



Master's Thesis Internship
Sustainable Business and Innovation

A firm level analysis of the effects of
private initiative adoption for
sustainability

A case study of KLM Engineering & Maintenance

Muck de Roij 6231624

M.c.deroij@students.uu.nl – 0618010644

UU Supervisor: Agni Kalfagianni

2nd Reader: Iris Wanzenböck

KLM supervisor: Hasher Ahmadi

29 June 2020

Word count [17060]

Abstract

In this study, the organisational change effects of private initiative adoption regarding sustainability are investigated on the internal level of the firm. Private initiatives are expected to cause organisational change effects, but these are rarely examined in the literature. On the basis of a case-study, this thesis examines five organisational change effects: (I) Increased transparency regarding the accessibility of information about sustainability (performance). (II) The development of a sustainability culture by effecting corporate values regarding sustainability e.g. social, environmental and economical. (III) Improved internal communication by providing tools for clear communication to raise awareness about the sustainability efforts of the firm and to engage with internal stakeholders. (IV) Organisational change effects regarding the engagement to various internal stakeholder groups to enable their contribution to corporate sustainability. Lastly, (V) Changes in decision making by taking leadership and embedding sustainability in decision making. Overall, the evidence shows that private initiative adoption affects firms internally. This means that when firms commit to sustainability, private initiatives are often used as tool to embed sustainability values into the firm's operations. Yet, whether the effects are observed depends on the efforts made by firms to internalise sustainability. Therefore, this study provides implications on how firms could benefit from private initiative adoption to increase corporate sustainability.

Executive summary

Nowadays, firms get pressured by governments, customers and other stakeholders to change their current way of business towards more sustainable practices. In order to engage to sustainability private initiatives are used as tool to enable the execution of sustainability and to enhance transparency regarding their sustainability performance. These private initiatives used are non-legal voluntary goals, commitments or standards adopted by firms. This study provides insights in the organisational change effects of these adopted initiatives on firms. Figure A shows the effects studied in this thesis. Sustainability culture is centred in the figure as the other effects are depended on how sustainability values are embedded at the firm and its culture.

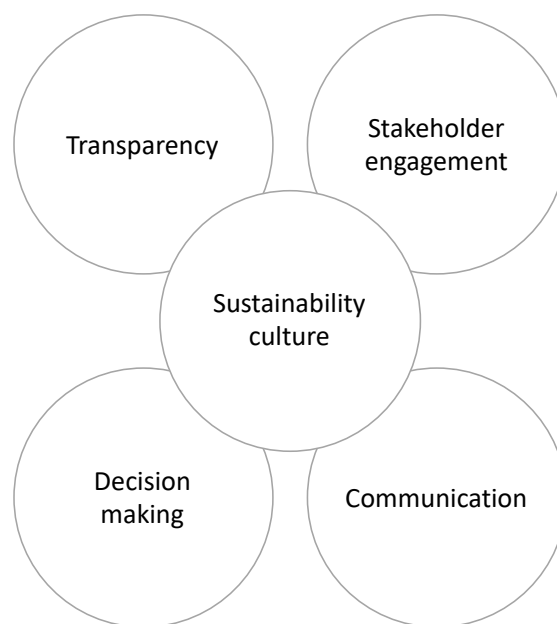


Figure A. Researched indicators

Additionally, the results of this study suggest deviation between reported initiatives in Corporate Social Responsibility (CSR) reports and the execution of private initiatives. For example, in the CSR reports, employees are seen as one of the key stakeholder groups of which a misconception regarding the internal engagement to employees could be observed as they often feel not enabled to contribute to sustainability. To enable internal stakeholders to contribute, leadership by management must be taken and information regarding performance, goals and policies should be accessible and communicated to raise awareness. Yet, management should facilitate the integration of sustainability by taking leadership, and thus, action upon executing the adopted private initiatives. Next to that, communication to inform employees about sustainability efforts, goals and relevance facilitates changes regarding sustainability

integration. As the figure above shows, the studied effects should be harmonised to increase the firms' sustainability by private initiative adoption.

To enhance internal transparency, private initiatives could support the availability of sustainability related information. The accessibility of information should be facilitated by the firm to enable employees to contribute. Additionally, internal stakeholder engagement is crucial to internalise sustainability into the firms' values and objectives. By embedding sustainability into managerial values sustainability can be integrated into strategy, and decision making which enables the execution of private initiatives. Therefore, embedding sustainability into managerial values and decision making facilitates the firms' sustainability.

Overall, to enhance corporate sustainability, private initiatives are useful to guide sustainability adoption by firms. The organisational change effects of private initiative adoption depends on the firms' approach of internalising sustainability. Therefore, the effects of private initiative adoption regarding internal communication and taking leadership are crucial to address sustainability facilitated by the adoption of private initiatives.

[392 words]

Table of contents

1	Introduction	1
2	Theoretical framework	4
2.1	<i>Transparency</i>	5
2.2	<i>Sustainability culture</i>	6
2.3	<i>Communication</i>	7
2.4	<i>Stakeholder engagement</i>	8
2.5	<i>Decision making</i>	9
3	Methodology	11
3.1	<i>Case-study</i>	11
3.2	<i>Research design</i>	12
3.3	<i>Operationalisation of the tested variables</i>	14
3.4	<i>Data analysis</i>	16
3.5	<i>Quality of the research</i>	17
4	Results	19
4.1	<i>Ten years of developments and change in private initiative adoption</i>	19
4.2	<i>Transparency</i>	23
4.2.1	<i>Traceability and accessibility of information</i>	23
4.2.2	<i>Responsibility of information disclosure</i>	25
4.3	<i>Sustainability culture</i>	26
4.3.1	<i>Sustainability objectives & shared values</i>	26
4.3.2	<i>Sustainability as managerial value & leadership</i>	28
4.4	<i>Communication</i>	29
4.4.1	<i>Communication towards internal stakeholders</i>	29
4.4.2	<i>Communication efforts to raise awareness among employees</i>	30
4.4.3	<i>Communication to facilitate sustainability engagement of employees</i>	31
4.5	<i>Stakeholder engagement</i>	32
4.5.1	<i>Stakeholder involvement in corporate sustainability</i>	32
4.5.2	<i>Engagement to various internal stakeholder groups and enabling dialogues</i>	33
4.6	<i>Decision making</i>	34
4.6.1	<i>Sustainability measures in decision making</i>	34

4.6.2	Sustainability objectives in the firm’s mission, vision and strategies	35
4.6.3	Long-term performance in decision making.....	36
4.7	<i>The Covid-19 pandemic and the effects of private initiative adoption.....</i>	<i>37</i>
5	Discussion.....	38
5.1.1	Implications of the findings	38
5.1.2	Managerial implications	45
5.1.3	Limitations of the study	46
5.1.4	Implications for future research.....	47
6	Conclusion.....	49
7	Acknowledgements.....	50
8	References	51
8.1	<i>List of interviewees</i>	<i>55</i>
9	Appendix 1. Interview guide	56
9.1	<i>Interview guide top management.....</i>	<i>56</i>
9.2	<i>Interview guide middle management.....</i>	<i>58</i>
9.3	<i>Interview guide employees</i>	<i>60</i>
10	Appendix 2. Interview transcriptions.....	Fout! Bladwijzer niet gedefinieerd.

1 Introduction

In the last decade sustainability gained more importance to companies which caused them to increasingly adopt all kinds of practices to improve their sustainability performance (Eccles, Ioannou & Serafeim, 2014). Sustainability in the context of firms is defined as: “*adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future*” (IISD, 1992; cited in Labuschagne et al., 2005; p.373). In this study this definition is used to define corporate sustainability. This definition coincides with the triple bottom line of equally including social, environmental and economic factors, so-called sustainability values (Elkington, 1998).

To integrate sustainability within a firm, private rule making employing private standards and initiatives, is a common firm practice (Braam & Peters, 2018). These are a form of private governance with voluntary regulations or goals that firms use to validate their sustainability activities (Eccles, et al., 2014). Generally, standards are seen as a tool for transparency to enhance the firm’s reputation and to respond to stakeholder demands (Eccles, et al., 2014; Vigneau, et al., 2014; Lozano, 2015). In this thesis, all forms of private governance such as private standards, reporting, certifications and rulemaking by firms in the context of sustainability will follow the umbrella term “private initiatives”. Thus, all commitments by firms related to (assessing) sustainability have been assessed and thus, all kinds of standards regarding sustainability have been taken into account in this thesis.

Currently scholars focus on the external effects of private initiatives e.g. the effectiveness of private initiatives that firms adopt to enhance sustainability (Dietz, Grabs& Chong, 2019; Lambin & Thorlakson, 2018). Yet, other researchers argue that firms also use these private initiatives to assess their internal sustainability performance. However, scholars observe that firms often “just” fulfil the requirements of the standard (Vigneau, Humphreys & Moon, 2015). This implies that firms could adopt private initiatives to legitimise their business activities instead of increasing their sustainability performance. This is crucial because it is at the level of the firm where change occurs when is committed to sustainability.

Nevertheless, current scholars paid little attention to the firm level effects as a result of private initiative adoption (Eccles, et al., 2014; Lozano, 2013; Maas, et al., 2016; Lahtinen, et al., 2018; Vigneau, et al., 2015). Considering the relevance of sustainability to firms, this thesis fills this gap in literature by providing empirical insights in the organisational change effects of private initiative adoption for sustainability by researching the following question:

How does the adoption of private initiatives affect corporate sustainability at the firm level?

To answer this question, this thesis approaches the organisational change effects of private initiative adoption on the firm level from organisational change management and private governance literature in the context of sustainability. This is because organisational change is needed when committing to private initiatives (Lozano, 2013; Vigneau et al., 2015). Firms have to change various micro-processes according to operate private initiatives and standards, such as compliance (Eccles, et al., 2014; Vigneau, et al., 2015). Based on change management literature, different factors have been identified and are studied as effect of private initiative adoption in this study.

The scope of the research is defined as the firm level of a company, in the manner that the case-study research at KLM provides insights in the change processes and organisational change effects occurring according to internalisation of sustainability by private initiative adoption. By performing this case-study, empirical evidence could be found in this relatively new researched phenomenon.

The theoretical contribution of this study by answering the research question is by providing empirical insights in the organisational change effects that private initiative adoption has on firms as this is lacking in current literature. This is valuable as currently empirical evidence about the effects that private initiatives have on firms, is missing. Aside from this, the developed theoretical framework combines two different literature streams to test the phenomenon of the effects of private initiative adoption on firms. Moreover, this study also contributes as well to building empirical evidence about the accountability of firms towards addressing social and environmental issues such as climate change by means of private initiatives. Yet, the main theoretical contributions come from the empirical insights of the organisational change effects of private initiative adoption on the level of the firm. Through the results of this study, internal

changes towards internalising sustainability based on private initiative adoption become clearer. Therefore, this study contributes theoretically to laying foundations for future research in the field of effective private initiative adoption by firms, by providing empirical evidence based on the developed theoretical framework.

The societal relevance of the study can be found in the motivation of firms to commit to private initiatives to enhance the accountability and legitimacy of the firm's sustainability performance (Matz, 2005; Schaltegger & Hörisch, 2017). By laying foundations on researching the underlying effects of private initiative adoption by firms regarding the adoption of sustainability values accordingly, optimisation of internalising sustainability could be reached. Furthermore, firms could become more aware of how they operate on sustainability by using private initiatives and evaluate whether there is room for improvements. Therefore, this research provides empirical evidence that is socially relevant in providing evidence on how firms could improve on the different effects of adoption to improve their sustainability performance and thus take responsibility for their actions towards society.

Furthermore, answering the research question provided insights into how change effects by private initiative adoption occur in the context of the firm. Consistent with the possibility of the occurrence of the effects as researched, were formulated in the hypothesis to enable testing how private initiatives cause various effects. Additionally, an important implication of this study is that the management of the firm should show leadership in the field of sustainability in order to support internalisation, and effectively adopt and execute private initiatives. Therefore, the empirical evidence found regarding the studied effects enables future research in order to increase corporate sustainability according to the adoption of initiatives and standards.

The thesis is structured as follows. Section two elaborates the theoretical framework. Section three explains the used methodology. Section four presents the results of the study. Sections five and six present the discussion and conclusion respectively, including the limitations of the study and implications for further research.

2 Theoretical framework

In this section the theoretical framework of this thesis will be explained on which potential effects have been built and tested by a case-study. The following five indicators as potential organisational change effects of private initiative adoption will be described: (2.1) transparency, (2.2) sustainability culture, (2.3) communication, (2.4) decision making and (2.5) stakeholder engagement. Methodologically, the indicators mentioned above and described in the sections below are used to test whether empirical evidence about the organisational change effects as result of private initiative adoption by firms could be observed.

One of the foundations of this theoretical framework lies in private governance literature. This private governance literature aims at voluntary self-regulation to private companies (Vatn, 2018). This private governance literature is about voluntary regulations, which are ‘soft’ law, compared to formal regulations and policies (hard law) set by governments. From these private soft regulations emerge private standards, which are non-legal forms of regulation at an international level. According to this literature, the emergence of private standards increases the legitimacy and accountability of firms to become part of the solution of societal concerns such as climate change (Bernstein, 2011; Vigneau, et al., 2015). Especially since sustainability becomes increasingly important to firms, firms adopt private standards to regulate and prove their sustainability performance (Fransen, 2018; Tröster & Hiete, 2018). They adopt private standards as set of guidelines to “*monitor and improve its environmental performance*”, to enhance corporate sustainability (Atkinson, 2000, p. 235). Corporate sustainability is defined in this thesis as follows: *Corporate activities that include social and environmental dimensions next to economic by aiming for long-term results* (Lozano, 2015). In this study, next to private standards, other non-regulatory voluntary commitments in the context of sustainability are assessed as well e.g. sustainability reporting, sustainability goals, targets and other voluntary regulations by firms. Therefore, to cover also more extensive private governance commitments made by firms, the umbrella term of “private initiatives” is used.

Besides governance literature, change literature is used to test whether there occur changes when firms adopt private initiatives. Various scholars state that it is evidential that organisational change is a consequence of sustainability commitments (Millar, Hind & Magala, 2012; Eccles, et al., 2014; Vigneau, et al., 2015; Domingues et al., 2017). Considering the

adoption of private initiatives, to enhance corporate sustainability, a firm's internal processes are affected as well (Eccles, et al., 2014). As the internalisation of specific practices is needed, for example to embed sustainability by private initiatives into the firms' compliance (Millar, et al., 2012; Eccles, et al., 2014). Therefore, in the context of the adoption of private initiatives, to enhance corporate sustainability, organisational change theory could thus contribute to analysing the organisational change effects accordingly. Subsequently, the identified changes as result of the adoption of private initiatives, to embed sustainability into the firm, are seen as effects.

Both of the theories of private governance and organisational change could not explain the phenomenon of the organisational change effects of private initiative adoption from the firm level. Based on an extensive literature review five indicators, could be identified as potential organisational change effects of private initiative adoption. Therefore, the effects are based on a theoretical framework covering scholars that focus on private governance as well as scholars that focus on organisational change theory in the context of corporate sustainability. This has resulted in the development of the following five potential effects that have been tested in this thesis by performing a case-study.

2.1 Transparency

A key element of firms to perceive legitimacy and accountability, according to Vigneau, et al., (2015) is transparency which can be achieved by the compliance of standards e.g. reporting. Transparency can increase the sustainability performance of the firm as the traceability, the information disclosure and the impact become honest and straight forward. Supply chain information is traditionally collected and justified within certifications schemes, reports and other private initiatives (Gardner, et al., 2019). Yet, transparency contributes to sustainability governance in which the effectiveness of private initiatives increases. Transparency is often seen as a range of criteria to increase sustainability performance related to "*observation, monitoring, surveillance, mandatory and voluntary disclosure, dissemination, reporting, marketing, complaints and verification*" (Gardner, et al., 2019; p. 165). Schnackenberg & Tomlinson (2016) define transparency as: "*the perceived quality of intentionally shared information from a sender*" (p. 1788). This relates to the quality about the contribution of the shared information to the general understanding of transparency in disclosing information. In terms of corporate accountability, transparency relates to both internal as external knowledge

concerning the firms' performance on which corporate responsibility strategies are built (Eccles, et al., 2014; Gardner, et al., 2019).

Overall, literature shows that firms tend to use these private initiatives as an instrument to enhance transparency internally and increase their sustainability performance, which is a possible effect of adopting private initiatives (Eccles, et al., 2014). Therefore, the following hypothesis is formulated:

H1: The adoption of private initiatives increases the transparency of information disclosure regarding sustainability by providing accessibility as perceived by internal stakeholders (employees).

2.2 Sustainability culture

Considering the (I) sustainability culture within a firm, private initiatives aim to influence the organisational culture regarding sustainability (Linnenluecke & Russell, 2009). Organisational culture is influenced by people's values and beliefs which leads to a certain understanding of people about sustainability (Linnenluecke & Russell, 2009). The adoption of private initiatives contributes to better understanding and awareness about sustainability among internal stakeholders (Domingues, et al., 2017). The sustainability culture of the firm could foster change processes accordingly. Organisations consist of different subcultures of people who see sustainability differently. These subcultures could drive or hamper sustainability within the firm (Thakhathi, le Roux & Davis, 2019). Sustainability culture can be defined as the engagement of people with sustainability on the firm level, in which culture and leadership emphasises the principles of economic, social, and environmental responsibility (Salvioni, et al., 2018). Another study suggests that the diffusion of knowledge about sustainability by firms' management offered by private initiatives, is crucial for successful implementation of sustainability into the culture of the firm (Linnenluecke & Russell, 2009). Especially, the integration of sustainability as part of the managerial culture is seen as well as crucial to integrate and promote sustainability within the firm (Salvioni, et al., 2018; Domingues, et al., 2017). Additionally, private initiatives affect the firm's culture by embedding shared values into the firms' management as result of aiming for effectively integrating sustainability. These values could be seen as "sustainability objectives" whereby firms distinguish economic values as well by environmental and social objectives (Salvioni, et al., 2018). Besides, the private

initiatives provide shared values and conditions for behaviour which results in a sustainability culture.

In short, it is expected that, when sustainability is part of the organisational culture, shared principles guide behaviour in the entire organisation (Salvioni, et al., 2018). Therefore, the following hypothesis is formulated:

H2: The adoption of private initiatives enables to incorporate sustainability as part of the firm's organisational culture.

2.3 Communication

Moreover, (II) communication is another effect that could result from adopting private initiatives. The success of change processes towards an increased sustainability performance is dependent on communication (Maas, et al., 2016; Schönborn, et al., 2019). Generally, according to private initiatives, sustainability communication increases transparency and leads to more responsible behaviour (Suchmann, 1995; Eccles, 2014; Vigneau, et al., 2015). In the case where sustainability performance is communicated by private initiatives, communication could increase the firms' societal value and enhances the reputation in which the standard is used as tool (Camilleri, 2015). Furthermore, communication with stakeholders is key in the legitimacy of firms' claims they make according to the used private initiatives (Hossain, et al., 2019). Sustainability reporting is especially used as a communication method between firms and their stakeholders to share behaviour, social values and attitudes towards the world and environment (Godemann & Michelsen, 2011).

Scholars distinguish sustainability communication in firstly, communication about sustainability, which should lead to the exchange of perspectives and discussion with different stakeholder groups e.g. political and scientific. Secondly, there is communication of sustainability communication that is managerial and focusses on sender-receiver which could be NGOs and firms raising attention to sustainability issues in society. This form of communication is most applicable to the context of a firm to open dialogues in communicating for sustainability in order to raise awareness (Fischer, 2016). Raising awareness by communicating can be explained by rhetoric communication which stimulates the receiver of the communication to become more sustainable (Hossain, et al., 2019).

To conclude, sustainability communication could contribute to raising awareness and could be a possible effect of the adoption of private initiatives. Therefore, hypothesis three is formulated as follows:

H3: The adoption of private initiatives enables sustainability related communication to increase sustainability awareness among its employees.

2.4 Stakeholder engagement

To align the organisational sustainability performance, different stakeholder groups should be linked to, and thus engaged with to increase a firm's sustainability performance by (III) stakeholder engagement. Strong stakeholder engagement enables firms to anticipate quicker on changes (Ayuso, 2011). Stakeholders are "*any group or individual who can affect or are affected by the achievement of the organisation's objectives*", thus, both internal and external of the firm (Freeman, 1984, p. 46). AccountAbility (2015) define stakeholder engagement as "*The process used by an organisation to engage relevant stakeholders for a clear purpose to achieve accepted outcomes. It is now also recognised as a fundamental accountability mechanism, since it obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance.*" (p. 6; Kaur & Lodhia, 2018). To execute sustainability strategies, stakeholder engagement is crucial to measure the execution of sustainability strategies by a firms' management (Eccles, et al., 2014). Therefore, this study will focus on internal stakeholders as coordination of management is crucial to engage to stakeholders (Salvioni, 2018). Private initiatives could enable dialogues with different stakeholders by providing transparency in communicating sustainability efforts (Vigneau, et al., 2015). Moreover, private initiatives enable to communicate both financial and non-financial, sustainability measures, e.g. to disclose information to different stakeholders which leads to stronger stakeholder engagement strategies (Hoque, 2017). The primary function of using private initiatives e.g. reporting is for information and transformation disclosure. These transformations occur within firms by integrated thinking, which is facilitated by private initiatives which include the firm's accountability towards legitimating their needs and interests (Eccles & Serafeim, 2012). When firms adopt private initiatives, stakeholder engagement is expected to create value based non-financial incentives, e.g. social and environmental (Salvioni, 2018). Internally of the firm, stakeholders can be engaged by means of education and communication (Herremans, Nazari, & Mahmoudian, 2016).

To conclude, it is expected that stakeholder engagement is an effect, crucial for coordinating sustainability when firms adopt private initiatives and initiatives. Therefore, the following hypothesis is formulated:

H4: The adoption of private initiatives affects internal stakeholders' engagement by involving them in the process to increase the firm's sustainability performance.

2.5 Decision making

Lastly, because of adopting private initiatives, (IV) decision making processes of firms are expected to be affected by committing to sustainability. Firms get the potential to better align economic values and goals with social and environmental strategies. In decision making processes, the environmental and social initiatives to measure performances are emphasised when adopting private initiatives (Eccles, et al., 2014). By incorporating private initiatives and sustainability objectives, decision making, and strategic planning processes could be better aligned according to the purposes of these initiatives (Adams, 2015; De Villiers, Rouse & Kerr, 2016). Regardless of the adoption of private initiatives, trade-offs in decision making processes are ineluctable but enable the development of societal value through sustainability related activities by the firm (Baumgartner & Rauter, 2017).

Notwithstanding, the adoption of sustainability in decision making can be observed by the recognition of non-financial responsibility towards top-management and strong leadership to make sustainability a business case by shifting towards long-term orientation and performance to get competitive advantages aside (Eccles, et al., 2014; Adams, 2015). The long-term orientation of the firm is defined by Le Breton–Miller& Miller, as five years or more (2006). Generally, the sustainability strategy of the firm, influences decision making processes, and awareness of management and is thus crucial in increasing the firm's sustainability performance (Eccles, et al., 2014). In decision making processes, transparency and communication influence internal processes regarding decision making, as well as the firms' strategy, which are crucial to enhance sustainability (Lozano, 2015; Hummel & Schlick, 2016; Schaltegger & Hörisch, 2017). Additionally, the implications of decisions, actions and consequences should be understood by managers in decision making processes to enhance sustainability performance (Epstein & Roy, 2001). By adopting private initiatives and integrating them into managerial values, it could be observed that this results in long-term decisions to increase the firms' sustainability performance. Furthermore, the adoption of private initiatives could result in a

shift in the firm's capabilities and the allocation of resources that are involved with strategic decision making (Vigneau, et al., 2015; Galbreath, 2018).

Overall, literature shows that the adoption of private initiatives is expected to enable firms to incorporate non-financial, sustainability objectives in decision making processes to further increase its sustainability performance. Therefore, the fifth hypothesis is formulated as follows:

H5: The adoption of private initiatives affects the firms' decision making processes by considering the long-term, sustainability performance of the firm.

To conclude, this thesis will provide an analysis on the different organisational change effects of private initiative adoption which have been identified in this theoretical framework. The identified organisational change effects of firm's commitment to corporate sustainability by adopting private initiatives are; (I) Sustainability culture (Salvioni, et al., 2018); (II) Communication; (III) Stakeholder engagement (IV) Decision making and (V) Transparency, (Eccles, et al., 2014; Vigneau, et al., 2015).

3 Methodology

In this section, the research design and methodology will be explained. The operationalisation of the studied effects can be found in 3.3. The data analysis is explained in 3.4. The insurance of quality of the research is explained in 3.5 by the way the researcher deals with the validity and reliability of the research.

3.1 Case-study

The study uses KLM as an empirical setting for the case-study in which KLM's Engineering & Maintenance business unit had a central role in studying the effects of private initiative adoption. KLM is a Dutch airline operating globally and flies to 273 destinations. In May 2004 KLM merged with Air France, together they are the largest airline of Europe. The group KLM Air France operates in three main branches, Passenger Business, Cargo and Engineering & Maintenance (E&M). The business unit E&M focusses on Maintenance, Repair and Operations (MRO) of aircrafts and offers this service as well to external clients, namely 50 other airlines. This business unit has a little more than 3.500 employees and a revenue of around 2 billion a year. For this study KLM E&M has made an interesting case as the airline industry is very polluting and this airline aims to increase its sustainability performance by adopting all kinds of private initiatives such as the Dow Jones Sustainability Index (DJSI). The firm has been the number one in the DJSI more than ten times already. Moreover, airlines increasingly seek for alternative more sustainable fuel (bio-fuels) and travel options to increase their sustainability performance, e.g. by lowering their carbon footprints, reducing waste, and engaging in social projects such as raising awareness and woman empowerment projects. The sector is highly competitive, and airlines have to deal with volatile fuel prices, natural disasters, health epidemics such as the current Covid-19 outbreak and other recessions that influence their businesses (Ancell, 2016). This business is very procedure driven as safety is crucial, for every part of MRO there are all kinds of rules to deal with to guarantee safety. Thus, considering the complexity of the industry and the challenges airlines face, this case provided empirical insights in the effects of private initiative adoption.

Due to Covid-19, the airline industry is currently doing very bad as they barely fly to any destinations other than for Cargo purposes. This also affects E&M because the MRO business is dependent on the amount of flight hours, days and landings, on average this is every three months but dependent on the type of aircraft, maintenance is compulsory. Unfortunately, this

has impacted this thesis as well as the intended sample of operational employees, middle and top management, needed to change to middle and top management, due to the circumstances within the firm.

3.2 Research design

To answer the research question, a deductive research approach is used to analyse the effects of the adoption of private initiatives to improve a firm's sustainability performance (Bryman, 2016). A single case-study approach was used to provide insights in the real-life patterns and the organisational change effects that arise by adopting private initiatives as firm (Yin, 1994). Moreover, the case-study has enabled to test the effects as described in the theoretical framework, as explained in the operationalisation at section 3.3, with the participant observations, document analysis and interview data. To test whether there was empirical evidence for any of the effects, three types of data collection have been used to observe the outcomes and link to private initiatives, namely (I) interviews, (II) participant observations, a form of ethnography and (III) a document analysis of ten years of CSR reporting by KLM (Bitektine, 2008). Besides, the comparisons of the observed outcomes combined with the effects derived from existing literature allowed the researcher to evaluate multiple dimensions to derive empirical evidence of private initiative adoption (Yin, 1994; Bitektine, 2008).

For this study, ten interviews have been conducted, as the manner of data collection, to reach data saturation. The conducted interviews enabled subjective data gathering regarding the organisational change effects of private initiative adoption at the firm. By testing the effects derived from theory with interview data, it could be understood how those organisational change effects occur (Bryman, 2016). Additionally, the interviews were also used to attribute causality by ensuring that the observed organisational change effects were caused by private initiative adoption and not by other factors. By using semi-structured interviews, in depth questions could be asked as well as it was open to the emergence of new questions, or spontaneous follow-up questions. Convenience sampling has been combined with snowball sampling. By means of these sampling methods people within the firm suggested by other interviews based on their potential knowledge. This sampling strategy represented the organisational change effects towards people who are directly and indirectly involved in decision making, strategy development and operations related to projects/ initiatives as result of private standard and initiative adoption. Moreover, the population of this study is represented

by participants in middle and a little less top management of the E&M business unit. These employees are involved in communication strategies, decision making and operations of strategy. Unfortunately, due to the Covid-19 pandemic, sustainability awareness events that should have taken place before starting the interview were cancelled and interviews were held via MS Teams instead of face to face. Due to this, less interviews were conducted than expected; however, data saturation was reached. The interview guide used, could be found in Appendix 1. and is adapted to employees working in various positions.

The second method of data collection was participant observations as form of ethnography to gather data and interpretations of people about the studied organisational change effects of private initiative adoption. At KLM, the participant observations were held in different meetings with top and middle management and other employees. These observations enabled to get real-life data regarding the organisational change effects of private initiative adaption as described in the theoretical framework. Moreover, by studying the processes within the firm will be studied through participant observations empirical data on structured related to organisational change processes arising from private initiative adoption could be studied (Kawulich, 2005; Bryman, 2016). The participant observations have been done at project meetings, and individual meetings to provide insights in the mutual relationships, communication and decision making processes regarding sustainability. These observations were recorded in notes (mostly handwritten). In total approximately 80 hours of observations have been done.

The third manner was data collection, a document analysis has been conducted. The document analysis enabled the gathering of archival data regarding changes in CSR operations reported between 2009 and 2019 combined with other internal documents that also provided data of 2020.

Lastly, desk research was used to get a better understanding of the theoretical background of the organisational change effects found in the literature.

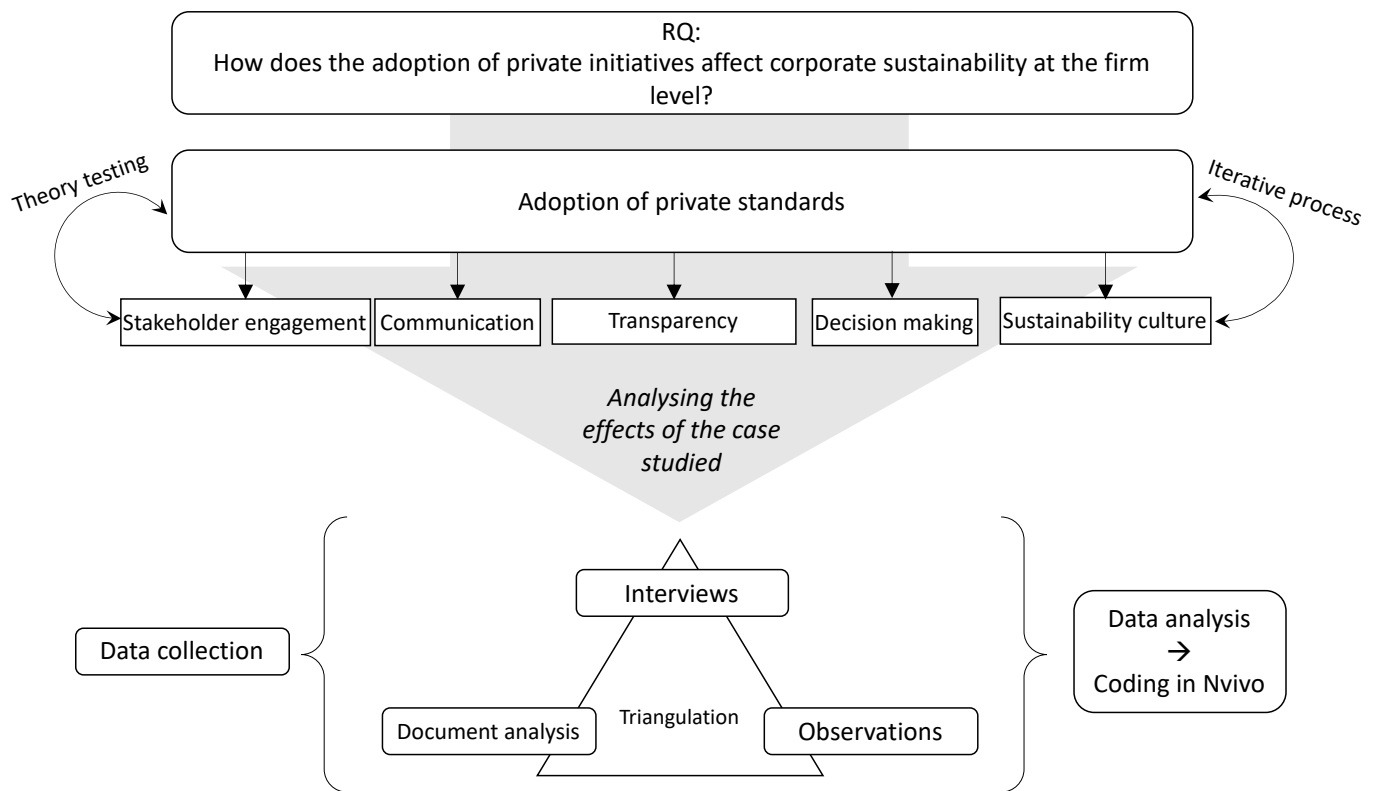


Figure 1. Research design

3.3 Operationalisation of the tested variables

The table below shows the operationalisation of the indicators and the five organisational change effects that are based on theory. The operationalisation was the basis for the coding and was used to ensure the capability of the theory to be tested.

Indicator	Description	Measurement
Transparency	Accessibility of information ¹ regarding KLM E&M's sustainability performance. Information disclosure, quality ² of the disclosed information <ul style="list-style-type: none"> • Monitoring of efforts • Verification of efforts 	<ul style="list-style-type: none"> • Absent when information is not accessible and cannot be found by employees • Absent when information is not actively shared with employees³ • Absent when the disclosed information is unclear

¹ The information consists of KLM E&M's sustainability related efforts about CO₂ emissions (including reductions) and waste reduction and recycling programs. This also consist of their performance and effort regarding "Slim & Duurzaam 2030" as that is the set standard they commit to. Besides, internal information disclosure about projects/ pilots that are planned/ executed related to the private initiative.

² The quality of information shared is not measured in this thesis as it is out of the scope.

	<ul style="list-style-type: none"> • Knowledge diffusion 	<ul style="list-style-type: none"> • Present when information is ‘easily’ accessible by employees and registered in a permanent place (e.g. on a specific page on intranet) • Present when information regarding sustainability performance is shared actively ³internally
Sustainability Culture	<p>Sustainability is part of the organisational culture</p> <p>Sustainability is incorporated in (managerial) values</p>	<ul style="list-style-type: none"> • Absent when sustainability is not supported by managerial values/ management • Absent when sustainability related objectives are missing • Present when managers support sustainability initiatives (leadership is taken) • Present when management steer on sustainability and commit to it with their teams. • Present when there are shared values and conditions for behaviour • Present when sustainability measures (environmental, social and economic) are equally present in steering activities
Communication	<p>Responsible behaviour</p> <p>Communicate the goals (sustainability)</p> <p>Raising awareness</p> <p>Communication (internally) about progress and initiatives</p>	<ul style="list-style-type: none"> • Present when communicated to the firm’s employees for sustainability engagement purposes • Present when firm communicate to raise awareness • Present when internal stakeholders are involved • Absent when sustainability is not communicated (internally) • Absent when communication is not focused on behavioural change to become more sustainable
Stakeholder engagement	<p>Dialogue between stakeholders</p> <p>Stakeholder involvement</p> <p>Coordination (of sustainability) of private initiatives</p>	<ul style="list-style-type: none"> • Present when stakeholders are involved within sustainability performance e.g. by councils/project groups

³ Regular, once every 2 weeks or monthly, communication via internal channels (newsletters, division sites) with information for employees.

		<ul style="list-style-type: none"> • Present when internal stakeholders are motivated to engage in sustainability projects • Present when the firms identify different stakeholder groups and adapts their engagement strategies towards the different internal groups. • Present when internal stakeholders are regularly (between monthly or weekly) informed about sustainability performance and related projects • Absent when internal stakeholders are not informed • Absent when have no stakeholder group specific engagement strategies • Absent when internal stakeholders are not involved in sustainability performance or related projects.
Decision making	<p>Long-term (5-10 years)</p> <p>Non-financial measures</p> <p>Recognition of non-financial responsibilities of the firm</p>	<ul style="list-style-type: none"> • Present when long-term performance (5-10yrs) and responsibility is included in investment decisions • Present when non-financial measures (environmental and social objectives) are included in decision making • Present when sustainability objectives are included in strategy, mission and vision • Absent when no sustainability measures are considered • Absent when the time horizon of decision making is limited to not more than 4 years (short-term) and no responsibility towards the future is taken • Absent when non-financial objectives are not considered in strategy, mission and vision.

Table 1 Operationalisation of the research

3.4 Data analysis

All the interviews were transcribed and analysed in NVivo, by coding them according to the organisational change effects of the theory. For the document analysis NVivo is used as well to code these by means of closed coding. The coding scheme used can be found in Table 2, which is based on the theory and operationalisation as shown above in Table 1.

Nodes	Sub-nodes
Transparency	<ul style="list-style-type: none"> • Information disclosure • Responsibility • Traceability of information • Monitoring of data
Sustainability culture	<ul style="list-style-type: none"> • Incorporation of sustainability objectives • Managerial values • Shared principles to guide behaviour
Communication	<ul style="list-style-type: none"> • Raise awareness • Share values for behaviour • Progress and initiatives • Responsibility
Decision making	<ul style="list-style-type: none"> • Long-term perspective • Responsibility for actions • Sustainability objectives • Incorporation in strategy/mission/vision
Stakeholder engagement	<ul style="list-style-type: none"> • Adaption to different stakeholders • Information • Involvement • Enabling dialogues

Table 2 Coding scheme

3.5 Quality of the research

The use of different data sources was used to ensure the validity and consistency of the results and to increase the accuracy of the data. Furthermore, the triangulation of the study is enhanced by using three different forms of data collection whereby different perceptions and perspectives could be included to obtain reliability (Teunissen, 1985). To confirm whether the observed organisational change effects were caused by the private initiatives, triangulation was above all important to verify the observations by multiple sources and therewith to attribute causality. The reliability of the study relates to the transparency and replicability of the results (Yin, 2009; Bryman, 2016) To enhance the reliability, closed coding is used to consistently analyse the

different data sources. Testing the organisational change effects from theory according to a fixed coding scheme and using the operationalisation of the effects contributed to the validity as well by increasing the accuracy of the measures. The transparency of the results is obtained through the use of publicly available CSR reports and an interview guide (Appendix 1) with a set of fixed questions. Although Covid-19 influenced the results of the interviews, replicability is enhanced by the interview guide and usage of publicly available documents (CSR reports 2009-2019).

4 Results

In this chapter the results of the data collection by the document analysis (2010-2020), participant observations and the interviews are presented. First, an overview of the evolution of changes in private initiative adoption will be given based on CSR reporting. Secondly, the results of the data analysis will provide observations about the effects of the private initiative adoption per studied effect e.g. (I) Transparency, (II) Sustainability culture, (III) Communication, (IV) Decision making and (V) stakeholder engagement.

4.1 Ten years of developments and change in private initiative adoption

In case of this study, Air France and KLM merged in 2004 and adopted, among others, the Dow Jones Sustainability Index (DJSI) since 2005 and they use CSR reporting as main private initiatives. The DJSI are various indices to evaluate the sustainability of firms based on a broad range of environmental, social and economic indicators. The company has been rewarded for its sustainability efforts more than ten times which has resulted in being the most sustainable airline within the industry according to the DJSI (KLM, 2020).

The DJSI is not the only private initiative used by KLM as they also adopted ISO 40001 already in 1999, this standard provides guidelines for environmental management. KLM publishes an annual (CSR) environmental reports since 1996, whereby third party auditing is used. The UN Global Compact is signed which is a pact by the United Nations about sustainable and socially responsible policies, implementation and reporting by firms. Additionally, KLM is EMAS certificated since 2000, which is an eco-Management and Audit Scheme by the European Commission. For their sustainability performance the GRI4 (Global Reporting Initiative) (since +/- 2000) guidelines and the Global Compact Advanced COP (since 2006) are followed, which both provide criteria on sustainability and climate impact reporting to enhance transparency.

Moreover, KLM uses several certification schemes for the carbon compensation programme they sell to consumers e.g. carbon compensation by three planting in Panama. The adoption of such a variety of private initiatives over the years has causes internal changes as well. More recently the business unit engineering & maintenance adopted “Slim & Duurzaam 2030”⁴ (loosely translated: Smart & Sustainable 2030). Private initiatives such as reporting and other

⁴ Slim & Duurzaam 2030 is an initiative of Schiphol Group and KLM to achieve carbon neutral ground operations on Schiphol by 2030 and to reduce residual waste with 50% compared to 2005.

goals or commitments adopted by firms result in organisational change accordingly as an effect of this. The timeline below (Table 3) provides the main developments and changes of private initiative adoption by KLM based on the document analysis of ten years of CSR reporting. Insights in these changes were useful to put the effects, as discussed thereafter, into perspective.

- 2010** In 2006 Air France KLM's CSR statement the ambition of the firms is laid out whereby they commit to environmental protection, social equity and local development. Generally, the focus in the CSR reports seems to be more to inform external stakeholders.
- The report of 2010 is very clear on sustainability strategies and practices regarding customers, shareholders and other external stakeholders which is out the scope of this research. The internal focus is mostly on social sustainability with a large emphasize on health, safety and diversity whereby it is unclear how this affects the firm internally. This implies that the firm's private initiative adoption results in more external effects than internal changes towards its employees.
- 2011** The sustainability efforts in the report of 2011 became more explicitly explained than in the previous year. Especially projects related to social initiatives are presented more clearly in this report. In order to increase awareness on the social topics of ethics, health and safety e-learning programs were developed for the firm's middle management.
- 2012** KLM takes care website/platform is launched to inform both internal as external stakeholders about the firm's sustainability performance and initiatives. CSR e-learning focus is unknown (based on report) which makes the firm's focus towards internal stakeholders unclear. Based on the report, the focus is still mostly on health, safety and ethics. In this year the firm commits to the usage and development of biofuels for aircrafts, which is both internally as externally communicated and promoted to raise awareness and to show the direction and commitment of the firm towards its stakeholders. Additionally, the firm increasingly focusses on supporting employee ideas regarding fuel save initiatives. However, it is unclear how this is coordinated and by who. Since 2012, the firm started to report stakeholder engagement strategies (employees are part of this) which includes projects related to goals and objectives.
- 2013** Long-term industry goals of the International Air Transport Association (IATA) have been adopted by the firm. However, it remains undefined what these specifically mean for the firm. The long-term perspective is increasingly adopted as matter of result of the firm's adoption to private initiatives as long-term targets e.g. seven years have been set (p.18 CSR report 2013). In general, the objectives remain mostly short term. In sales and procurement policies also, non-financial, sustainability, measures got considered.

- 2014** There is a stronger emphasis on the CSR strategy of the firm in the report. Remarkably is that internal stakeholders, namely the firm's employees are not considered in the stakeholder map provided in the report. The goals and objectives set in this CSR strategy are not formulated entirely SMART (Specific, Measurable, Attainable, Relevant, Time-based). Therefore, a clear goal or timeframe which is measurable is lacking which makes it impossible to state whether goals have met or what the progress is on certain topics. Nevertheless, in this report a materiality matrix is added which shows the focus, importance of projects and topics to the firm.
- 2015** In 2015 the communication strategies have changed; the firm actively communicates CSR efforts by introducing the "Progress 2020" programme and several media events. The focus on internal stakeholder engagement has evolved slightly by starting to put more emphasize on stakeholder engagement strategies internally e.g. by training, surveys and setting the goals to gather information about (internal) stakeholders' perception.
- 2016** As the CSR report is part of the annual report (also in 2015) the overview of facts and figures is missing. In 2016 there is growing emphasize on sustainable procurement by the incorporation of non-financial, sustainability, measures in these processes of decision making. The efforts regarding internal communication became clearer as well when it comes to raising awareness of the commitment to sustainability by the firm. Especially, communication about the score on the DJSI where KLM ended first contributes to this. The information and initiatives to enable dialogue with employees as stakeholders is more elaborated each year. These initiatives are focussing on e-learning modules, surveys, feedback channels and internal communication channels. Long-term goals of 2020 and 2050 have been shared and evaluated. However, it remains unclear how such goals will be achieved. There is a clearer plan and strategy on increasing diversity and working on inclusiveness (as part of the social sustainability of the firm).
- 2017** New ways of working have been introduced (Agile) to, among others, increase innovation projects and foster fuel save initiatives. The pressure of worker unions is stressed in this report and therefore the push regarding work conditions. Besides, education efforts by the e-learning platform increasingly focusses on incorporating sustainability values towards management.
- 2018** In this year "sustainability at Glance" has been introduced which makes it possible to find facts and figures more clearly. It increases the communication of the highlights of the firm's sustainability efforts as people do not have to search in dense reports. Moreover, "Slim & Duurzaam 2013" has been signed and introduced in this 2018. The adoption of such private initiatives enables to set a clear goal.

The employee journey focusses only on external stakeholders. However, there is specific employee journey which is mostly about working conditions and empowering employee initiatives. Besides they focus more on raising awareness about CSR, especially by the topic of innovation to promote ideas and to introduce change. Materiality index emphasizes external factors related to customers and social factors internally e.g. health and safety. Since 2018 all suppliers either have to sign the Sustainable Development Charter for suppliers or provide their own equivalent to pursue responsible procurement as well externally. *“In 2018, KLM introduced a document control management system that increases and secures compliance with laws and regulations. It also became one of the first airlines to have its ISO 14001 certificate renewed against more demanding environmental protection standards.”* (KLM annual report, 2019).

2019 Objective: “being the leading sustainable Airline, to lead the industry in delivering the – economic & social – value of network aviation in a sustainable way by securing the wellbeing of all the people who (help) make our product, by reducing our impact on the planet, and by making our products and services even more sustainable”. Focusses mostly on engaging to external stakeholders to develop a vision on the industry of the future.

Fly responsibly campaign (first airline)” We’re in this together. We work hard to get things right, but all parties involved need to join forces to create a sustainable future. All stakeholders in the aviation industry, all corporations in any industry. And yes, all air travellers too.”(KLM, 2019). Furthermore, CSR practices are decentralised towards the different divisions to increase awareness and inclusiveness of sustainability objectives within the business. The addition of sustainability to the Objectives, Goals, Strategies and Measures (OGSM) was a result of the decentralisation, to increase the responsibility of the divisions.

2020 Shift of the focus on innovation towards sustainability *“as innovation is needed to become more sustainable”* in the KLM compass which represents their long-term objectives (Observations, 2020). Stronger decentralisation of CSR from HQ towards the different business units.

Before fighting the Covid-19/ Corona crisis, the emphasize would be stronger on communicating sustainability and to increase the awareness and engagement of employees. Additionally, a five year plan will be developed in this year to succeed and achieve the goals of the private initiative “Slim & Duurzaam 2030”. The targets related to “Slim & Duurzaam 2030” match the “Luchtvaart nota” (freely translated: aviation bill) of the Dutch Government in which the progress for future aviation is determined.

Generally: in 2020 they focus on developing quantitative goals and roadmaps for 2030 (long-term) based on “People, Planet, Products and Services”.

NOTE: However, current Covid-19 crisis impacts the whole world, airline industry and thus sustainability efforts and performance.

Table 3 Highlights of private initiative and sustainability evolvement between 2010 and 2020 based on Air France KLM's CSR reporting, internal documents and participant observations.

Altogether, the timeline presented above shows the development and changes as result of private initiative adoption over time based on their CSR reporting and internal documentation. Furthermore, in general the focus of KLM is mostly on external stakeholders, to inform and to engage to them by publishing the sustainability reports, and by procurement policies. However, also towards internal stakeholders, private initiative adoption changes over time when it comes to internal stakeholder engagement strategies and ways to raise awareness among employees. One of the most used tools are by e-learning/ education programmes, the support of employee initiatives, surveys and internal communication. Besides, a major change observed was the adoption of sustainability as including this into strategical tools (OGSM and KLM Compass). In the following paragraphs, the observations of the studied effects, as result of private initiative adoption from a firm level perspective will be further elaborated.

4.2 Transparency

4.2.1 Traceability and accessibility of information

The transparency of measurements of environmental impact are clearly explained in the reports, which use different forms of auditing are used to verify measures, e.g. third party auditing by KPMG. As the CSR report of 2010 states: *“Our approach to CSR is underlined by the signing of public commitments, including the United Nations Global Compact, and a pledge to work in line with the fundamental rights and principles of the UN Declaration of Human Rights, the EU Charter of Fundamental Rights, and the protocols of the International Labour Organisation (ILO).”* Among others, ISO 14001, GRI reporting, and third-party auditing measures are used to verify data, especially environmental and social factors. However, the firm started to commit to private initiatives to validate their sustainability practices and environmental policies towards external stakeholders (Observations, 2020).

The above mentioned private initiatives, for measurements and audits, are used to enhance the legitimacy of KLM's sustainability performance and policies. It is observed that the

determination based on the DJSI and “Slim & Duurzaam 2030” contributes to the traceability of information as it provides direction and enabled monitoring the targets of these initiatives. Private initiatives contribute in that sense to providing transparency of the data; for example, concerning emissions, it results in the publication of data regarding the firms’ sustainability performance. This data is accessible to both internal as external stakeholders. Nevertheless, the internal traceability of data is less clear, and it is observed that it was not easily accessible as it is unclear who is responsible and how data is distributed internally (Observations, 2020). As confirmed by interviewee D: *“we do not have good data, or very fragmented data about our current sustainability performance. We must improve that before we can continue with the change process”*.

The commitment of KLM to sustainability has resulted in the uptake of sustainability in their overall strategy. Resulting in the uptake of sustainability related targets into its OGSM, which is a model of strategic planning. As a result of its commitment to various private initiatives, and the sustainability targets in the OGSM, the need for accessible information became crucial to enable execution of (short-term) strategies. Besides, the adoption of private standards resulted in the decentralisation of the CSR office, as private initiatives got adopted for certain divisions specifically. In case of E&M the private initiative of “Slim & Duurzaam 2030” it gave E&M the incentive to map all projects and initiatives on sustainability by providing the goal to become carbon neutral in 2030. The adoption of this private initiative resulted thus in the incentive to develop a sustainability roadmap and which increases the accessibility of information to all employees. Interviewee I confirms this: *“We must first clarify in which areas we have to increase our performance”* (freely translated). This confirms the observation that private initiatives provided the incentive for restructuring internal data to enable monitoring to meet the requirements of the private standards.

Nonetheless, these findings support the notion that the traceability and accessibility of information internally is affected by private initiatives, other findings show the opposite. Based on the results of the interviews and observations, employees find it hard to access information, and it is often unknown who is responsible for reporting related measures and projects. Additionally, as interviewee B states it is not easy to find information about projects and performance from the E&M division: *“If you really want to find information, you have to dig deep”*.

In short, private initiatives, e.g. standards, affect the measurement of social and environmental indicators on which sustainability strategies are built. KLM's sustainability performance related data is verified by external audits and protocols, the accessibility of data is not yet impacted by private initiatives. Employees confirm that information is not actively provided by the firm. As this study focusses on the internal organisational change effects, it was unclear what the effect of private initiatives is on the accessibility and traceability of data as perceived by employees. Yet, it could be observed that private initiatives result in the need for a clear structure of data to make it better accessible.

4.2.2 Responsibility of information disclosure

The CSR department of KLM is responsible for collecting and processing data, as well as controlling the process to get a consistent data set with a regard to the firms' sustainability performance. This performance is reported and communicated to both internal as external stakeholders (KLM CSR, 2016). Data is collected per business unit, as individual divisions are responsible for establishing "*and following their proprietary surveillance programs*" (KLM, CSR, 2015). The CSR report can be used to provide and share information regarding the sustainability performance. Private initiative adoption increases the awareness of information and the sharing of knowledge among employees (Interviewee E, Observations, 2020). In the case of E&M, there is a health and safety department, which collects data from both internal and external processes as energy usage, waste collection, and recycling is outsourced (Observations, 2020). Interviewees clarify that it is unclear where information regarding the sustainability performance and projects can be found specifically for E&M other than the CSR department provides. This is observed to be problematically when employees need information for their own projects as internal knowledge gets lost. Besides, many employees are not aware about the efforts made within their division to improve sustainability performance and do not know how to contribute themselves. To share information, private initiative adoption resulted in an annual report which is based on numbers and facts and figures. However, the information provided in the annual sustainability reports, information regarding specific divisions are lacking. As stated by interviewee B: "*it is not transparent to find information*". As result, it is observed that employees do not use the general sustainability report to find information (Observations, 2020; Interviewee B, F, G, H, I, C). This result implies that provided information focusses mostly on external stakeholders which does not affect internal transparency.

In short, regarding the hypothesis (1) about transparency based on the CSR reports, it contributes in providing data and information concerning sustainability performance to external stakeholders. In the context of the firm, employees are not actively provided with information other than it provided an incentive for the development of a roadmap. The results imply that private initiative are mostly used as tool for transparency of sustainability performance to external stakeholders then to inform and engage to internal stakeholders (employees). Therefore, as result of testing the effect transparency, evidence could not be found that private initiatives increase the transparency of information internally by providing accessibility of information and knowledge to employees.

4.3 Sustainability culture

4.3.1 Sustainability objectives & shared values

KLM's CSR reporting is based on four pillars, employee journey, environment, customer trust and local communities. These pillars are incorporated by the firm's management and represented as managerial values, as shown in Figure 3, which shows the incorporation of social, environmental and economic factors. As result of private initiatives adopted, these sustainability objectives have been incorporated in the OGSMs and the KLM Compass of 2020 as well. The firm intends to make sustainability an integral part of its operations by integrating CSR within all divisions and all levels (KLM CSR, 2010). It was observed that sustainability

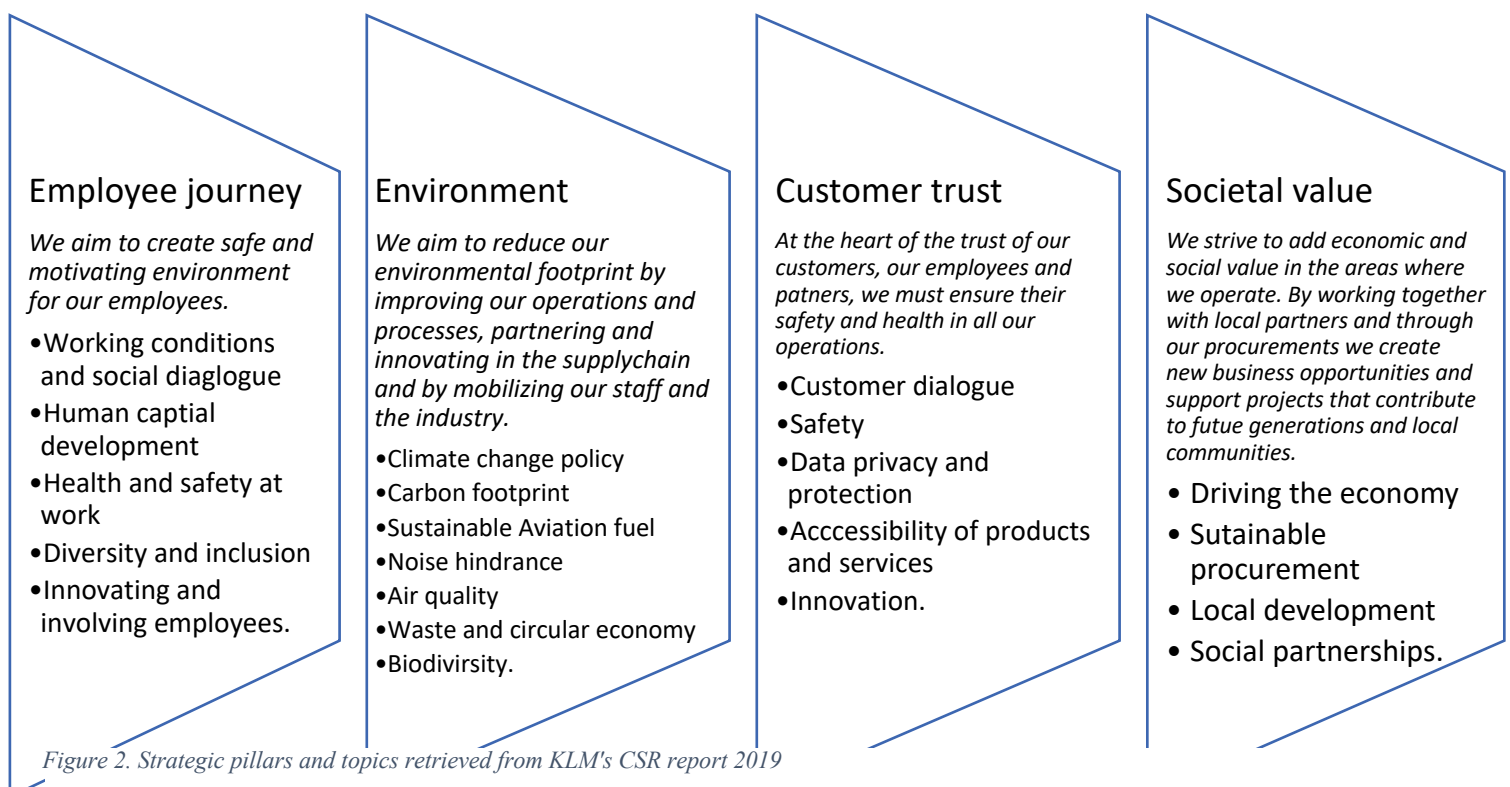


Figure 2. Strategic pillars and topics retrieved from KLM's CSR report 2019

values are mostly embedded in higher management levels of the firm, and not all employees are aware.

Additionally, there is evidence that as result of the incorporation of sustainability values, e.g. environmental and social, they have become increasingly part of the firm's culture as result of the uptake into the OGSM (OGSMs 2020; KLM CSR, 2015). Consequently, management has to execute the KLM Compass and the OGSM which led to the embeddedness of sustainability by (top) management into their culture. targets where management has to steer on. The incorporation of sustainability into the OGSMs of various divisions enabled to better embed the compliance of private initiatives. The private initiatives enabled a clear goal and target which becomes embedded in the culture, for example with the "Slim & Duurzaam 2030" for carbon neutral ground operations in 2030. However, it could not be observed that in the culture among employees in lower hierarchical layers the adoption of private initiatives led to a cultural shift in which sustainability values became embedded (Observations, 2020; Interviewee, B, C, D, F, G, I, J).

As a result of aim of KLM to embed sustainability by embedding sustainability as value in the KLM Compass, the KLM CEO mailbox is used to collect ideas that could increase KLM's environmental and social performance (KLM CSR, 2018). The ambition is to have full commitment of the employees, and thus a cultural shift is needed to enable this. As a consequence it is observed by the interviewees that the firm aims for cultural shift, but they confirm that shared values and behaviour are currently not aligned when it comes to embedding sustainability, as interviewee H states: *"Everyone embraces sustainability [...] but when processes already run, there has to be a motive to change that process, often that motive is not sustainability"*. Employees confirm as well that generally, they are motivated to provide innovative ideas and solutions that contribute to corporate sustainability whereby private initiatives provided a trigger. This is a result of private initiatives as these provided values and goals regarding sustainability to embed this in the firm. However, it is unclear which platform is used to collect these ideas and who is responsible to research whether these ideas are feasible and applicable.

Cultural differences have been mentioned by various interviewees (B, C, D, F, G, I, J). Younger people are already more aware about sustainability and try to encompass it in their work. Therefore, it was observed that organisational subcultures have various generations that can

cause differences in the embeddedness of shared values related to sustainability in which one could be more likely to engage than another (Observations, 2020).

Overall, private initiative adoption has increased the incorporation of social and environmental indicators and values, especially at the management layers of the firm. Such indicators and values are starting to become a part of the firm's culture as employees are increasingly challenged to contribute. Differences in internal culture have not been addressed so far. Additionally, it could be observed that private initiatives are used by the firm to incorporate and embed these values into the firms' culture and employees' behaviour.

4.3.2 Sustainability as managerial value & leadership

Furthermore, as a result of private initiative adoption, the incorporation of non-financial sustainability values has led to e-learning being able to provide the tools and sustainability objectives to management in a way that impacts the firm's culture regarding sustainability. The employee training and information about environmental protection aims to provides skills to managers "*handling of hazardous products, and the management of waste and the Classified Installations for Environmental Protection (ICPE)*" (KLM CSR, 2016). The engagement of KLM E&M to the private initiative "Slim & Duurzaam, 2030" and the change in priorities since 2020 towards the adoption of sustainability as objective in the OGSMs and KLM Compass recognises non-financial, sustainability values. This resulted in the adoption of sustainability values and objectives by the firm's management as they need to act upon it. Consequently, sustainability related compliance gets increasingly embedded throughout the firm's managerial layers. Based on the interviews, it was observed by interviewees that the higher the management positions have a higher awareness and greater commitment to sustainability (Interviewee, A, B, D, E, F, J). On the contrary, a few interviewees find that the top management layer of E&M takes very limited action on this topic (Interviewee, G, I). In general, it could be observed that private initiative adoption has provided guidance to top management that has led to a change of culture whereby sustainability values became part of the Compass. The addition of sustainability to KLM's Compass confirmed the importance of the topic as it represents the main values of management and the firm. In the management team of Engineering and Maintenance the attention towards sustainability also grew within the past few years (Interviewees, 2020). Notwithstanding, middle-management in the E&M department seem to struggle with implementing it with their teams. In particular, vigour is lacking according to this group. However, this does not mean that people do not make it their personal priority.

Overall, regarding the hypothesis (2), sustainability values are increasingly present in the firm's culture as effect of private initiative adoption, especially in managerial values. However, employees emphasize that they find the execution of sustainability related initiatives difficult. Leadership is taken by top management and sustainability values by embedding values in the strategy and therewith in general managerial values. Therefore, the results provided evidence that, sustainability increasingly becomes part of the firm's culture as effect of adopting sustainability objectives and the incorporation of these in managerial values.

4.4 Communication

4.4.1 Communication towards internal stakeholders

In 2016, the United Nations Climate Change Conference (COP21) conference took place. Consequently, the International Civil Aviation Organization (ICAO) formulated an agreement on CO₂ emissions which has been adopted by KLM, as means of private initiative. It has provided guidance for internal communication regarding environmental initiatives taken by the firm (KLM CSR, 2016). Yet, it is observed by interviewees that for communication internally, private initiatives help to share the vision of company; however, it is observed that this internal communication has not been adequate (Interviewee B, D, F, J). Besides, the effect of KLMs commitment to private initiatives, among others, concerning its position in the DJSI, results in specific internal communication (Observations, 2020). As result of internal communication regarding sustainability, employees are widely familiar with the firm's score on the DJSI. Although, regarding general sustainability efforts, commitments or performance, it is observed that these are barely communicated towards employees in various business units, especially in the studied case of E&M (Interviews, 2020).

Notwithstanding, private initiatives such as "Slim & Duurzaam 2030" enables effective communication towards employees as it contains clear terminology and goals. Interviewee J states (freely translated): "*It is helpful when there is a clear goal, which is realistic, where people can engage with [...]*". However, it was observed that as effect of private initiatives, in particular external communication campaigns arose. These external communication efforts, for example the "Fly Responsibly" campaign that was launched in 2019, are well known by the internal stakeholders as well (Interviewees, A-J). Consequently, the communication often focusses on external stakeholders, it does affect the communication to internal stakeholders as

well as the message spreads internally to employees. Hence, it was observed that external communication efforts results as well in more responsible behaviours conducted by the employees.

The adoption of private initiatives have also resulted in “show casing” specific projects internally. It was observed that the goals and projects related to the OGSMs or “Slim & Duurzaam 2030” initiatives, are not communicated towards employees but are mainly known by the management in higher levels of the firm. Nonetheless, private initiative adoption resulted in the adoption of CO₂ targets in the “KLM Compass” and long term strategies with short term targets tend provided a clear goal for communication towards management and their teams to enable achieving these goals (Interviews, 2020). Besides, it was observed that people find it easier to engage to a clear goal of statement arising from private initiatives. Therefore, the private initiatives provided clear goals and terminology to which strategical tools are used for internal communication towards management and to support responsible behaviour.

Overall, private initiative have the potential to enable internal communication about corporate sustainability, to increase awareness among employees; however, the main focus is currently towards external stakeholders instead of the firm’s employees. Internally, the effect of private initiatives on communication is mostly apparent at the top management level of the firm and from the corporate central communication office instead of from E&M.

4.4.2 Communication efforts to raise awareness among employees

According to CSR reporting, private initiatives are used to raise awareness about sustainability internally, as reported, by using multiple forms of communication e.g. surveys and e-learning. Furthermore, different channels are used to raise awareness, such as KLM take care, My KLM, the KLM CSR mailbox, and internal conferences (KLM CSR, 2018). In contrast, it is observed that within E&M that sustainability efforts are currently not actively communicated via these internal communication channels e.g. My KLM. On the division’s intranet websites, it is not possible to find information related to sustainability (Observations, 2020). Consequently, there are no consistent or regular updates regarding E&M’s sustainability performance and interviewees confirm lack of communication. As interviewee (B) states: Many efforts are not shared or communicated as being sustainable or contribute to sustainability as one of the interviewees mentioned: *“At E&M, if you act normal, you already act crazy enough, however there are quit some initiatives, they are not necessarily communicated”*. Interviewees suggest

that there should be more emphasis on creating awareness by communicating more clearly which initiatives and projects contribute to sustainability. Besides, it is observed that employees see private initiatives as tool to communicate sustainability efforts and raise awareness among employees; however, interviewees consider that this is still insufficiently applied within E&M and there needs to be an increase of awareness among employees.

Thus, private initiatives should result in better communication towards employees in different business units to increase internal awareness, despite it not being done sufficiently yet.

4.4.3 Communication to facilitate sustainability engagement of employees

Using private initiatives, by setting long-term goals e.g. “perform 2020” enables the firm to showcase and use media to promote its ambitions as tool for communication (KLM CSR, 2015). For example, CSR reports contribute to communication of sustainability objectives, measurements and compliance towards “*managers whose functions require such expertise*” (CSR, 2015). E-learning as tool for communication and awareness is used since +/- 2010 to raise awareness for employees as they exhaust awareness strategies by “*gathering employees’ impressions and suggestions*” (KLM CSR, 2018). Regarding the impact of internal communication and e-learn programmes towards internal stakeholder engagement it remains unclear what the effects of these initiatives are. Currently the CSR department of the firm is developing an e-learning course for people that are interested in the topic to enhance engagement (Internal documentation, 2020; Interviews, 2020). Yet, it can be observed that by the commitment of the firm to sustainability and the adoption of private standards the firm puts more emphasis on internal communication for awareness and engagement purposes.

The DJSI is used by the CSR office as a benchmark for sustainability performance and tool to pursue sustainability practices in different departments. It is observed that private initiatives enable internal communication, by providing goals and direction to sustainability strategies. As result, it was observed that employees are familiar with the DJSI and KLM’s high performance, which is used as a benchmark. When certain departments perform below average of the standard, it provides a communication tool, which makes it easier for people to be engaged (Interviewee E, 2020).

In short, regarding the hypothesis (3) communication could be an effect of private initiative adoption as it stimulates awareness and engagement initiatives by communicating information

to employees. Despite this effect, it is highlighted in the interviews that this not always done sufficiently. Although evidence is found that private initiative adoptions facilitate sustainability internal communication towards internal stakeholders to raise awareness and enable stakeholder engagement, constraints on internal communication have been found as well.

4.5 Stakeholder engagement

4.5.1 Stakeholder involvement in corporate sustainability

Internally, the firm tries to engage different stakeholder groups by sending surveys to raise awareness of sustainability efforts and motivate employees to contribute to the firm's sustainability performance (KLM CSR, 2015). *“All employees are encouraged to take part in developing innovative sustainability operations”* (KLM CSR 2012). However, it is not explained in the reports; how this is organised and; how KLM engages different stakeholder groups internally except for the E&M department. Based on reports, it is observed that stakeholder dialogues and engagement strategies are part of the CSR reporting and aim at increasing stakeholder involvement. Consequently, stakeholder engagement is an effect of private initiative adoption because employees got actively encouraged to contribute to sustainability. As stated by interviewee C, when stakeholders are aware, they are more likely to engage: *“You cannot just say; this is our policy [...] you have to make it concrete to people [...] than you can make people more aware [...]”*. Based on the CSR report of 2015, KLM states that: *“KLM E&M has made the CSR dimension an integral part of its management systems. Every process and project are thus enriched by listening to stakeholders, technological and other forms of innovation, an ergonomic workstation program and a circular economy approach aimed at reducing the business's environmental footprint and gaining economic efficiency.”* As observed, this effect of private initiative adoption results in the embracing of sustainability values and measures in decision making processes. Likewise, it enables sustainability to become a part of the OGSMs, the “KLM Compass”, as explained before. This has resulted in the observation that private initiatives contribute to internal stakeholder engagement as it provides incentives for management and employees to participate to corporate sustainability by providing clear goals and targets (Interviewee, A, B, D, E, F, G, J, 2020).

In short, it is observed that different tools and events e.g. the OGSMs and employee sessions, arose from private initiative adoption enable stakeholder engagement by involving various internal stakeholder groups.

4.5.2 Engagement to various internal stakeholder groups and enabling dialogues

According to the CSR reports, employees are encouraged to share visions and ideas to increase the firm's sustainability performance. This has resulted in the increased importance to the firm to enable stakeholders' dialogues. The viewpoints of employees are collected by meetings and surveys. Additionally, to enable dialogues with employees concerning sustainability, CSR cafés are conducted to encourage the involvement of different stakeholders. Themes of these meetings are based on the CSR strategies and goals. Platforms such as My KLM and KLM takes care became increasingly important to “*encourage employee communication and interaction*”, to “*share information [...] and discussion*” (KLM CSR, 2018). However, it is observed that such “events” are not held with, or for employees from the E&M department and thus it remains unclear if this affects their private initiatives that contributed to employee engagement concerning the topic of sustainability.

The CSR department tries to use private initiatives to guide the firm in becoming more sustainable. Consequently, it is observed that the DJSI as a private initiative, is used to get more attention to various sustainability related topics, which enables stakeholder dialogues about these topics (Interviewee E, 2020). For “everyone” is a topic that could be interesting to them (Interviewee E, 2020). To more actively enable stakeholder dialogues according to the sustainability topics of the CSR department, sustainability is decentralised by the appointment of sustainability leads in the different divisions/ departments. It is observed that by doing so, they try to engage various stakeholder groups to enhance their sustainability efforts, as an effect of private initiative adoption (Observations, 2020).

Besides, the adoption of private initiatives resulted in various campaigns such as the “Fly Responsibly” campaign. This campaign was developed for external stakeholders but spread the message also internally towards employees as interviewee I stated that: “*such campaign as Fly Responsibly shows that the firm stimulates a very important discussion*”. For many people, it was odd that people were discouraged to fly as this is the main business of KLM. It could be observed that this enabled a strong internal stakeholder dialogue concerning the future of KLM (Interviewee, A-J).

Therefore, regarding hypothesis (4) as effect of private initiative adoption, it has been observed that various initiatives are used by the firm to engage to internal stakeholders and provided direction in stakeholder dialogues on the role of sustainability to the firm. This has resulted in events to get employees involved in corporate sustainability to increase the firm's sustainability performance.

4.6 Decision making

4.6.1 Sustainability measures in decision making

The adoption of private initiatives resulted in the embracing of sustainability measures (e.g. social and environmental). Subsequently, CSR training for sales managers were offered to employees and sustainable procurement strategies were developed (KLM CSR, 2010, 2013). KLM also wants to be a pioneer by trying to become the most sustainable airline. This commitment is considered strategically important and is reflected in their reports and vision whereby they aim to change the industry (Interviewee D, 2020). To change the industry, it is observed that regarding their suppliers, sustainability measures have been applied to procurement policies to reduce the environmental impact of a product throughout its lifecycle. The adoption of the private standard by setting clear goals and developing standards, it is observed to result in enabling the incorporation of sustainability in decisions made. Such procurement strategies are still used and kept up to date by the CSR department, whereby these sustainability measures e.g. social values are taken into account (Observations, 2020). Thus, the adoption of private initiatives resulted in the adoption of sustainability measures in decisions made regarding procurement and selecting suppliers.

In 2018, a committee that was dedicated to sustainable development within the group's governing board to enhance responsibility for their actions and to add a sustainability perspective to decisions (KLM CSR, 2018). The result of adopting private initiatives to enhance the firm's corporate sustainability, these values got followed by the (top) management. By incorporating these values in (top)management the targets and procurement strategies were affected as result of private initiative adoption, which resulted in a stronger uptake of sustainability measures by employees (Interviewee, A, E, 2020). The adoption of private initiatives to increase the firm's sustainability performance resulted in commitment by the firms' top management. As the interviewee J states, it is "*Our license to operate*". By the

engagement of management to sustainability as result of private initiatives, decisions made are affected by this (Observations, 2020).

In short, it is observed that the adoption of private initiatives leads to the recognition of non-financial, sustainability measures in decisions as they result in sustainability related targets and can be considered as an effect. Moreover, these sustainability measures increase the responsibility of the firm's management in decision making.

4.6.2 Sustainability objectives in the firm's mission, vision and strategies

In general, private initiative adoption provides a tool for decision making as it provides operational targets and strategies. Consequently, sustainability got embedded in KLM's short- and long term strategies. By committing to sustainability and adopting private initiatives sustainability measures became part of the firm's strategy (KLM CSR, 2011). Resulting in the embeddedness of sustainability into the KLM Compass, its vision, as well by means of reducing its environmental impact and increasing its societal impact. This also affects decisions made as the necessity to act upon it, as interviewee D states: *"In the end, it is a competitive advantage [...] it is necessary for the future of the company"*.

Based on the reports, non-financial, sustainability measures seem to be executed and developed by central CSR departments are not a part of the firms' operation. How this affects the day-to-day business operations of the firm is not clarified in the CSR reports. In general, it is observed that the Compass of the company, of which sustainability is one of its main priorities and pillars is followed by the firm's employees (Observations, 2020). KLM wants to promote itself as a pioneer as it was hundred years ago when they were the first airline. Next to this, the adoption of sustainability into the Compass resulted in the incorporation of this in the OGSMs of all business units and departments. It can be argued, that as consequence of this, sustainability is embedded in the strategy, mission and vision as result of private initiatives. As the effect private initiatives have this, the topic becomes more tangible and measurable for middle management, who executes these which also increases peoples' commitment towards the topic as they need to make decision regarding this (Interviewee, A, B, F, G, I, 2020).

Overall, decision making can be an effect of the adoption of private initiatives by KLM because sustainability measures, e.g. environmental and social, have been adopted in strategy, mission, and vision of all the business units.

4.6.3 Long-term performance in decision making

Furthermore, the adoption of private initiatives and incorporation of sustainability objectives into the firm's strategy affected the resource allocation. The research allocation is observed to be used as strategic tool whereby the usage of intangible resources, such as knowledge are aimed to be optimised in order to increase the firm's sustainability performance. In order to execute private initiatives, roadmaps are developed to enable a long-term perspective and execution of increasing corporate sustainability. Next to that is was observed that decentralisation of CSR-activities resulted in the allocation of assets in the various divisions (Observations, 2020; Interviewee E, 2020).

Additionally, it is observed that KLM adopted a long-term vision already in 2013, whereby the Executive Committee developed a vision and ambitions for 2020. It is observed that private initiatives such as "Slim & Duurzaam 2030" contribute to the understanding of the management necessary for a long-term goal has to be met. Interviewee X states (freely translated): *"We should make sure that we do not think in 2029, shit, we have to do a lot... Therefore, we should ensure we take into account all the possibilities that come along, way before 2029"*.

Regarding enhancing a long-term perspective, the embedding sustainability into the long-term strategies of the firms affected investments made as well. For example, investments have been made into buying new aircrafts that consume less fuel. It was recognised in decisions to act upon reducing the carbon footprint and fuel costs. On the contrary, interviewee H states about decision making that sustainability and long-term performance is not the only objective: *"It is about finding the balance between investments and environment"* *"We are a commercial firm"*. It is a commercial firm, thus also financially decisions need to made to sustain. Notwithstanding has the adoption of private initiatives resulted in the development of a "decision making" model in which everyone who invests will obtain more insights into, among others, the CO₂ emissions related to this decision and long-term impact (Interviewee E, 2020).

In sum, regarding hypothesis (5) long-term performance in decision making is an effect of the private initiative adoption of KLM. Private initiatives are used as a tool to develop long-term strategies as they provide guidance by setting goals. Therefore, private initiative adoption affected the use of sustainability objectives in decision making processes, which enhances the long-term vision.

4.7 The Covid-19 pandemic and the effects of private initiative adoption

At the beginning of March 2020, the Covid-19 pandemic “Corona crisis” started to impact KLM. The financial consequences are huge for the aviation industry, also for KLM. All projects that did not have direct affinity towards operational manners have been stopped and postponed including the internship project. Many contracts with interns were discontinued; however, mine was not as the firms’ management believed in the importance of sustainability. This confirms the commitment of management towards sustainability. Hence, the research was affected as explained in the discussion section of this thesis.

KLM knows Covid-19 will not last forever and however the damage is already huge, it also provides the possibility to restructure and incorporate sustainability values into their strategical plans for the future of KLM. Covid-19 has not held back to further adoption and commitments to private initiatives; it is still part of KLM’s values, vision and strategy. Yet, all financial resources, expertise, and people currently work on preserving the business (Observations; Interviewee A-J, 2020).

“Besides the societal and political importance of this topic, sustainability can also contribute to our financial well-being and the well-being of the organisation, which makes it an important topic in all times” (Translated from: Interviewee J, 2020).

5 Discussion

In this thesis, KLM and its Engineering & Maintenance department was used to research the organisational change effects of private initiative adoption. This chapter will further discuss the results. This chapter is divided into different sections to put the results into a broader perspective. These sections cover the purpose of this study, the main approach, the findings, the managerial implications, limitations of the study, and recommendations for future research.

5.1.1 Implications of the findings

Societal and institutional pressures increase the importance of sustainability for firms. To improve their sustainability performance, firms adopt private initiatives. During the adoption of private initiatives and with that the adoption of sustainability objectives and values, organisations undergo change. The results of this study regarding the organisational change effects of private initiative adoption by firms are applicable to other organisations with similar characteristics to KLM. The results are likely valid for other privately owned large organisations that operate in a volatile environment as KLM faces similar challenges and have similar outcomes concerning the organisational change effects of private initiatives in the context of sustainability. Another characteristic of the studied firm is the various hierarchal layers between operations and top management. Hence,

Various firms adopt various private initiatives in the context of sustainability. Discrepancies are observed between the adopted initiatives or standards as reported on and the observed effects. Nevertheless, the studied organisational change effects arising from the firms' commitment to sustainability and private standard adaption potentially arise at multiple firms. Large firms have often similar organisational characteristics regarding hierarchy and operation strategies whereby it can be assumed that firms' handle change processes similar based on Waddel, et al., (2019).

The five following organisational change effects of private initiative adoption have been studied and will be further discussed below: (I) transparency, (II) sustainability culture, (III) communication, (IV) decision making, and (V) stakeholder engagement.

(I) **Transparency**

The results point out that the transparency, by means of accessibility and the quality of information disclosure is not clearly affected by private initiatives. Generally, private initiatives try to enhance the transparency of data regarding the firm's sustainability performance e.g. by providing reporting mechanisms and audits (Gardner, et al., 2019). Private initiatives in the context of sustainability, contribute to spreading information towards stakeholders, and thus information disclosure. In the case of enhancing information to spread it, there is observed to be an interference with internal communication. Information regarding sustainability performance and goals, needs to be distributed among employees to benefit internally from the information shared and thus communicated. It is evidential that when employees are informed about the sustainability strategy and related targets, people are more likely to be able to engage and contribute to this. Therewith, it is observed that sustainability awareness among employees increases the need for accessible information regarding this topic as it becomes more important to employees. The findings of this study support the notion that transparency as effect of private initiatives depends as well on the efforts of the firm to provide accessible information to employees. Additionally, transparency regarding sustainability information and knowledge distribution seems to be an important indicator to enhance corporate sustainability.

In terms of the accessibility of information, it has been observed that private initiatives were applied to organise and improve the sustainability performance of the firm in which private initiatives e.g. DJSI or GRI contribute to providing transparency of performance data. The extent to which data is accessible is dependent on the organisational structure. It remains unclear how private initiatives are attributed to internal knowledge and information distribution among employees. Some private initiatives are rather adopted for external transparency regarding sustainability instead of providing guidance in informing internal stakeholders. Results demonstrate that this does not mean that private initiatives do not affect transparency internally, as the results also reveal that the clear goal and structure provided by private initiatives enables the development of internal systems. Such developments enable data and projects to become more visible, and structured. For example, internal platforms could facilitate this. Therefore, private initiatives have the potential to improve the accessibility of information to employees. Thus, it is evidential that private initiatives affect organisational change by facilitating the restructuring of information and data to enable transparency of information within the firm.

In short, empirical evidence is found that private initiatives have the potential to enable information disclosure; however, the accessibility of information depends on the firm and how the firm deals with it. Therefore, transparency by means of accessibility of information could be observed to be affected by private initiatives or standard adoption. Yet, transparency has side effects regarding the dependency on the awareness of employees and internal communication. Consequently, corporate sustainability can be improved when information internally is accessible (transparent) which also enables employees to take responsibility towards society.

(II) Sustainability culture

Regarding the sustainability culture of the firm, private initiative steer projects by the incorporation of sustainability values and goals. The study provided evidence that private initiatives put emphasis on sustainability incorporation into the environmental, social and economic values of the firm's culture. Consequently, shared values regarding sustainability get incorporated into the vision and strategy of the firm.

The culture of the firm is affected by the responsibility of top management to increase the sustainability performance of the firm. Results imply that vigour from management is crucial to incorporate values within the firm as the strategic decisions are made by this employee group. On the one hand, private initiatives result in the development and execution of such sustainability related policies by the firms' management in which sustainability values are incorporate. In this case, other employees are enabled to contribute as well as targets have to be met and sustainability gets embedded in compliance and targets accordingly. On the other hand, are private initiatives to some extent used by the firm as tool to embed it into their culture rather than it results in changes in the firm's sustainability culture. Taking responsibility by incorporating sustainability values causes some discourse when it pertains to taking action. The sustainability culture of the firm is proven through the incorporation of sustainability values into shared principles that should guide behaviour. Although, further integration of adopted initiatives and the compliance should be embedded into different business units to facilitate integration into the culture towards all layers of the firm.

Organisational subcultures are observed as well, especially in the different objectives between older and younger employees. It could be observed that organisational subcultures in terms of younger (25-30) versus older (40+) employees lead to different viewpoints concerning

sustainability. Older employees were observed to be more resistant to taking responsibility for the implementation of sustainability measures. In organisations with a large range of jobs and a strong hierarchy, the role different subcultures should be further specified. The results provide evidence that employees among various hierarchical layers, besides management, have different shared objectives and values concerning sustainability. When sustainability is embedded into the culture it becomes a shared value or principle. Consequently, private initiatives provide direction and certain values in the context of sustainability that impacts the organisational sub-cultures that could only be observed through interviews with employees (generation differences). Therefore, the results imply that besides managerial values and leadership, stakeholder engagement and communication towards employees within the company determines whether sustainability becomes embedded into the firm's culture.

As private initiatives do affect the organisational culture by embedding sustainability related objectives into the firm's culture. It is evidential that sustainability is becoming increasingly a part of employees' behaviours and the organisational culture of the firm when private initiatives are adopted. The process of the incorporation of sustainability values is observed to be an ongoing process and depends on the efforts of the firm to incorporate these. Additionally, empirical evidence illustrates that private initiatives have stronger impact on managerial values and leadership in the context of internalising sustainability in the firm's culture than to "lower" employee layers. As the effect of private initiatives adoption seemed more embedded in higher management layers, future research is needed to reveal how leadership and managerial values could facilitate organisational change processes to embed sustainability into the firm's culture, and within its organisational subcultures. Especially more emphasize in research on organisational sub-cultures is needed to facilitate the embeddedness of sustainability values throughout firms.

(III) Communication

Private initiatives enable external as well as internal communication by providing communicable goals and objectives regarding sustainability. Statements arise from these initiatives, which enables clear communication regarding sustainability. In this study, evidence was found that such articulation efforts potentially impact the communication of sustainability. Meaning that it was observed to result in communication strategies that provide dialogues concerning sustainability and increase internal awareness. Results demonstrate that this is not necessarily entirely the case as the various private initiatives, such as DJSI, are mainly used to

inform external stakeholders and to enhance engagement. Besides, the results imply that private initiatives have the potential to enable internal communication, but limitations have been found. Overall, private initiatives provide a clear goals and scope which enables internal communication regarding sustainability but is strongly depended on internal communication strategies. Consequently, the results show that communication could be seen as effect of private initiative adoption by firms for the purpose of raising awareness, putting the efforts a firm puts into it aside. Thus, clear scopes and goals provided by the private initiatives have the potential to affect internal sustainability communication.

Furthermore, as result private initiatives adoption sustainability could be implemented in various organisational tools (e.g. OGSM), such tools enable internal communication of the firms' commitment to sustainability. For the purpose of raising internal awareness and support, internal communication is more strongly observed towards management. Consequently, the effect of internal sustainability communication has to potential to support responsible behaviour. The results of this study did not provide clear insights in the behavioural patterns arising from communication efforts. Nonetheless, it could be justified that responsible behaviour and values are shared using communicational tools such as strategy, mission, and vision. This implies that private initiatives adoption affects organisational change regarding the execution of internal communication is evidential but depended on the extent to which firms actually communicate sustainability efforts.

Besides, it can be argued that communicating internally is crucial to enable employees to become more aware about sustainability. When internal communication regarding sustainability at firms would be done more effectively it is possible that people become increasingly aware about sustainability and responsible behaviour is fostered accordingly. Therefore, communicating targets, derived from private initiatives, is considered an effect from the adoption of such initiatives, which enables the visibility of sustainability efforts of the firm.

Overall, various forms of communication can be used to increase internal awareness and engagement to facilitate more responsible behaviour to increase the firm's sustainability performance. Therefore, future research should focus one studying the effectiveness of various internal communication methods in the context of sustainability engagement.

(IV) Stakeholder engagement

In terms of stakeholder engagement, the results of this study imply that adopting private initiatives results in more active internal stakeholder engagement. Although it is observed that the effectiveness of stakeholder engagement is dependent upon other studied effects, especially transparency and communication, as clear purposes, information, and involvement are large aspects of their engagement (Kaur & Lodhia, 2018). It could be observed that by involving stakeholders and increasing their understanding and awareness (e.g. by communicating), stakeholders seemed more likely to participate in sustainability practices.

Various scholars focus on the need for strong stakeholder engagement to increase the firm's sustainability performance through the execution of sustainability policies (Eccles, et al., 2014; Kaur & Lodhia, 2018). The results of this study provide evidence that, private initiatives enable information disclosure of sustainability values, e.g. economic, social, and environmental, which has the potential to increase corporate sustainability. The wide range of topics provided by the adoption of various private initiatives has enabled the engagement of employees and facilitated dialogues. The topics and clear goals and targets provided by private initiatives are observed to be used as a tool to enable employees to engage to and execute sustainability. It is observed as well that stakeholders engage better to sustainability when they are informed. Consequently, communication should be used to enhance the accessibility of information, and to increase the awareness for internal stakeholder engagement. Therefore, when more employees, i.e. internal stakeholders, are engaged with sustainability, it is more likely that they become aware of how to incorporate sustainability in their work. Yet, the extent to which stakeholders engage depends on the firm's internal communication and efforts made by the firm to raise awareness among their employees.

As discussed, regarding the organisational change effect of stakeholder engagement private initiatives, enables firms to increase awareness and dialogues with employees concerning sustainability related topics. Especially the CSR reporting has in this case increased the development of sustainability engagement strategies towards the firm's employees. Nevertheless, the results of the study show that some kinds of private initiatives are rather used for external stakeholder engagement purposes. As sustainability reports identified, there is no distinction made of various internal stakeholders other than "employees". Internally, all kinds of sub-cultures could be observed, among some employee groups, people are more likely to engage to sustainability than others. Based on people's own intrinsic values, it should be better

specified, how to engage to people who have less affinity with the topic. Therefore, it could be further researched how organisational sub-cultures impact the internalising of sustainability regarding stakeholder engagement, facilitated by private initiative adoption.

(V) **Decision making**

The findings of the study imply that it is evidential that the adoption of private initiatives result in organisational change effects regarding decision making. As private initiatives provide goals and targets sustainability objectives got increasingly important in decisions making. In order to enable to make sustainability part of decision making, values should be aligned, especially in terms of economic, environmental, and social values. These values should be taken into account in the firm's strategies as they recognise, the responsibility of the firm towards sustainability (Eccles, et al., 2014). Next to that, raising awareness of sustainability is crucial to embed such values in decision making as management performs towards becoming more sustainable. Therefore, the transparency of information, especially accessibility for decision makers, is crucial to take action and increase the firm's sustainability performance.

Furthermore, it is evidential that when firm's incorporate sustainability as managerial value it is more likely that decision are made upon this. Meanwhile, firms a struggle to find the balance between investments, economic performance, and enhancing sustainability. This may raise concerns about the effects of private initiatives have on decision making but can be addressed by developing a roadmap to balance interests. Yet, by adopting private initiatives firms have the potential to align interest internally by harmonising economic, social and environmental factors towards increasing corporate sustainability. Besides, the role of management needs to be understood as important strategical decisions are made by this stakeholder group. Leadership by the firm's management is important to guide others in how they can contribute in decisions to sustainability. Therefore, it is evidential that management should comply to private initiatives to ensure the incorporation of sustainability in decision making.

Regarding long-term perspectives it could be observed that social and environmental indicators were taken into account. Private initiatives provide the need for a long-term strategy, as it is important and represented through the firm's management as it needs to be managed and monitored resulting in the development of targets and strategies. These private initiatives enable to decision making processes that are not only based on economic consequences but also embedded long-term performance such as environmental and social impact. Embedding

sustainability measures into long-term performance have the potential in better resource allocation. Consequently, intangible resources, e.g. knowledge and skills of employees, are more actively managed to achieve corporate sustainability related goals, of which private initiatives provide direction. In order to manage corporate sustainability accordingly, roadmaps based on private initiatives provide a tool for resource allocation, at which economic, social and environmental factors are harmonised. Therefore, the results emphasize that the allocation of resources has changed through private initiative adoption but depends on decision making and to what extent sustainability values are adopted.

In short, decision making is dependent on transparency and accessibility of information when sustainability is embedded into the firm's strategy, mission, and vision. The consequences of actions by management are easier to understand when there is transparency and accessibility to knowledge. Private initiatives provide guidance in the incorporation of corporate sustainability, affecting strategy and decisions made to comply to this. Besides, communication regarding sustainability strategies and values are also crucial to enable sustainability to be taken into account during decision making processes and increase the firm's sustainability performance.

To conclude, firms adopt private initiatives because they aim to increase corporate sustainability. The extent to which the studied organisational change effects contribute to increasing corporate sustainability has not been measured in this study. Notwithstanding, it is evidential that when the studied effects would be strongly present, it is evidential that firms have internalised private initiatives resulting in enhancing corporate sustainability performance. As argued, the extent to which firms put efforts in optimising effects such as internal communication affects the effectiveness of the adoption of private initiatives in enhancing corporate sustainability. This study shows that the effects are interrelated to each other and need to be balanced in order to effectively embed sustainability. Besides, it is evidential that private initiatives are used as strategic tool to incorporate sustainability by engaging to employees, raise awareness and facilitate changes. Therefore, future research can focus on the extent to which internalisation of sustainability by private initiatives impacts corporate sustainability performance and how the effectiveness of private initiative adoption can be improved accordingly.

5.1.2 Managerial implications

The research topic is relevant as firms are increasingly pushed by governments, customers and other stakeholders to increase their sustainability performance. As the results imply, firms struggle with internalising sustainability by adopting private initiatives. The organisational change processes that result of this, were examined in this thesis. Additionally, the results of this study provide insights in the effects that can arise from private initiative adoption to enhance sustainability. As the theory describes whether and how the effects could be present, firms could learn from these implications towards more effective private initiative adoption and to internalise sustainability related practice to increase corporate sustainability. The qualitative nature of this study provides managerial implications as well on the areas to which firms could act upon. The results are potentially applicable to a broader range of firms; however, there will be differences in which private initiatives adopted by different firms. Scholars still highlight that the effects tested in this study could be observed in cases whereby firms try to enhance sustainability. Another important implication is the extent to which firms put effort into internalising sustainability and how they embed this into their organisation which impacts the effects and the firm's corporate sustainability.

Overall, the study outlines the need for leadership and management to steer upon sustainability internally, and to support both responsible behaviour and decision making. The value of internal stakeholder engagement and communication to raise awareness are crucial to enable sustainability to become part of the firm's culture. Therefore, the empirical evidence collected in this study can be used by firms to learn how to handle the process of private standard and initiatives adoption to increase their sustainability performance. Thus, the effects of private initiative adoption on corporate sustainability depends on the efforts of firms to internalise sustainability.

5.1.3 Limitations of the study

As mentioned before in this thesis, the Covid-19 pandemic has unfortunately impacted this research. Due to the virus, a big crisis in the airline sector arose as countries closed their borders. All projects and initiatives that were not affecting the current operations were put on hold. Thus, also almost everything related to sustainability and all informative events were put on hold. In the case of this study, internal communication campaigns and events prior to interviews, were cancelled. Due to these cancellations, regarding the sample size, operational employees could not be interviewed, and most employees were less informed about the running private initiatives by forehand, which is at the same time a result. Nevertheless, data saturation could be reached

among interviewees working in various levels of management. As the firm has more hierarchical layers, the collected data and results could be seen as less dense. Thus, more interviews with employees from different layers besides management would have added an extra perspective and increased the reliability of the results.

Furthermore, this study provides insights into the organisational change effects of private initiative adoption on a certain moment in time. Processes related to this adoption and related change processes are ongoing, and therefore another limitation occurs as the results could differ when trying to reproduce this research in another moment in time. Besides this, the qualitative nature of this study cannot prove the causality of the observed effects of private initiative adoption and is a limitation as well.

In terms of the methodical limitations, more interviews could have been conducted, and performing a multi case-study would have provided stronger empirical evidence. However, the triangulation of the research, the participant observations, document analysis and interviews together provided the ability for an in-depth study whereby data is collected from multiple perspective. Therefore, empirical evidence of the studied phenomenon could still be found.

5.1.4 Implications for future research

The research could be applicable to firms that face similar challenges in adopting initiatives to increase the effectiveness of private initiative adoption to enhance corporate sustainability through broader range of firms could be studied. The aim of this research is to gather empirical evidence to contribute in filling in this gap in literature, regarding the organisational change effects of private initiative adoption. Consequently, the discussion elaborates on the evidence that firms are internally impacted by the adoption of private initiatives and that a lot more can be learned regarding this. Yet, future research should elaborate further on the provided evidence, by performing a qualitative multi-case study. A quantitative research approach can be used to prove that the studied organisational change effects as result of private initiative adoption also occur at other large firms among various industries. In terms of proving causality, a single-case study approach could not cover the probability of a causal relationship (Mahony, 2008). Therefore, a quantitative approach could also be suitable for future research to prove the probability of the studied effects.

As current scholars do not yet focus on the internalisation of sustainability from the firm's perspective, and how this potentially can be optimised, future research could also study more in depth how these organisational change effects could result in more effective private initiative or standard adoption by firms. This research topic has potential to contribute to increasing corporate sustainability e.g. by studying some specific effects more in detail. Besides, this would also have an extra societal value as consumers have a growing interest in sustainability and the sustainability performance of firms as well. Therefore, future research is important to increase effective internalisation of sustainability at firms to enable and increase corporate sustainability.

6 Conclusion

This study researched how various private initiatives adopted by firms impact corporate sustainability. Previous studies mainly focus on the effectiveness of private initiatives and the effects of commitments of firms to become more sustainable. However, the actual internal perspectives of the private initiative adoptions for sustainability are currently underexposed by existing scholars. In this thesis, the actual organisational change effects of this phenomenon by private initiative adoption of firms were examined by collecting empirical evidence regarding the impact of private initiative adoption in the case of KLM. By performing a deductive case-study, the examined phenomenon of the internal change effects of private initiative adoption in the context of firms could be studied. This has resulted in gathering empirical evidence regarding organisational change effects which filled in the gap in literature.

Based on the performed case-study, five potential effects were researched to answer the research questions. The adoption of private initiatives affect corporate sustainability by firstly, (I) transparency as private initiatives have the potential to facilitate the structuring of data e.g. the development of a roadmap. Besides, corporate sustainability can be affected by addressing the accessibility and availability of information to employees. Employees are more likely to engage to sustainability and act upon it when information is accessible. Secondly (II), the firm's culture is affected by private initiatives by providing sustainability values and objectives that can be incorporated into the firm's culture. The incorporation of sustainability values into the culture, facilitates leadership and compliance regarding corporate sustainability, and with that further integration of sustainability within the firm. Thirdly, (III) internal communication is affected by private initiatives as these facilitate clear goals and scope regarding sustainability. Communication is needed to provide accessibility of information to raise awareness and facilitate stakeholder engagement to enhance corporate sustainability. Fourthly, (IV) stakeholder engagement is affected by private initiatives in providing direction of employee engagement strategies. Besides, a distinction should be made between various internal stakeholder groups to facilitate engagement and raise awareness to enhance corporate sustainability. Lastly, (V) decision making is affected by the adoption of private initiatives by firms as sustainability objectives are represented by decision makers and leadership should be taken incorporate sustainability and increase sustainability performance accordingly.

Overall, the results of this study imply that there is empirical evidence that the adoption of private initiatives facilitates the incorporation of sustainability into the firm. The variety of private initiatives adopted does not necessarily affect the studied effects and corporate sustainability. Consequently, private initiatives provide guidance by enabling firms to adopt sustainability goals and values; however, the internalisation of sustainability by the firm accordingly influences the extent to which effects could be observed. A discrepancy could be observed between certain commitments by private initiatives and the actual effects on corporate sustainability caused by lack of effort from the firm to effectively use the private initiative. Therefore, some organisational change effects could be observed more strongly whilst other effects were more reliant on the execution by the firm. Therefore, corporate sustainability is dependent on how sustainability is embedded within the firm and how firms deal with private initiatives. Thus, private standards enable firms to enhance corporate sustainability.

The empirical contribution of this research comes from the collected evidence that private initiative adoption to enhance corporate sustainability results in organisational change by the presence of effects in the studied case. This study provides therefore a basis for future research to build further on the empirical groundings of this study. Yet, it is evidential that; when private initiatives are effectively used as tool to internalise sustainability by firms it is most likely that firms can strengthen corporate sustainability.

7 Acknowledgements

In the first place I would like to thank my thesis supervisor for all the support during my thesis and the opportunity for researching this topic. Besides, I would like to thank KLM for hosting my internship and enabling me to gather data for my research. Therefore, I would like to thank the interviewees and especially my company's supervisor for helping me throughout the process and the trust given.

8 References

AccountAbility (2015), AA1000 Stakeholder Engagement Standard, AccountAbility, London.

Adams, C. A. (2015). The international integrated reporting council: a call to action. *Critical Perspectives on Accounting*, 27, 23-28.

Ancell, D. (2016). *Clipped Wings: Corporate social and environmental responsibility in the airline industry*. Routledge.

Ayuso, S., Rodríguez, M. Á., García-Castro, R., & Ariño, M. Á. (2011). Does stakeholder engagement promote sustainable innovation orientation?. *Industrial Management & Data Systems*.

Baumgartner, R. J., & Rauter, R. (2017). Strategic perspectives of corporate sustainability management to develop a sustainable organization. *Journal of Cleaner Production*, 140, 81-92.

Bernstein, S. (2011). Legitimacy in intergovernmental and non-state global governance. *Review of international political economy*, 18(1), 17-51.

Bitektine, A. (2008). Prospective case study design: qualitative method for deductive theory testing. *Organizational research methods*, 11(1), 160-180.

Braam, G., & Peeters, R. (2018). Corporate sustainability performance and assurance on sustainability reports: Diffusion of accounting practices in the realm of sustainable development. *Corporate Social Responsibility and Environmental Management*, 25(2), 164-181.

Bryman, A. (2016). *Social research methods*. Oxford university press.

Camilleri, M. A. (2015). Valuing stakeholder engagement and sustainability reporting. *Corporate Reputation Review*, 18(3), 210-222.

De Villiers, C., Rouse, P., & Kerr, J. (2016). A new conceptual model of influences driving sustainability based on case evidence of the integration of corporate sustainability management control and reporting. *Journal of Cleaner Production*, 136, 78-85.

Dietz, T., Grabs, J., & Chong, A. E. (2019). Mainstreamed voluntary sustainability standards and their effectiveness: Evidence from the Honduran coffee sector. *Regulation & Governance*.

Domingues, A. R., Lozano, R., Ceulemans, K., & Ramos, T. B. (2017). Sustainability reporting in public sector organisations: Exploring the relation between the reporting process and organisational change management for sustainability. *Journal of environmental management*, 192, 292-301.

Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science*, 60(11), 2835-2857.

- Eccles, R. G., & Serafeim, G. (2017). Corporate and integrated reporting: A functional perspective. In *Corporate stewardship* (pp. 156-171). Routledge.
- Elkington, J. (1998). Partnerships from cannibals with forks: The triple bottom line of 21st-century business. *Environmental quality management*, 8(1), 37-51.
- Epstein, M. J., & Roy, M. J. (2001). Sustainability in action: Identifying and measuring the key performance drivers. *Long range planning*, 34(5), 585-604.
- Finnemore, M., & Sikkink, K. (1998). International norm dynamics and political change. *International organization*, 52(4), 887-917
- Fischer, D., Lüdecke, G., Godemann, J., Michelsen, G., Newig, J., Rieckmann, M., & Schulz, D. (2016). Sustainability communication. In *Sustainability Science* (pp. 139-148). Springer, Dordrecht.
- Fransen, L. (2018). Beyond Regulatory Governance? On the Evolutionary Trajectory of Transnational Private Sustainability Governance. *Ecological Economics*, 146, 772-777.
- Freeman, R.E. (1984), *Strategic Management: A Stakeholder Approach*, Pitman Publishing Inc., Boston, MA.
- Galbreath, J. (2018). Do boards of directors influence corporate sustainable development? An attention-based analysis. *Business Strategy and the Environment*, 27(6), 742-756.
- Gardner, T. A., Benzie, M., Börner, J., Dawkins, E., Fick, S., Garrett, R., ... & Mardas, N. (2019). Transparency and sustainability in global commodity supply chains. *World Development*, 121, 163-177.
- Godemann, J., & Michelsen, G. (2011). Sustainability communication—an introduction. In *Sustainability Communication* (pp. 3-11). Springer, Dordrecht.
- Herremans, I. M., Nazari, J. A., & Mahmoudian, F. (2016). Stakeholder relationships, engagement, and sustainability reporting. *Journal of Business Ethics*, 138(3), 417-435.
- Hoque, M. E. (2017). Why company should adopt integrated reporting?. *International Journal of Economics and Financial Issues*, 7(1), 241-248.
- Hossain, M., Islam, M. T., Momin, M. A., Nahar, S., & Alam, M. S. (2019). Understanding communication of sustainability reporting: Application of symbolic convergence theory (SCT). *Journal of Business Ethics*, 160(2), 563-586.
- Hummel, K., & Schlick, C. (2016). The relationship between sustainability performance and sustainability disclosure—Reconciling voluntary disclosure theory and legitimacy theory. *Journal of Accounting and Public Policy*, 35(5), 455-476.
- IISD, D. T. World Business Council for Sustainable Development (1992): Business strategy for Sustainable Development: leadership and accountability for the 90s. *Journal of Management*, 37(5), 1464-1479.

KLM (2020). KLM takes care. Retrieved March-June 2020, from <https://klmtakescare.com/en>

Kaur, A., & Lodhia, S. (2018). Stakeholder engagement in sustainability accounting and reporting. *Accounting, Auditing & Accountability Journal*.

Kawulich, B. B. (2005, May). Participant observation as a data collection method. In *Forum Qualitative Sozialforschung/Forum: Qualitative Social Research* (Vol. 6, No. 2).

Lahtinen, S., Kuusela, H., & Yrjölä, M. (2018). The company in society: when corporate responsibility transforms strategy. *Journal of Business Strategy*, 39(4), 11-18.

Lambin, E. F., & Thorlakson, T. (2018). Sustainability standards: Interactions between private actors, civil society, and governments. *Annual Review of Environment and Resources*, 43, 369-393.

Le Breton-Miller, I., & Miller, D. (2006). Why do some family businesses out-compete? Governance, long-term orientations, and sustainable capability. *Entrepreneurship theory and practice*, 30(6), 731-746.

Linnenluecke, M. K., Russell, S. V., & Griffiths, A. (2009). Subcultures and sustainability practices: the impact on understanding corporate sustainability. *Business Strategy and the environment*, 18(7), 432-452.

Lozano R. 2011. Addressing Stakeholders and better contributing to sustainability through game theory. *Journal of Corporate Citizenship* 43: 45–62.

Lozano, R. (2015). A holistic perspective on corporate sustainability drivers. *Corporate Social Responsibility and Environmental Management*, 22(1), 32-44.

Maas, K., Schaltegger, S., & Crutzen, N. (2016). Integrating corporate sustainability assessment, management accounting, control, and reporting. *Journal of Cleaner Production*, 136, 237-248.

Mahoney, J. (2008). Toward a unified theory of causality. *Comparative Political Studies*, 41(4-5), 412-436.

Matz, N. (2005). Financial institutions between effectiveness and legitimacy—a legal analysis of the World Bank, global environment facility and prototype carbon fund. *International Environmental Agreements: Politics, Law and Economics*, 5(3), 265-302.

Millar, C., Hind, P., & Magala, S. (2012). Sustainability and the need for change: organisational change and transformational vision. *Journal of Organizational Change Management*, 25(4), 489-500.

KLM. (2019). Fly Responsibly. Retrieved on March 30 2020, from https://flyresponsibly.klm.com/gb_en#keypoints?article=WhatYoudo

KLM CSR Report (2010), internal documentation

KLM CSR Report (2011), internal documentation

KLM CSR Report (2012), internal documentation

KLM CSR Report (2013), internal documentation

KLM CSR Report (2014), internal documentation

KLM CSR Report, (2015), internal documentation, accessible via www.klmtakescare.com.

KLM CSR Report, (2016), internal documentation, accessible via www.klmtakescare.com.

KLM CSR Report, (2017), internal documentation, accessible via www.klmtakescare.com.

KLM CSR Report, (2018), internal documentation, accessible via www.klmtakescare.com.

KLM CSR Report, (2019), internal documentation, accessible via www.klmtakescare.com.

KLM CSR Report, (2020), internal documentation, accessible via www.klmtakescare.com.

Salvioni, D. M., Franzoni, S., Gennari, F., & Cassano, R. (2018). Convergence in corporate governance systems and sustainability culture. *International Journal of Business Performance Management*, 19(1), 7-15.

Schnackenberg, A. K., & Tomlinson, E. C. (2016). Organizational transparency: A new perspective on managing trust in organization-stakeholder relationships. *Journal of Management*, 42(7), 1784-1810.

Schönborn, G., Berlin, C., Pinzone, M., Hanisch, C., Georgoulas, K., & Lanz, M. (2019). Why social sustainability counts: The impact of corporate social sustainability culture on financial success. *Sustainable Production and Consumption*, 17, 1-10.

Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of management review*, 20(3), 571-610.

Thakthathi, A., le Roux, C., & Davis, A. (2019). Sustainability Leaders' Influencing Strategies for Institutionalising Organisational Change towards Corporate Sustainability: A Strategy-as-Practice Perspective. *Journal of Change Management*, 19(4), 246-265.

Teunissen, J. (1985). Triangulatie als onderzoeksstrategie in symbolisch interactionistisch onderzoek. *Betekenis en interactie: symbolisch interactionisme als onderzoeksperspectief*, 82-97.

Vatn, A. (2018). Environmental governance—from public to private? *Ecological economics*, 148, 170-177.

Vergne, J. P. (2011). Toward a new measure of organizational legitimacy: Method, validation, and illustration. *Organizational Research Methods*, 14(3), 484-502.

Vigneau, L., Humphreys, M., & Moon, J. (2015). How do firms comply with international sustainability standards? Processes and consequences of adopting the global reporting initiative. *Journal of Business Ethics*, 131(2), 469-486.

Waddell, D., Creed, A., Cummings, T. G., & Worley, C. G. (2019). *Organisational change: Development and transformation*. Cengage AU.

Yin, R., (1994). *Case study research: Design and methods* (2nd ed.). Beverly Hills, CA: Sage Publishing.

8.1 List of interviewees

Interviewee A, 2020

Interviewee B, 2020

Interviewee C, 2020

Interviewee D, 2020

Interviewee E, 2020

Interviewee F, 2020

Interviewee G, 2020

Interviewee H, 2020

Interviewee I, 2020

Interviewee J, 2020

9 Appendix 1. Interview guide

9.1 Interview guide top management

- Thank you for participating in this interview for my thesis. The interview will be kept anonymously.
- The interview will be recorded, do you have any problems with that?
- The goal of the interview is to get insights in the role of sustainability in different processes within the firm.
- Do you have any questions before we start?

Effect from theory	Question regarding private standard adoption & sustainability
General questions	Are you familiar with KLM's sustainability initiatives such as "slim & duurzaam 2030" or Fly Responsibly? How does " <i>slim & duurzaam 2030</i> " have impact on your work? How, from your point of view, does KLMs commitment to such goals impact its daily business and processes? <ul style="list-style-type: none"> ➤ Would you consider this as organisational change? ➤ How is KLM dealing with organisational change accordingly?
Stakeholder engagement	How do people get involved in the journey to become more sustainable? <ul style="list-style-type: none"> ➤ How is this coordinated? Could you describe the dialogues with different stakeholder within the form on the topic of sustainability? <ul style="list-style-type: none"> ➤ How can you be involved? What is the impact of the commitment of " <i>slim & duurzaam 2030</i> " on stakeholder dialogues? <ul style="list-style-type: none"> ➤ How does it contributes to sustainability engagement of employees?
Communication	How is awareness created? How are employees informed about " <i>Slim & duurzaam 2030</i> "? How are projects to improve the firm's sustainability communicated? <ul style="list-style-type: none"> ➤ Does this result in dialogues about this topic with stakeholders? ➤ Is the impact of these project further clarified towards employees?
Transparency	To what extend provides " <i>Slim & duurzaam 2030</i> " a framework for information disclosure regarding sustainability performance? <ul style="list-style-type: none"> ➤ How is sustainability performance measured? In what way does it influence the traceability of information? <ul style="list-style-type: none"> ➤ How do you know who is responsible?

Decision making	<p>How does “<i>Slim & duurzaam 2030</i>” impact decision making?</p> <ul style="list-style-type: none"> ➤ Does it impacts KPIs? ➤ Does it influence the overall scope of E&M? ➤ How does it influence the time scale of decisions? <p>What is the normal time horizon of decision making?</p> <ul style="list-style-type: none"> ➤ How does sustainability affect the time-horizon of decision making? <p>How is dealt with non-financial measures (environmental impact/ social impact) in decision making?</p> <ul style="list-style-type: none"> ➤ Is “<i>Slim & duurzaam 2030</i>” increasing the importance of these measures?
Sustainability culture	<p>How is E&M’s (top) management representing sustainability towards its employees?</p> <p>How is “<i>Slim & duurzaam 2030</i>” embedded in the firms’ culture?</p> <ul style="list-style-type: none"> ➤ How is it resulting in shared values? <p>How is “<i>Slim & duurzaam 2030</i>” represented by managerial values?</p> <ul style="list-style-type: none"> ➤ How is sustainability part of culture? ➤ Is sustainability embedded as value in management?

9.2 Interview guide middle management

- Thank you for participating in this interview for my thesis. The interview will be kept anonymously.
- The interview will be recorded, do you have any problems with that?
- The goal of the interview is to get insights in the role of sustainability in different processes within the firm.
- Do you have any questions before we start?

Effect from theory	Question
General questions	<p>Are you familiar with KLM's sustainability initiatives such as "slim & duurzaam 2030" or Fly Responsibly?</p> <p>How does "<i>slim & duurzaam 2030</i>" have impact on your work?</p> <p>How, from your point of view, does KLMs commitment to such goals impact its daily business and processes?</p> <ul style="list-style-type: none"> ➤ Would you consider this as organisational change? ➤ How is KLM dealing with organisational change accordingly?
Stakeholder engagement	<p>How do people get involved in the journey to become more sustainable?</p> <ul style="list-style-type: none"> ➤ How is this coordinated? <p>Could you describe the dialogues with different stakeholder within the form on the topic of sustainability?</p> <ul style="list-style-type: none"> ➤ How can you be involved? <p>What is the impact of the commitment of "<i>slim & duurzaam 2030</i>" on stakeholder dialogues?</p> <ul style="list-style-type: none"> ➤ How does it contributes to sustainability engagement of employees?
Communication	<p>How is awareness created?</p> <ul style="list-style-type: none"> ➤ Do teams feel more engaged to sustainability? <p>How are employees informed about "<i>Slim & duurzaam 2030</i>"?</p> <p>How are projects to improve the firm's sustainability communicated?</p> <ul style="list-style-type: none"> ➤ Does this result in dialogues about this topic with stakeholders? ➤ Is the impact of these project further clarified towards employees?
Transparency	<p>To what extend provides "<i>Slim & duurzaam 2030</i>" a framework for information disclosure regarding sustainability performance?</p> <ul style="list-style-type: none"> ➤ How is sustainability performance measured? <p>In what way does it influence the traceability of information?</p> <p>How do you know who is responsible?</p>

Decision making	<p>How does “<i>Slim & duurzaam 2030</i>” impact decision making?</p> <ul style="list-style-type: none"> ➤ Does it impact KPIs? ➤ Does it influence the overall scope of E&M? ➤ How does it influence the time scale of decisions? <p>What is the normal time horizon of decision making?</p> <ul style="list-style-type: none"> ➤ How does sustainability affect the time-horizon of decision making? <p>How is dealt with non-financial measures (environmental impact/ social impact) in decision making?</p> <ul style="list-style-type: none"> ➤ Is “<i>Slim & duurzaam 2030</i>” increasing the importance of these measures?
Sustainability culture	<p>How is E&M’s management representing sustainability towards its employees?</p> <p>How is “<i>Slim & duurzaam 2030</i>” effecting daily business activities in your team?</p> <p>How is “<i>Slim & duurzaam 2030</i>” represented by managerial values?</p> <ul style="list-style-type: none"> ➤ How is sustainability part of culture? ➤ Is sustainability embedded as value in management?

9.3 Interview guide employees

- Thank you for participating in this interview for my thesis. The interview will be kept anonymously.
- The interview will be recorded, do you have any problems with that?
- The goal of the interview is to get insights in the role of sustainability in different processes within the firm.
- Do you have any questions before we start?

Effect from theory	Question
General questions	<p>Are you familiar with the commitment of E&M to “<i>slim & duurzaam 2030</i>”?</p> <ul style="list-style-type: none"> ➤ Did this lead to any changes in your work environment? <p>Have you heard from your manager “<i>slim & duurzaam 2030</i>”?</p> <p>How does “<i>slim & duurzaam 2030</i>” have impact on your work?</p> <ul style="list-style-type: none"> ➤ If not, what role has sustainability in your work? ➤ How could you make suggestions to improve particular practices, would you make these?
Sustainability culture	<p>What do you think about sustainability?</p> <ul style="list-style-type: none"> ➤ What is the role of sustainability in your daily work? <p>What would happen when you have initiative to improve the firm’s sustainability performance?</p> <ul style="list-style-type: none"> ➤ Do you feel like sustainability is an important part of the firm? <p>Do you feel that you are involved in sustainability initiatives?</p>
Stakeholder engagement	<p>How does E&Ms commitment to “<i>slim & duurzaam 2030</i>” affect your work?</p> <ul style="list-style-type: none"> ➤ Do you think change is necessary? ➤ Do you feel like you are part of the change? <p>Would you make suggestions that could improve something e.g. efficiency or costs savings?</p> <ul style="list-style-type: none"> ➤ If yes, to whom would you suggest these? ➤ Would you feel like you’re taken seriously?
Communication	<p>Is sustainability part of your work?</p> <p>Wat do you think about your impact, such as waste?</p> <ul style="list-style-type: none"> ➤ (Why) are you separating waste? ➤ Do you know what happens with waste streams?
Transparency	<p>Do you know what E&M does to become more sustainable?</p> <ul style="list-style-type: none"> ➤ Where would you go to find information? <p>Could you explain to what extend sustainability performance related information is clear for you?</p>
Decision making	<p>How this stakeholder group taken into account in decision making processes?</p>

