for consumers. We believe this is due to the lack of a commercial stamp and its complexity. On the former, unlike with RSPO, RSPO NEXT does not feature a stamp for consumers. Therefore, it would be difficult for them to perceive the extra value. Additionally, on the latter, the credit system appears to be very complex to explain. DAABON representatives acknowledged they faced a hard time trying to sell RSPO NEXT to the company's international offices as the concept itself is complicated.
2) **RSPO NEXT now seems irrelevant.** Given that RSPO new P&C 2018 cover fully RSPO NEXT standards, the certification has devaluated its value proposition. There are no incentives for companies. It will not be a sustainability differentiating factor as the RSPO certification will be on the same level sustainability-wise. Therefore, it would not strengthen a given sustainability strategy. We have even heard unofficially that RPSO NEXT could eventually disappear altogether.

For these reasons, we believe it is currently unwise to spend economic and human resources on being certified RSPO NEXT. Therefore, companies should try to find green differentiation by engaging in other innovative and even more sustainable initiatives. In any case, there remains uncertainty around the logic behind the creation of RSPO NEXT. Unfortunately, we were denied talking with the people behind the certification. From the outside and on a speculative mindset, it feels somehow that RSPO as an organization launched RSPO NEXT strategically to help cope with the global pressure. Under this vision, RSPO NEXT would have been RSPO's response to global turmoil, so palm oil-related stakeholders patiently waited for new P&C 2018. However, this is just a mere suspicion, and no evidence backs this up. Nevertheless, it would be of great interest to investigate what are the competitive dynamics of multi-stakeholder initiatives and how they strategically interact with one another.

8.3 Limitations

We do not have an objective way to measure the cost-benefits of certifying for DAABON, we did not get the opportunity to interview anyone from the Financial Department or review the company's financial records. To draw a full conclusion on the resource-related implications, a rational and objective analysis of attached costs and generated revenues, as well as a weighted financial value of the benefits that RSPO NEXT has brought to the company, should be conducted. The lack of said analysis has limited our ability to analyse the impact of the certification quantitatively.

Furthermore, as our findings are reliant on the experience of the participants, it is subjectively driven and can be affected by memory, the desire to be seen in the best light and perspective of the participant. In this regard, the repeatability and generalisability of our case study is limited, as the research undertaken is unique to the context in which it happened. Inherent in critical realism is the understanding that the objective reality is processed through the sensations and experiences of people. However, the interpretations of the individual together scoped through our analysis of said interpretations meaning that the understanding of the objective reality is on two levels. In terms of the participants, we managed to interview 16 people in 17 interviews out of the 40 individuals that we contacted. All but one of the RSPO and RSPO NEXT representatives we contacted did not show interest in participating in the study. Thus, a limitation is the lack of inside perspectives from the decision-makers behind the RSPO NEXT. Also, more interviews could have bolstered our case further.

8.4 Future Research

In terms of considerations for future research, we find it possible to proceed in several directions with this research topic. We propose three areas as highly intriguing and relevant for potential future research. Firstly, we want to open the conceptual conversation of bridging the fields of strategy and institutional theory, specifically the Strategy Action Fields theory, and, accordingly, encourage social scientists to test the validity of this conceptual bridge. More research on the potential causality and positive correlation of social skill and business success is desirable.

Another option could be to conduct a comparative study of the adoption of the RSPO P&C 2018 pitting RSPO NEXT-certified companies against regular RSPO-certified companies, looking into factors such as ease of implementation, competitive advantage, and costs of certifying. Related to the last element, an in-depth cost-benefit analysis of the financial implications of certifying would be relevant to research further. It could also be interesting to dive deeper into the cultural, price, and market differences between Latin America and Southeast Asia in terms of the RSPO NEXT certification. A comparative case study between the RSPO NEXT-certified companies could add more generalizable learnings to the context of RSPO NEXT. While we did interview another RSPO NEXT-certified actor, we reached out to two more stakeholders who could have given us a more fundamental understanding of the uniqueness of DAABON's case. Also, it could have allowed us to potentially establish causal relationships between the impacted areas of the business.

Several interviewees expressed concerns about smallholders not being able to comply with the new updates becoming increasingly demanding and complicated (Participant 6; Participant 7; Participant 8). They argued that it would risk creating a bigger division between those who can be certified and those who cannot live up to the new standard, such as smallholders (Participant 7; Participant 8). However, Participant 16 informed us that the RSPO is currently in the process of developing simpler certifications for smallholders to combat these issues. More research could be done into critically reviewing RSPO's relationship with smallholders, adding the context of the updated RSPO P&C. A relevant area would be analysing the TRUST initiative within the context of RSPO's Smallholders Certification and other smallholder initiatives.

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[i] Own design based on Fligstein & McAdam (2011).

[ii] Own design based on Fligstein & McAdam (2011).

[iii] Own figure.

[iv] Own design based on Rickard (2015).

[v] Own design based on Porter (1979).

[vi] Own design based on Mintzberg & Waters (1985).

[vii] Own design based on Raynard et al. (2015).

[viii] Own design based on Brown & Jacobson (2005); Rainforest Rescue (n.d.); Berger (2010).

[ix] Own design based on USDA (2019).

[x] Own design based on (RSPO (b), n.d.); (RSPO (c), 2005); (POIG, n.d.).

[xi] Own design based on Orsato (2009).

[xii] Own design based on Orsato (2009).

[xiii] Own design based on DAABON Group (b) (2019).

[xiv] Own design adapted from Kvale (1996).

[xv] Own design based on Creswell & Creswell (2018).

[xvi] Own figure based on interview data.

[xvii] Own table based on interview data.

[xviii] Own figure based on interview data.

[xix] Own figure based on data analysis and Porter (1979).

[xx] Own figure based on data analysis and Fligstein & McAdam (2011).

[xxi] Own figure based on data analysis.