Institution: University of Reading	

Unit of Assessment: UoA 17 Business and Management Studies

Title of case study: Enabling Companies to Improve Organisational Attainment Through Stakeholder Engagement

Period when the underpinning research was undertaken: 2009–19

Details of staff conducting the underpinning research from the submitting unit:

Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Carola Hillenbrand	Academic Fellow Associate Professor Professor of Organisational Psychology	2008 - present
Kevin Money	Professor of Reputation and Responsible Leadership	2006 - present
Chris Brooks	Professor of Finance at the ICMA Centre	2006 - present

Period when the claimed impact occurred: 2014–20

Is this case study continued from a case study submitted in 2014? No

1. Summary of the impact

Connecting stakeholder data to corporate strategy is critical for the ongoing success of a business, yet it is something that many companies struggle to do. Research at the University of Reading, led by Professor Carola Hillenbrand, has produced an innovative tool which addresses this gap and underpins corporate stakeholder engagement strategies. By using this tool, companies are now able to measure and strengthen the key drivers of stakeholder relationships, achieving corporate goals such as greater customer retention, more pro-social outcomes and more ambitious sustainability targets. The approach, known as the "RELATE tool", enables organisations to build stronger relationships with stakeholders by measuring and influencing the psychological drivers of behaviour. The tool is used internationally across FTSE 100 and Fortune Global 500 companies (such as Zurich Insurance, Nokia, and Unilever), as well as by other well-known UK companies such as the John Lewis Partnership and Deloitte. For example, in Unilever, it guides engagement in over 190 countries with the 2,500,000,000 people who use a Unilever product each day, where the Unilever brands applying the RELATE tool are now producing 70% of Unilever's turnover growth.

2. Underpinning research

Working with key industry organisations, such as Canon, Allied Dunbar, Shell, Unilever and a number of UK financial service organisations, Hillenbrand and her colleagues at the University of Reading have co-designed a tool which uses theory and knowledge from social and behavioural psychology to help corporations strengthen stakeholder relationships, with the aim of achieving organisational attainment targets. Previously, it had been methodologically difficult to address the lack of connection between stakeholder data and corporate strategy. What is novel, therefore, is that the bi-directional RELATE tool utilises psychological knowledge to create a feedback loop enabling stakeholder insights to inform corporate strategy, which in turn can be evaluated, refined and modified into a process that will help the organisation to change stakeholder behaviour. The research has its foundations in stakeholder theory as well as social and behavioural psychology and integrates stakeholder relationship strategies with business targets and pro-social outcomes.

Hillenbrand et al.'s 2012 article [ref 3], which won an Emerald Literati Award (2014) for the best paper and presents the RELATE tool, provides much of the academic foundation for subsequent impact work by outlining a bi-directional model of stakeholder engagement. This

paper advances knowledge by proposing a data-driven process for stakeholder engagement (for example, what psychological drivers are likely to lead to stakeholder support and subsequent organisational attainment). This article integrates previous research from psychology [ref 1] and stakeholder management, based on interviews and focus group discussions with employees and customers [ref 2], to develop the RELATE tool. It used quantitiative data from 700 customers of a European service organisation, which was analysed using the partial least squares equation modelling technique. What is novel about the research process and findings of Hillenbrand et al. [refs 1,2,3], and the RELATE tool generally, is that a specific stakeholder relationship strategy is linked to a measurable organisational outcome. The difference that the RELATE tool is therefore making is that desired organisational outcomes (such as sustainability targets) can be traced back to the implementation of a stakeholder relationship strategy – therefore allowing for implementation of evidence-based stakeholder strategies.

Since 2012, the application and further advancements of early relational frameworks have shifted Hillenbrand and her colleagues' work specifically to understand how the psychological make-up of individuals can influence their engagement with organisations. For example, Hillenbrand et al.'s 2013 article [ref 4] unpacks the psychological mechanism by which corporate responsibility impacts stakeholder relationships, providing insights for organisations like Unilever, which want to leverage corporate responsibility and sustainability to generate stakeholder support. Using qualitative data from a UK service organisation (n=708 customers and n=359 employees), it built on advances in the application of psychological theories to the field of management, and empirically tested a theoretical model of how corporate-responsibility-related experiences and beliefs drove stakeholder trust and positive intent.

With a survey of 130 retail employees, the research cited in ref 5 moved this a stage further by exploring how the deeply held beliefs and cultural backgrounds of individuals could influence their engagement with organisations. Once again, this is innovative because it allows organisations to tailor engagement strategies to the psychological make-up and cultural attitudes of the individuals they are engaging with. This is particularly valuable to global organisations when tailoring engagement strategies in different parts of the world. Following a qualitative analysis of in-depth interviews with representatives of community groups (NGOs/thinktanks and special interest groups), as well as interviews with those representing business groups (business leaders and industry representatives), the research cited in ref 6 applied the RELATE tool to the specific case of understanding the impact of corporate tax strategies on stakeholder trust and engagement. This research has been used by Deloitte to guide large companies in how to develop tax strategies that are supported by organisational stakeholders and in line with societal expectations.

3. References to the research

1. Money, K., Hillenbrand, C. and Da Camara, N. (2009) 'Putting positive psychology to work in organisations'. *Journal of General Management*, 34 (3). pp. 21–36. doi: https://doi.org/10.1177/030630700903400302. (ABS 2*).

2. Hillenbrand, C., Money, K. and Pavelin, S. (2011) 'Stakeholder-defined corporate responsibility for a pre-credit-crunch financial service company: Lessons for how good reputations are won and lost'. *Journal of Business Ethics*, 105 (3). pp. 337–356. doi: https://doi.org/10.1007/s10551-011-0969-8. (ABS 3*).

3. Money, K., Hillenbrand, C., Hunter, I. and Money, A.G. (2012) 'Modelling bi-directional research: A fresh approach to stakeholder theory'. *Journal of Strategy and Management*, 5 (1). pp. 5–24. doi: https://doi.org/10.1108/17554251211200428. (ABS 1*).

4. Hillenbrand, C., Money, K. and Ghobadian, A. (2013) Unpacking the mechanism by which corporate responsibility impacts stakeholder relationships. *British Journal of Management*, 24 (1). pp. 127–146. doi: https://doi.org/10.1111/j.1467-8551.2011.00794.x. (ABS 4*).

5. West, B., Hillenbrand, C. and Money, K. (2015) 'Building employee relationships through corporate social responsibility: The moderating role of social cynicism and reward for application'. *Group & Organization Management*, 40 (3). pp. 295–322. doi: https://doi.org/10.1177/1059601114560062. (ABS 3*).

6. Hillenbrand, C., Money, K. G., Brooks, C. and Tovstiga, N. (2019) 'Corporate tax: What do stakeholders expect?' *Journal of Business Ethics*, 158 (2). pp. 403-426.doi: https://doi.org/10.1007/s10551-017-3700-6. (ABS 3*).

The underpinning research for this case study comprises six papers, all published in refereed journals listed on the AJG/ABS list (one 4*-rated journal, three 3* journals and one 1* that won an award at the journal). The *Journal of Business Ethics* (also on the prestigious FT45 journal list) and the *British Journal of Management* are particularly competitive and adopt strict refereeing standards. The research meets or exceeds 2* quality definitions, providing important new knowledge by developing and empirically testing a framework to help corporations strengthen stakeholder relationships and achieve their attainment targets.

4. Details of the impact

Critical to the success of a business is the connection of stakeholder data with corporate strategy. The RELATE tool addresses this challenge and is used globally by a number of large companies and international consultancies to guide stakeholder engagement and improve organisational attainment. It has informed the global engagement strategies of FTSE 100 and Fortune 500 companies, driving significant increases in revenue from more sustainable brands, increased customer retention, increased staff wellbeing and retention, as well as underpinned corporate tax strategies. This has been facilitated by the engagement activities led by Hillenbrand as Academic Director of the John Madejski Centre for Reputation. The Centre was established in 2000 based on the tenet that healthy relationships are the foundation of flourishing organisations and communities.

From 2014 to the present day, the RELATE tool has underpinned Unilever's global stakeholder engagement strategy relating to employees, consumers and across the supply chain. The researchers co-delivered the work through deep engagement with Unilever, which was facilitated by the Vice-President of Sustainable Business & Communications (a Visiting Fellow at the Henley Business School) and his team. Insights were derived that have since been applied to help encourage sustainable consumption in the 190 countries in which Unilever operates with the 2,500,000,000 customers who use a Unilever product each day [source 1]. In doing so, Unilever has been able to address the "attitude–behaviour" gap between what consumers say and what they actually do in relation to sustainability. This is important for Unilever in delivering its Sustainable Living Plan, which aims to decouple growth from its environmental footprint while increasing positive social impact. The tool has resulted in a better understanding of consumer motivation regarding sustainable behaviour. Application of the RELATE tool has been labelled internally by Unilever as project "Stopgap" and has led to significant business benefits for Unilever. In 2017, using the tool, Unilever was able to increase the growth of more sustainable brands 46% faster than the rest of the business (in 2018 and 2019 this figure was in the order of 50%) and delivered 70% of Unilever's turnover growth [source 1]. The tool has therefore influenced sustainable consumption and strategic decision-making in relation to the global supply chain. With a turnover of EUR 53,000,000,000 and a forecast for stability in light of the coronavirus, the insights embedded in Unilever's systems continue to generate new revenue and encourage sustainable consumption in 2020.

Further research (2014 to 2016), co-designed with Echo Research and Zurich Insurance and underpinned by the research outlined in refs 1 and 3, enabled the data-driven tool to underpin strategies for improved outcomes for both external stakeholders (for example, customer service experiences) and the business (for example, decreased turnover of customers). Zurich provides a wide range of products and services in more than 210 countries and territories. The tool led to the development of a global multi-stakeholder performance dashboard, which allowed Zurich to assess the value of trust among stakeholders, including customers (both personal and B2B), employees (and prospective employees), suppliers, governments and

NGOs [source 2]. This "led to actionable insights that were translated into a data driven tool to underpin strategies for stakeholder engagements to improve relationships and trust with consumers, employees, prospects, investors, politicians, regulators and the general public" [source 2]. In summary, it enabled Zurich to better guide its strategy and demonstrate its performance with regard to one of its key strategic objectives: "At Zurich we have set out on a journey to become the best global insurer as measured by our customers, employees, and shareholders and by our contribution to the communities in which we work" [source 2].

In the UK, Hillenbrand and her team worked with the John Lewis (JL) Partnership to build a stakeholder engagement strategy to "increase the happiness and wellbeing of its 95,000 partners across all of its 60 John Lewis shops and 300 Waitrose stores" [source 5]. This opportunity arose from engagement in the form of a presentation given jointly by Unilever (Vice-President of Sustainable Business & Communications) and the Reading researchers at an event hosted by the Institute for Public Relations in 2013, which was watched by the then Director of Communications at the John Lewis Partnership. JL named the initiative "Project Sophia"; it ran from 2014 to 2016 and was underpinned by the application of the models in the research [refs 1,3,4, source 5]. It involved conducting research (both focus group discussions and surveys) with a representative sample of JL and Waitrose staff, which led to changes in JL's engagement with its staff, including the introduction of multi-disciplinary team collaboration and information sharing across the group – both of which were linked to increases in staff wellbeing [source 5]. The project also identified instances of excellent performance and traced their links to staff satisfaction and happiness; these were subsequently replicated and showcased across JL as best practice. An example of this related to employees having higher resilience when expectations were clear and could be linked to key aspects of the JL organisational purpose; this led to a "need to know" and "nice to know" framing of expectations which was championed across the group [source 5].

The innovative tool is now being used internationally in many different companies and countries through intermediary organisations such as T-Media and Deloitte who act as multipliers of the impact. Engagement with T-Media arose from Henley Business School's thriving alumni community, as some of the directors of T-Media had graduated with Henley MBAs and had learnt about the RELATE tool as part of their course. T-Media is one of Finland's leading stakeholder engagement and strategic advice consultancies, with a compound annual growth rate of 25% for several successive years; it states that the research has "significantly influenced our reputation measurement and advisory service business" [source 3]. Since 2014, they have used it with 100 clients (including large multinational enterprises: Finnair, Lidl and Nokia) to measure the drivers of stakeholder engagement and commitment. This research has led to the development of stakeholder engagement strategies which have brought business benefits ranging "from employee engagement and customer loyalty to encouraging sustainable behaviours from stakeholders and protecting share prices in time of crisis" [source 3]. For example, T-Media has used the research to help Nokia to achieve its mission to "engage better with changing labour markets and drive youth employment and skills development in Finland". In another telecom operator business (DNA), the research has informed "day to day stakeholder engagement and value creation strategy…" helping to drive business and build reputation in many areas [source 3].

In an associated piece of work, the Reading researchers produced an article [ref 6] and a related practitioner report with the financial support of Deloitte, which explained how the tool could be used to develop a tax engagement process that would improve firms' policies and transparency on tax with external stakeholders, and identify common ground and gaps. This is important as large corporations require a balance in terms of successfully communicating societal value, openness and fairness to customers on the one hand, and keeping shareholders happy on the other. Companies are therefore keen to avoid high-profile bad publicity on low, but legal, tax payments – as experienced by Starbucks and Amazon. Deloitte made extensive use of the report and its findings in large numbers of client interactions, including those with FTSE 100 firms that they advise. The report and a summary of it were made available to all 3,000 individuals in the tax practice; they distributed a copy of the summary findings to every tax partner in the UK firm and Switzerland (approximately 220); and they drafted a "conversation guide" on how to talk to their clients about the research findings

(they estimate that over 500 such conversations took place). They also displayed the summary findings in their Academy (a private meeting space for the C-suite of the FTSE), which has 4,000 members. Deloitte also shared the research with their major public policy stakeholders (including HM Treasury) [source 4].

In summary, the research addresses the challenge that companies experience when endeavouring to connect stakeholder data to corporate strategy. It demonstrates that the key to achieving organisational and corporate attainment is measuring and strengthening the principal drivers of relationships between organisations and their stakeholders. Underpinned by research grounded in an understanding of the psychological mechanisms which influence stakeholder behaviour, the RELATE tool has an international reach. It has been adopted by FTSE 100 and Fortune Global 500 companies as well as other large global companies. As a result, these organisations are now better able to deliver their corporate strategies. The resulting benefits and attainment are significant in terms of higher revenue, increased customer retention, more pro-social outcomes and higher sustainability attainments. It follows therefore that the societal benefits are also significant in terms, for example, of working towards the Sustainable Development Goals.

5. Sources to corroborate the impact

[S1] Letter from Vice-President of Global Communications, Unilever plc.

[S2] Testimonial from the CEO of Echo Research.

[S3] Letter from the CEO of T-Media.

[S4] Letter from Deloitte.

[S5] Letter from the former Director of Communications at the John Lewis Partnership.