Isomorphism in the Practice of Corporate Social Responsibility: Evidence of an Institution and its Decline

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<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Authors</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>01</td>
<td>Androniki Apostolakou &amp; Gregory Jackson</td>
<td>Corporate Social Responsibility in Western Europe: An Institutional Mirror or Substitute?</td>
</tr>
<tr>
<td>2009</td>
<td>02</td>
<td>Meryem Duygun-Fethi &amp; Fotios Pasiouras</td>
<td>Assessing Bank Performance with Operational Research and Artificial Intelligence Techniques: A Survey</td>
</tr>
<tr>
<td>2009</td>
<td>03</td>
<td>Klaus E. Meyer</td>
<td>Corporate Strategies under Pressures of Globalization: Globalfocusing</td>
</tr>
<tr>
<td>2009</td>
<td>04</td>
<td>Christos Ioannidis, Fotios Pasiouras &amp; Constantin Zopounidis</td>
<td>Assessing bank soundness with classification techniques</td>
</tr>
<tr>
<td>2009</td>
<td>05</td>
<td>Klaus E. Meyer</td>
<td>Corporate Strategies under Pressures of Globalization: Initiating a Forward-looking Debate</td>
</tr>
<tr>
<td>2009</td>
<td>06</td>
<td>Philip Cooper, Eleanor Dart</td>
<td>Change in the Management Accountant’s Role: Drivers and Diversity</td>
</tr>
<tr>
<td>2009</td>
<td>07</td>
<td>Gregory Jackson</td>
<td>Actors and Institutions</td>
</tr>
<tr>
<td>2009</td>
<td>08</td>
<td>Richard Fairchild</td>
<td>Incentive problems and Reciprocal Behaviour in Venture Capital/entrepreneur Dyads: The effect of Inequity-aversion, Trust and Social Norms</td>
</tr>
<tr>
<td>2009</td>
<td>09</td>
<td>J. Robert Branston, Philip R Tomlinson, James R Wilson</td>
<td>‘Strategic Failure’ and the case of the UK’s former Building Societies: Lessons for the reform of governance in the UK Banking Sector</td>
</tr>
<tr>
<td>2009</td>
<td>10</td>
<td>Krista Bondy</td>
<td>Isomorphism in the Practice of Corporate Social Responsibility: Evidence of an Institution and its Decline</td>
</tr>
</tbody>
</table>
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ABSTRACT

This article explores the existence of an institution of CSR, providing conceptual and empirical evidence that this institution in fact exists, and that it can be identified through the practices that are associated with it. These isomorphic practices are discussed, along with the key factors affecting the nature and form of them. It then looks at the implications of this form of CSR institution and what it means for the future of CSR, connecting to discourses on critical CSR.

It uses 40 semi-structured interviews with CSR professionals in MNCs to investigate how CSR strategy is developed and implemented within the organization, resulting in the formation of the Standardized Practices of CSR. It discusses how these practices were created and the changes it implies for the future of CSR. Institutional theory is used to investigate these issues and concludes with contributions both to institutional theory and CSR literature.

KEY WORDS

Corporate social responsibility, institutional theory, qualitative, critical CSR
Isomorphism in the Practice of Corporate Social Responsibility: Evidence of an Institution and its Decline

This article explores the existence of an institution of CSR, providing conceptual and empirical evidence that this institution in fact exists, and that it can be identified through the practices that are associated with it. These isomorphic practices are discussed, along with the key factors affecting the nature and form of them. It then looks at the implications of this form of CSR institution and what it means for the future of CSR, connecting to discourses on critical CSR.

It uses 40 semi-structured interviews with CSR professionals in MNCs to investigate how CSR strategy is developed and implemented within the organization, resulting in the formation of the Standardized Practices of CSR. It discusses how these practices were created and the changes it implies for the future of CSR. Institutional theory is used to investigate these issues and concludes with contributions both to institutional theory and CSR literature.

FRAMING LITERATURE

Identifying Institutions

Institutional theory suggests that institutions are legitimized patterns of social behaviour that stabilize over time, reducing uncertainty, and providing replicability of social forms (such as the role of ‘teacher’ or the structure of ‘board’) primarily to save resources in the organizing of human activity (e.g. Granovetter, 1985; March & Olsen, 1989; Meyer & Rowan, 1977; Scott, 2001). They are a dynamic (Hoffman, 2001), heterogeneous (Friedland & Alford, 1991; Seo & Creed, 2002; Suddaby & Greenwood, 2005), and typically less than ideal (Ingram & Clay, 2000) sets of entrenched social scripts and networks (Granovetter, 1985), in which practices, procedures and shared meanings are created, maintained and
destroyed (Greenwood, Suddaby & Hinings, 2002) by actors in the course of engaging with others and their environment (Zilber, 2002). And while actors have some ability to shape institutions within their sphere of influence (e.g. Elsbach, 1994; Geppert, Matten & Walgenbach, 2006; Greenwood & Hinings, 1996), the degree to which they can have an affect is mitigated by a range of factors such as the power of their position within the organization (Pfeffer, 1992; Bondy, 2008) and the power of organizations more generally within modern society.

To acquire the necessary legitimacy to operate successfully within society, organizations must respond to and/ or reflect the values and expectations resulting from institutions by internally incorporating elements of the institution in such things as their products, policies, programs and language. In doing this, many organizations recreate already accepted practices and mimic socially legitimate ideas resulting in a decreasing heterogeneity of responses to the institution known as isomorphism (e.g. Meyer & Rowan, 1977; Scott, 2004; March & Olsen, 1989). Isomorphism can be created by three types of pressures: coercive, mimetic and normative (DiMaggio & Powell, 1983). Coercive isomorphism results from both formal and informal pressures on organizations to reflect the cultural expectations of the society of which they are a part and of the organizations on which they depend. Mimetic isomorphism results when organizations model themselves on other organizations due to uncertainties in their operating environment (i.e. the practices of competitors). Normative isomorphism results primarily from the professionalization of certain disciplines through such things as standardized education through specialist degrees and professional/ trade.

In some cases organizations merely reflect the expectations of society with no interest in changing the operations practices of the organization (called decoupled responses) and in others, the organization embeds these societal values and expectations into its daily activities (called coupled responses). In both cases, corporate activities have a ritual significance of
maintaining appearances and validating the organization. The assumption behind this set of activities is that if they neglect, or decide not to respond to these pressures, they face losing the stability and social legitimacy found in these structures and activities, and therefore risk their own survival (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Weaver, Trevino & Cochrane, 1999).

However, as noted above, organizations are actively involved in shaping institutions, whether this is through supporting the existing set of isomorphic practices and taken-for-granted meanings, or in creating alternatives (e.g. Oliver, 1991; Kostova & Roth, 2002; Edelman, 1992).

With a general characterization of institutions and referent pressures and activities, the question then becomes, how can we recognize whether something is institutionalized or not? Meyer & Rowan (1977) provide a number of examples of how values become institutionalized and therefore how we might observe aspects of an institution. They discuss such examples as an increase in relevant issues related to a particular value system, an increasing awareness and importance of these values for citizens within a society, the development of trained professionals, codification into law, modification of market instruments and public opinion. Through these and other types of observable effects of institutions, it is possible to see the degree to which these value systems become embedded within society, in large part through the practices and structures erected or modified in response to the values (Tolbert & Zucker, 1996). More recently, these value systems have come to be known as ‘logics’, which can be defined as ‘a set of material practices and symbolic constructions – which constitutes [their] organizing principles and which [are] available to organizations and individuals to elaborate’ (Friedland & Alford, 1991: 248). Thus, an institutional logic is the central value set or philosophy that determines how activities and meaning around a particular social action are formed. Although it is recognized
that ‘prevailing institutional logics are not monolithic entities with one social identity for each actor type but are themselves multivocal with several subversions that reflect a ‘truce’ following past struggles’ (Meyer & Hammerschmid, 2006: 1002), it is possible to identify values undergoing institutionalization through the practices and structures erected in the name of the central logic.

We can also identify an institution by nature of its key characteristics such as those found in Scott’s (2001: 48) omnibus definition of institutions:

1. Institutions are social structures that have attained a high degree of resilience.
2. Institutions are composed of cultural-cognitive, normative, and regulative elements, that together with associated activities and resources, provide stability and meaning to social life.
3. Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines and artefacts.
4. Institutions operate at multiple levels of jurisdiction, from the world system to localized interpersonal relationships.
5. Institutions by definition connote stability but are subject to change processes both incremental and discontinuous.

Evolutionary/incremental change is when the change emerges slowly out of the existing institutional structures as ‘presently arranged’ (Hoffman, 2001: 192), whereas revolutionary change creates new structures (founded within the ruins of the previous institution) that redefine ideas and actions often as a result of uncertainty and problems with stability (also see DiMaggio & Powell, 1983).

As is the case with power (Salancik & Pfeffer, 1977) while some of these five characteristics are more difficult to observe (such as the taken for granted, cultural-cognitive elements of an institution) they are more readily observable in the consequences of them such
as the practices associated with them. It is therefore possible to use these two characterizations of ‘institution’ to determine the potential existence of an institution. Given that this paper is interested in investigating an institution of corporate social responsibility (CSR), the following section will review what the body of CSR literature has to say about an institution of CSR.

An Institution of CSR?

Many scholars have discussed different aspects of CSR such as what it is (e.g. Carroll, 1979; Wood, 1991), how to do it (e.g. Nattrass & Altomare, 1999; Cramer, 2005), what factors affect its degree of integration within business (McWilliams & Siegal, 2001), how to control it (e.g. Husted, 2003), who should be involved (Donaldson & Preston, 1995), how to communicate it (e.g. Morsing, 2003), how to encourage companies to engage in it (e.g. Vogel, 2005), how it relates to the wider society (e.g. Swanson, 1999; Donaldson & Dunfee, 1994), and specific elements such as fair trade (Davies, 2008). While they have yet to agree on a standard definition by which CSR (and related terms such as corporate citizenship, corporate social performance, corporate social leadership, corporate accountability, sustainability, sustainable development, responsible business, stakeholder theory, etc.) can be understood (Waddock, 2004), there is an ongoing consensus in the literature that these terms are roughly similar in meaning (e.g. Matten & Moon, 2008; Garriga & Mele, 2004). One of the more commonly cited definitions is from Davis (1973: 313) where he defines CSR as ‘the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It is the firm’s obligation to evaluate in its decision-making processes the effects of its decision on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks.’
The ‘issues’ in this definition are now commonly understood to fall within the three categories of the triple bottom line (social, environmental and economic) (Elkington, 1997) and aim at protecting both current and future generations (Brundtland Commission, 1987). Thus, at the heart of CSR, it is underpinned by values focusing on the need for change to the current business model to reflect broader societal concerns that protect for the future of the planet.

However, amongst this body of literature, very little uses institutional theory to broaden our understanding of CSR. Institutional theory is an extremely useful lens for investigating CSR because it is viewed in its business context. Theories commonly used in this field\(^1\), such as stakeholder theory (e.g. Freeman, 1984) or social contract theory (e.g. Donaldson & Dunfee, 1994), look at CSR largely in isolation from the rest of the business and therefore tend to have one of two consequences: 1. either it ignores or minimizes the very real imperatives and duties associated with the dominant institution of business – the traditional business model – which create strong tensions for those wishing to adopt a more responsible model for business, or 2. it focuses only on the instrumental aspects (business case) that support the sole imperative of fiduciary duty in the traditional business model. There is a clear need to utilize other theories to broaden and enrich our understanding of CSR.

The literature utilizing institutional theory to investigate CSR is sparse and covers a range of topics. Some examples of this range include conceptual pieces illustrating how CSR is becoming institutionalized within business and government in the UK and Australia (Moon, 2004), how institutional pressures at the community level shape corporate social action (Marquis, Glynn & Davis, 2007), whether CSR is implicit or explicit within the national culture (Matten & Moon, 2008); how an institutional innovation process might be used to

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\(^1\) For different categorizations of the theories used in this field, please refer to (Garriga and Mele (2004), Aguilera et al (2007), Windsor (2006) and Meehan et al (2006), all of which discuss the theories on similar continuums from instrumental to ethical. What is clear from these discussions is that the field of CSR is theory poor and its relative newness means that there has yet to be sufficient translation of theories from other fields.
encourage moral imagination in organizational decision making (Vidaver-Cohen, 1998); how the ‘institution’ of citizenship can be used as a metaphor for determining characteristics that should characterize the conditions of corporate citizenship (Jeurissen, 2004); the uses of institutional theory to try and predict the determinants of CSR behaviour in corporations based on their institutional contexts (Campbell, 2007); and how characteristics of the modern corporation create some of the social activities it then goes on to undertake (Hoffman, 2007).

The even fewer empirical contributions also cover a range of topics including work at the market/ state level on how institutional changes (in the market and state) have led to increased commitments to CSR and cross-sectoral collaboration (Hamann, 2004); how institutional differences in the US and EU result in different expectations around CSR (Doh & Guay, 2006); the use of codes in reflecting or deflecting external pressures for increased CSR (Stevens, Steensma, Harrison & Cochran, 2004; Long & Driscoll, 2008); and how translation of CSR from one country into another country resulted in a hybrid institution of CSR, although this institution was not described (Mohan, 2007).

Therefore, according to the literature, it appears as though CSR is increasingly becoming institutionalized in particular contexts (Moon, 2004), can be different depending on the context (Doh & Guay, 2006), and different contexts can be combined to create a hybrid version of CSR (Mohan, 2007). Institutions have the ability to shape specific aspects of CSR (Marquis et al., 2007; Vidaver-Cohen, 1998) in ways that we might be able to predict given a particular institutional context (Campbell 2007). Codes (and other similar types of documents) are used as tools of institutionalization (Stevens et al., 2004; Long & Driscoll, 2008).

This provides a basis for demonstrating that CSR is becoming increasingly institutionalized within certain societies and contexts, and that the change in attitudes of society is impacting the behaviour of business with regard to CSR activities. However, this
literature has yet to tackle directly the issue of whether CSR is itself an institution, and if so what some of the key characteristics of that institution might be. Therefore, for the next section, we will return to the two characterizations of Meyer & Rowan (1977) and Scott (2001) to determine whether there is enough evidence in theory to suggest an institution of CSR.

**A Theory of An Institution of CSR**

Adapting Meyer & Rowan’s (1977) examples to the field of CSR, we can see that it is increasingly becoming ‘institutionalized’. First, anyone who follows a regular media, such as the newspapers will know, there is a significant increase in relevant issues associated with CSR. The most obvious and pressing of these are concerns with the current model of business, most notoriously used by the financial industry, which are leading to our current global economic crisis and concerns over green house gas emitting products and processes that are causing climate change. Added to this are concerns over corporate scandals such as Enron, Parmalat, Worldcom, environmental disasters such as the 2004 tsunami in the Indian ocean due to rising global temperatures, an increasing gap between rich and poor people and nations, human rights abuses in oil producing regions such as the Sudan, and abusive working conditions in the factories of retail giants. Clearly, issues related to irresponsible business and how to rectify these practices have increased significantly in the last few decades and thus are serving to both increase awareness and importance for citizens within society. For instance, most people are now familiar with term such as ‘climate change’.

Meyer & Rowan (1977) also suggest that the development of trained professionals indicates evidence of increasing institutionalization of a particular value set. With regard to CSR we have seen a recent explosion in such roles as ethics officers, social auditors, SRI fund managers and investment specialists, CSR or sustainability consultants, specialist
Master and PhD programs dedicated to CSR, and academics specializing in ethics, CSR, and/or sustainability. Codification into law is another important area of institutionalization and we are seeing evidence of issue specific laws being created with an increasingly broad mandate to responsible business. These include the UK Companies Act (2006) and Climate Change Act (2008), the Manitoba Sustainable Development Act (1997), the Canadian Sustainable Development Act (2008), the US Sarbannes-Oxley Act (2002), environmental and labour laws in most countries, international standards on human rights and labour through bodies such as the UN and the ILO, reporting standards for certain industries such as the banking industry in Canada.

Meyer & Rowan (1977) also state that the modification of market instruments is clear evidence of institutionalization such as corporate governance codes in UK, Germany, Netherlands, increase in SRI funds and screens focused on responsible business practices, increasing number of shareholder resolutions based on CSR concerns such as when ECCR purchased shares of Shell to ensure their voice was heard at subsequent shareholder meetings (ECCR, 2006). Lastly, they suggest that changes in public opinion illustrate evidence of institutionalization, such as the fact that many people in many countries believe that climate change is one of the most serious issues that needs to be addressed (e.g. Curry, Ansolabehere & Herzog, 2007; European Commission, 2008), or that companies across most of the western world and parts of other contexts are discussing and incorporating elements of CSR within their operations.

Therefore, both the contributions from the CSR literature and an evaluation based on the Meyer & Rowan (1977) characterization suggest that CSR is increasingly becoming institutionalized, and thus the value set that underpins CSR is becoming more legitimate and taken-for-granted within society. But this then begs the question of whether CSR has already
become ‘institutionalized’. This is where Scott’s (2001) characterization helps to identify whether in theory CSR has met the criteria to be considered its own institution.

Scott’s (2001) definition indicates that while it is not clear yet whether CSR will ever be a ‘fully institutionalized’ institution (Tolbert & Zucker, 1996), it does meet the omnibus criteria.

Although resilience in not defined by Scott (2001), it is possible to suggest that the first criterion, ‘social structure with high resilience’, applies to CSR. Some contributions indicate that CSR is a 20th century invention (e.g. Sethi, 1979; Davis, 1973; Carroll, 1979; Friedman, 1970; Hoffman, 2007), while others suggest it has much older foundations (e.g. Robins, 2006; Logan, 2001; Aaronson, 2001). Therefore, the basic principles associated with what is now called CSR have been around for decades, if not centuries. This persistence throughout time suggests a certain resilience of CSR and its supporting social structures which are linked to the next point about the elements of CSR as an institution.

The second criterion, composed of cultural-cognitive, normative and regulative elements that imbue meaning and stability, is also to be found within CSR. There is a range of social structures surrounding the concept, ‘template of meaning’ or cultural-cognitive frame that we call CSR. Changes in how individuals perceive the role of business in society and how society affects individual perceptions around the ‘right’ role for business are creating or reflecting changes in the normative element, with the creation of a whole range of self-regulatory initiatives such as codes/ standards/ frameworks/ guidelines/ policies being created by business and other organizations to ‘realign’ business objectives with those of society. Governments are also putting guidance in place and encouraging companies to enter into direct contact with societal members (stakeholders) to collaboratively work to solve problems associated with the company or address other issues of concern associated with the communities (normative element of institutions). Governments are also increasingly putting
regulatory backdrops in place to support existing work on areas of CSR. These include environmental regulation in many of the countries around the world such as those mentioned earlier or on reporting requirements for the social and environmental issues/impacts of business such as in France with the New Economics Regulations (Hoskins, 2005); in Canada with the regulation for banks, insurance companies and trust and loan companies to show their contribution to economy and society under the Bank Act of 1991 (Canadian Legal Information Institute, 2002); within the UK Companies Act 2006, which consolidates the Case Law requirement for Directors to act in a way ‘which they consider most likely to promote the success of the company for the benefit of its shareholders as a whole and that, in doing so, they will need to have regard where appropriate to long term factors, the interests of other stakeholders and the community, and the company’s reputation’ (Department for Business Enterprise and Regulatory Reform, 2007). Even these few examples highlight that each of the three elements of an institution (cultural-cognitive, normative and regulative) exist with CSR.

Third, CSR is transmitted via the four types of carriers listed by Scott (2001): symbolic systems (a ‘clear instance’ of this type of carrier is standards and standardized systems) through a vast range of inter-governmental, governmental, industry, cross-sectoral, individual corporate codes of ethics and conduct, policies, frameworks etc.; relational systems (described as patterned expectations connected to networks of social positions – role systems, and similar to Meyer & Rowan’s requirement for trained professionals) where companies increasingly employ CSR managers and/or directors, universities have Professors in CSR and Business Ethics, NGOs dedicated to CSR issues are created and maintained, journalists specialize in stories on the environment etc.; routines (described as deeply engrained habits and procedures based on unarticulated knowledge and beliefs) such as recycling in many homes, particularly in Germany, or regular donations to certain charities through direct debit,
or at certain times of the year such as Christmas; artifacts (described as material culture created by human ingenuity to assist in the performance of various tasks) or technology such as pollution prevention systems, new agricultural techniques to use less land, pesticides, and nutrients, water sanitation systems for communities linked to natural resources extraction operations, cost effective HIV/AIDS treatments for migratory workers provided by corporations. These examples show how CSR and its component issues are being carried through the range of carriers, thus showing its institutional characteristics.

Fourth, CSR operates at multiple levels, from the impacts felt within organizations by passionate individuals/ champions to expectations of owner/ investors, to industry-wide codes and initiatives, to partnerships and collaboration with government, to commitments and actions taken across national territorial boundaries. And while it is not yet clear how ‘institutionalized’ CSR currently is, it is clear that CSR is subject to both incremental and discontinuous (or evolutionary/ revolutionary) change (Hoffman, 2001; Scott, 2001).

Therefore, Scott’s (2001) definition also provides support for the likely existence of an institution of CSR, a thus a redefinition of the value system of CSR as its central logic (e.g. Friedland & Alford, 1991). This logic focuses on a new model of business predicated on the triple bottom line and protecting future generations, as compared to the logic of the traditional business model which focuses on the fiduciary duty to maximize profits in the short term as dictated by the owners of the business. Clearly, there is support in the literature for the existence of an institution of CSR. The question then becomes can this be confirmed with empirical evidence and if so, what are the implications?

**Corporation as a ‘politicized’ actor**

Banerjee (2007: 21) points out “[t]he vast literature on CSR is strangely silent on issues of power in framing institutional and organizational principles designed to address social
issues’. This concern over the absence of power and other structural dis/advantages is echoed in much of the postmodern critique of current approaches to CSR. Many contributions advocate the need to ‘discard the current orthodoxy’ (Blowfield, 2005: 184) and create new frameworks such as a deliberative democracy approach to CSR (Scherer & Palazzo, 2007) or structures that recognize the value of diversity and conflict as important in securing more equitable and responsive discourses (Blowfield, 2005; Sahlin-Andersson, 2006). These contributions question the value of current approaches to CSR and their ability to engage organizations in the broader goal of development (Frynas, 2005). The focus on structure, history and context aligns well with an institutional theory approach to CSR and underscores the need to identify the structures that exist, and how this affects our understanding and action on CSR. Within this, the corporation plays a role in shaping and influencing the structural dimensions of CSR, intentionally or not, through its participation in the processes and its asymmetric access to power. It therefore is valid to ask whether a structure or institution of CSR exists, its form, how corporations have been involved in its creation and the implications of this form for the future of CSR.

METHODS

Research Questions, Approach and Design

Although there is supporting literature for the possible existence of an institution of CSR, there is little empirical evidence. Thus, the three research questions (1. is there an institution of CSR, 2. what are some of its key characteristics and 3. what implications does this have for the future of CSR) require an exploration of the ‘world as it is’ to ‘understand the fundamental nature of the social world at the level of subjective experience (Burrell & Morgan, 1979: 28). Adopting this interpretive approach to the research questions is particularly appropriate for investigating institutions, which are by definition patterns of
social action with high resilience, but that are subject both to context and associated meanings as interpreted by individuals and groups in constant interaction with their social environments (e.g. Berger & Luckmann, 1967; Burrell & Morgan, 1979; Gephart, 2004; Morgan, 1980).

In support of this approach to the research, a semi-structured interview method was employed because it is particularly well suited to phenomenon that are difficult to observe directly, to identify the meanings people ascribe to their experiences and to how they organize the world (Patton, 2002; Keats, 2000). In this way they can be used to ‘unravel the complexities of large-scale social change’ (Gerson & Horowitz, 2002: 201) by examining how individuals experience, interpret and shape their responses to these changes. Thus, by talking to individuals responsible for the development and implementation of CSR strategy within their organization, it is possible to better understand how they perceive and practice CSR, and whether there is any evidence of isomorphism in these practices, and thus an institution of CSR.

I used a qualitative, semi-structured interview guide (e.g. Patten, 2002; Holstein & Gubrium, 1995; Keats, 2000), to gather rich, in-depth data in the form of stories, examples and accounts of how individuals understand their own experiences, which can be used to understand the social phenomenon (Rubin & Rubin, 1995) of CSR. This guide (Ritchie & Lewis, 2003; Patton, 2002) provided a platform upon which each interview was conducted and could be compared for similarities and differences in meanings and actions associated with developing and implementing CSR strategy within multiple organizations. I used an inductive and iterative technique so that within topics found on the guide, areas of interest that had come up in previous interviews were also discussed as and if appropriate within the context of the interview. Therefore, participants were encouraged to share their own perspective based on their own knowledge and experience about the topics under
investigation (Denzin, 2002), and were probed according to the details of our discussion and other related areas mentioned in previous interviews.

Interviewee Sample

Two different strategies were used to identify potential interview participants to form a purposive sample (e.g. Baker, 2002; Saunders, Lewis & Thornhill, 2007) – database and network. The sample required identifying companies that both had a CSR strategy, and operated in more than one country world-wide. To ensure the potential participants had a solid understanding of the processes used by the organization in developing and implementing the CSR strategy worldwide, I targeted the key person responsible for implementation of the strategy.

As size is known to be a predictor of whether a company has a code (Langlois & Schlegelmich, 1990; Maignan & Ralston, 2002), the top 150 corporations from the FAME database were used to create the original list. Of the 150 companies listed, 74 were removed because for instance 26 of them did not list a code online or had very limited policies on single issues such as a recycling or corporate volunteering. The remaining 48 were removed as they were owned by other companies already existing on the list. Therefore, 76 companies remained on the list from which a further nine were removed because they were inappropriate. Of the remaining 67 companies that met both criteria, a search was conducted for the contact details of the person responsible for the code within the corporation. In many cases this meant contacting the corporation and asking for the name from the receptionist and/ or speaking to the relevant person if they were available. If I was able to get through to the contact, I asked them whether I had their permission to send a letter requesting participation in a research project. Based on this process, 67 letters were sent with 22 positive responses, resulting in a response rate of 33%.
The second strategy for identifying interview participants was talking to well-connected individuals in the field to ask for recommendations of people with appropriate experience, and to ask interview participants for other appropriate participants both inside and outside the organization. Most participants indicated that they would be the only person within their organization with the ability to answer the questions and therefore suggested people outside. Due to the large number of positive responses, snowball sampling was discontinued after interview number 9 as at this time, 30+ interviews had already been scheduled. 19 additional contact names were acquired and 16 were contacted for participation in the study. Of the 16 names contacted, 14 responded positively and interviews were conducted with each of them. Of these 14, four interviews were the second interview within an organization.

In total I conducted 40 interviews with CSR professionals representing 36 different organizations. These interviews were conducted between February and May 2006 and ranged in length from 25-90 minutes long, with 19 conducted by phone and 21 conducted in person. Of these 36 different organizations, 33 were corporations coming from a range of industries such as construction, media, natural resources, retail, manufacturing, telecommunications, sporting, public services and consulting.

**Publicly available company documents**

Prior to the interview, I also read any publicly available documents and website(s) created by the company regarding their CSR practices to provide additional data regarding meanings and practices as sanctioned by the company.

**Digital recording and notes**

To add another element to the data and to improve both the validity and reliability of the data (e.g. Silverman, 2001; Miles & Huberman, 1998), all interviews were digitally recorded
and notes were taken directly following each interview that included non-verbal cues other pertinent information on the interview process itself.

**Analysis**

I used a constant comparative method for analyzing the data (e.g. Spiggle, 1994; Gerson & Horowitz, 2002, Silverman, 2000 & 2001; Strauss & Corbin, 1998; Langley, 1999; Miles & Huberman, 1998) using an Excel spreadsheet as the basis for capturing the data. I created a sheet for each topic on the interview guide and the transcripts were broken into three groups, to be analysed in three separate cohorts. Each transcript was read and all themes were taken from the transcripts, whether considered significant or not. These themes were labelled according to the language used by the participant (Manwar, Johnson & Dunlap, 1994) and the talk related to this theme was pasted into the spreadsheet, along with the interview code, nationality of the participant, what country s/he worked in, where the company was headquartered and the participant’s title. The theme names and where they were located in the spreadsheet were written on the side of the transcript to provide a record of the progression of themes and their analysis. Every time a transcript mentioned a similar theme, it was recorded in the same way directly under where the previous text had been pasted, and the label was adjusted (if necessary) to reflect all thematically similar sections of talk. This continued through all three cohorts of data (each cohort represented by a different colour, again so that the progression of analysis could be tracked backward), and the themes were incorporated into an ever larger, more abstract grouping of ideas under a single theme. Text surrounding the themes was compared to characterize the theme based on its context. The ‘charting’ technique (Ritchie & Spencer, 2002) was also used. Each central theme identified in the Excel spreadsheet was put as the heading for its own chart, with the different sub themes (determined from the data) listed across the top of the chart. The different participants
who have made reference to this theme were listed along the side, and the appropriate matrix cells populated with a summary of the text. The relationship between the pieces of text can be easily seen allowing for the characterization of that theme, typically along a continuum that describes the characteristics indicated by participants. For instance, if the text indicated that some participants talked positively about the theme and others talked negatively about the theme (i.e. including stakeholders in the development of a draft code), this would be highlighted by the charting technique and helped to characterize and enrich central themes. This technique was useful in ensuring that all ‘outlier’ or conflicting evidence was adequately captured. Every word captured on transcripts, and every theme captured in notes (along with direct quotes and close paraphrasing noted during case study research) went through this process to ensure that all data was adequately captured, and that resulting conclusions represent the full story presented by research participants.

The data was thus aggregated to provide details of all activities, decisions, sub-processes, systems, and timing of these activities etc. mentioned by participants during the interview. It therefore illustrates how CSR is perceived within these organizations, and the structures, processes and associated meanings they carry out under the label of CSR.

ISOMORPHIC FORM OF CSR PRACTICES WITHIN MNCS

This research shows clear evidence of isomorphism in the practices of CSR within MNCs and thus of an institution of CSR. And while not homogenous, there is a surprising level of sameness in approach and execution of the systems, processes and activities utilized by these organizations in the name of CSR as represented by Figure 1.

This figure shows a summary of the Standardized Practices, which are an aggregation of all activities carried out under the label of CSR within participant companies. The

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2 It is worth noting here that the Standardized Practices are the culmination of action around the development and implementation of CSR strategy, and not simply the result of formal strategy. Therefore, they represent an aggregate of both deliberate and emerging strategy (Mintzberg & Waters, 1985) around CSR.
Standardized Practices are organized into six phases based on timings indicated by participants, identified through the broader context of the interviews, and through the ‘creative leap’ process during analysis that Mintzberg (1979) states is required to put data into ideal or pure form for good theory building.

The Practices are comprised of six phases: 1. research; 2. strategy development; 3. systems development; 4. rollout; 5. embedding, administration and review; and 6. continual improvement. To better represent the complexity and fluidity of organizational change in the context of implementation Rijnders & Boer’s (2004) have three suggestions for improving our understanding and representation of implementation: include parallel processes that are influenced by contextual events; where possible, describe implementation in terms of (or combinations of) activities, actors and time; and illustrate the activities leading to change, whether they were intended or not.

The first and main process is the substantive process, within which each phase has clusters of activity that highlight the key decisions and actions within the phase. These are represented by yellow boxes which denote decisions and actions that should be conducted at roughly the same time and in no particular order of completion. There are two remaining parallel processes, the second process management/ governance is comprised of a range of sub-processes which are depicted as arrows in the middle third of the figures, and appear roughly at the stage on the Standardized Practices in which their implementation becomes important. The third parallel process, diffusion and integration, is comprised of lines along the bottom third of the figures that illustrate the systems and activities used to create and transfer CSR practices within and outside the organization.

**********INSERT FIGURE 1 HERE**********
Supporting each of the phases is a detailed set of activities and associated meanings that break each phase into its constituent parts. This more descriptive level details the key decisions, activities and sub-processes identified by participants, how they are utilized within the business and the purpose of these activities within the CSR strategy. It also illustrates how many participants are engaging in the same types of relatively specific activities. Remember that participants were asked to speak about broad topics such as ‘what are the major implementation techniques your company uses to implement CSR’, and therefore the fact that many responded to these and other interview topics with remarkably similar responses at the finest level of detail, shows a relatively strong degree of institutionalization of CSR around these activities. Figure 2, Box 1 and Box 2 illustrate this level of detail and similarity in approach to implementing CSR strategy.

Thus, the Standardized Practices represented in these diagrams reflect the fact that these MNCs develop and implement CSR strategy using very similar systems, processes and activities. Therefore, it is possible to suggest that they demonstrate an isomorphic form of CSR, providing empirical evidence of the existence of an institution of CSR. When added to the earlier theoretical characterizations of CSR as its own institution, there is clearly an argument to be made for an institution of CSR as defined in theory and as observed in the activities of MNCs. Whether the empirical data represents a form of this institution as practiced by MNCs or whether it is reflected more broadly is a topic for further research. Undoubtedly the activities and associated meanings represented in the Practices have attained a level of legitimacy sufficient for their replication within MNCs as credible tools for developing and implementing CSR strategy. As such, CSR can be viewed as an alternative or
competing institution (e.g. Greenwood et al., 2007) with its own central logic based on the values described in an earlier section.

Therefore, it is necessary to redefine CSR to fit within its ‘real world’ business context. It is:

an alternative institutional logic within business that instead of focusing on the single bottom line of financial imperatives, challenges business to balance triple bottom line imperatives (social, environmental and economic (Elkington, 1997)), integrating them into their ‘values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within business, create wealth and improve society’ (Industry Canada, 2006).

FACTORS AFFECTING ISOMORPHIC FORM

Coercive isomorphic pressure from society

The striking similarity between participant companies and their approach to CSR results from both wider environmental (primarily coercive) pressure for complying with society’s expectations of CSR, but also from intense mimetic pressure (DiMaggio & Powell 1983) between organizations in content and process of CSR activities.

With regard to the societal pressures for engaging in CSR, it appears that coercive isomorphic pressures were the most significant due in large part to the signals being made by governments, customers and community groups. For instance RT1 illustrates the influence of government pressures on climate change within the company: ‘energy would’ve been much higher up the boardroom agenda because of all of the comments that are being made by various groups in government about climate change’ (RT1). Another example illustrates the importance of customers and consumers in determining issues of importance for TC1: ‘so I think the view is that instead of just hiding away from contentious issues, theses are part of
the business and these are going to be raised by stakeholders, raised time and time again whether they are customers or communities’ (TC1). Thus, the coercive pressures for certain types of systems, processes and activities demonstrate a degree of stability around these practices, and the norms and rules underpinning them. Each organization felt some societal pressures to engage in particular forms of CSR.

**Mimetic isomorphic pressure resulting from competition**

And while these were important, it was the activity of the businesses themselves that had a more significant impact on the isomorphic form of CSR demonstrated in Figure 1. Most companies were heavily engaged in observing, mimicking and slightly adapting the activities of their competitors not only to ensure they reflected the expectations of society by engaging in CSR, but to keep pace with and/or exceed competitor activities to maintain a competitive position within the market place relative to CSR initiatives. All companies described a desire to make sure either that they did not fall behind the competition on CSR grounds or to take a leadership role around CSR initiatives. For instance TR1 indicated she ‘regularly reviews the [competitor] website every month or so to see what’s new and what’s in their reports. They are the leaders in our industry and we don’t want to fall too far behind’. She also discussed ‘using [CSR leader 1] and [CSR leader 2]’s reports as a guide for creating our own report’. For many companies, mimicking the reports of others was a way to reduce the uncertainty surrounding content of the report, and to minimize the learning curve that was necessary to get the report out in the minimum amount of time. For those wanting to take a leadership role, the benefits were generally more ambitious and further reaching. The most significant benefit mentioned by ‘CSR leaders’ was the ability to:

‘…communicate both what we do and also to hopefully have some influence on the way society is moving forward, both within changes to legislation within Europe, and also global issues… [this] is
what we call leadership position and leadership position means being part of the debate, influencing governments, really looking at these issues and if you like doing some pioneering work’ (RT4).

Each of these companies who defined themselves as leaders employed the same practices as the rest of the sample, but they were keen to take them one step further as will be seen in the following example. One very interesting and competitive area among the companies was their CSR policy/ code. Most companies kept a very close eye on the content of their competitors’ codes to ensure that the commitments and wording of their own code put them in either a competitive or leadership position (e.g. PS1, RT4, NR4). While many companies were investigating the possibility of developing a ‘global’ code within their organization (e.g. NR3, MF4, PS1), this was considered by many to be very difficult in practice, tantamount to the ‘holy grail’ (PS2). However, when NR4 claimed to achieve it in 2006, all eyes were on them to see whether the code would deliver on its stated worldwide application. In describing how the code was achieved, NR4 explained:

‘There were polices on these topics all over the globe in various forms, some of them sort of in somebody’s desk. This is the first time these topics were explored on a global basis and made directly applicable to every employee no matter where they worked. So really it was new drafting and looking at what existed and taking what we wanted from that but really writing in a form that was understandable by employees. So as those policies were developed, as the code developed, it was really thinking through, what as the company, do we expect from our employees as minimum behaviour. It really is meant to uhmm be very clear for the first time in all of these areas what individual employees can do to actually help achieve these sort of broad group values that we talk about’ (NR4).

Therefore, they claimed to create a code where the content was specific enough to reflect the expectations of key stakeholders around CSR commitments, but that was vague enough as to be applicable to all employees in all operating locations worldwide.

Participants generally believed that a global policy of this nature was extraordinarily difficult to do well and thus were suspicious of the claims made by NR4. For instance, PS3 indicated that ‘I think [NR4] has finally managed to have a single code of business conduct
[gives look indicating doubt]. So, maybe in time there be an ability to have one but at the moment we need to have separate ones for [our businesses in other countries]’ (PS3). And whether suspicious of NR4s ability to create this type of code, companies within their sector and others wanting to take a leadership position on CSR, were watching the progress of this code very closely.

This type of observation and mimicry occurred in a vast range of areas such as in designing of online training schemes for employees (TC1), in identifying key stakeholders (MF3), in determining relative percentages of sales to charitable turnover (NR2), and in designing and implementing initiatives such as employee volunteering in the local community, building of schools and digging water wells in developing country locations (NR3).

These few examples illustrate how these companies were actively involved in identifying current practice with regard to CSR and in mimicking these practices in surprisingly similar form. As CN2 succinctly describes, CSR ‘has been driven by my neighbour. My competitor is doing it and so I better be seen to be making the right strides’ (CN2).

**Using the dominant institution to implement the alternative institution**

What makes this isomorphic form of CSR practice even more interesting is that for the most part, companies made small modifications to traditional tools and rationales in order to comply with expectations for CSR in the market place. Referring back to the figures and boxes, virtually all these systems and processes have been in place within business for many years to manage traditional organizational requirements. For instance, the annual financial reporting system has been slightly modified to create the CSR reporting systems with similar reporting styles, structures, types of measurements etc. This is also true of the risk procedures, hiring and training practices, communications devices and channels,
measurements and to some extent even monitoring and auditing. Even the most uncommon of the traditional business tools – stakeholder consultation – has been in use for marketing purposes to identify who the organization’s customers are, their preferences, and even co-creation in some cases for new products. None of the systems or processes in use by the sample companies were new to them, and were generally agreed to be the best use of corporate resources for engaging with CSR from a business perspective. Thus the Standardized Practices of CSR have primarily been coopted from other parts of the business and utilized extensively with CSR.

And this extends to the rationales for conducting CSR. Participant companies mentioned either ‘business case’ or ‘win-win’ motives for engaging in CSR. Business case reasons included such things as improving profitability (PS2, NR1, CN2, RT1, PS3), attracting and retaining talent (MF4, NR2, MF3, NR4, MF2), a tool for managing risk (CN2, RT3, RT4, MF2), and protecting and enhancing reputation (CN2, RT3, NR3). Win-win reasons comprised such things as responding to expectations/ create value for wide range of stakeholders (NR5, PS3, CN2), building and maintaining good relationship with key stakeholders (RT3, NR6), and making values explicit (NR5, MD1). Thus, even in the rationales used for engaging in CSR, companies not only used similar motives to each other, but those that would be acceptable within dominant logic of business (traditional business model) instead of referring to the CSR logic (or value system described earlier).

Therefore, there is evidence to suggest that the isomorphic form of CSR practices illustrated in Figure 1 resulted in part from coercive societal pressures, from active mimicking between companies, and were founded on systems, processes, activities and rationales already used within the dominant institution of business. It is clear from the emphasis placed on understanding current practice, on tracking the activity of competitors, and on utilizing activities that already have legitimacy within the dominant institution, that
mimetic and coercive isomorphism (DiMaggio & Powell, 1983) were the strongest mechanisms resulting in an isomorphic form of CSR practice. By mimicking the practices of other companies, and responding to formal and informal pressures from within society for action on CSR related issues, these companies were able to reduce the uncertainty around CSR (primarily due to a lack of government direction – e.g. NR3, RT4, RT6), and were able to improve the efficiencies of their activities by engaging in what had already become acceptable within society (e.g. Powell & DiMaggio 1991, Scott 2001, Hoffman 2001). Thus, not only were these organizations active in creating an institution of CSR as evidenced by these isomorphic practices, but these practices were founded on traditional business practices and motives.

**Institutional process or competitive advantage?**

One of the major criticisms when discussing isomorphic practice is the lack of evidence to support whether this standardization results from institutional processes or is in fact derived due to competitive advantage (Greenwood, Oliver, Sahlin & Suddaby, 2008). It is clear from the data that other than not falling behind the competition on any area, CSR included, there were few competitive advantages to be gained through CSR participation. For example, CSR reports are created on an annual cycle, they are publicized and targeted at a wide range of audiences including consumers, employees, regulators, investors and the general public. And while companies recognized the futility of creating these reports due to low readership in key stakeholder groups such as customers and investors\(^3\) they accepted the need to create the reports anyway. ‘The report is great but you know a lot of people who read it are researchers or academics so we’re also looking at how do we better communicate with people who aren’t converted [or already support CSR]’ (TC1). PS3 agrees:

\(^3\) Academics were believed to be among the few stakeholders to read the reports, along with a few financial analysts working on market predictions. In most cases however, the company was met financial analysts face-to-face and therefore was little need for this group to read the reports.
'I guess the way we report has changed and it’s in fact gonna change again this year. We don’t have a huge amount of interest in [our CSR reports] to be fair… it’s employees, it’s possibly potential employees, it’s academia and it’s the investor community [who show an interest]… small investors will [read the reports] but the big institutional investors would just get on the phone to the CEO… Year one I think [our CSR report] was aimed almost exclusively at the outside world. Year two it sort of balanced itself a little bit more and therefore we did actually send out copies to our employees, but it was still written very much for an external audience and probably still very business like in its presentation. Year three, which is this one, we sort of said well we definitely want to make it a report for our employees, but we still use it outside which means it is still written in a tone of voice suitable for an external audience… Next year it will be specifically for employees and it will be written for employees. Now we can still give copies. You know if you wanted a copy we could still give you a copy if you like but it wouldn’t be targeted at an outside audience.'

Thus, these companies perceived little competitive advantage from the creation of CSR reports, and thus created them due to expectations existing within their business context. PS3 realized that the reports had very low readership but did not feel that they could remove the reports entirely and so began to target them at the audience most interested in them. The interesting paradox is that many companies listed competitive advantage as one of the motivations for engaging in CSR, but very few had any evidence to suggest these practices resulted in a real improvement in their market position. Their use of ‘competitive advantage’ as a motive appeared more as a rationalization of their efforts than as a reason for action.

**IMPLICATIONS FOR THE FUTURE OF AN INSTITUTION OF CSR**

Therefore, when it comes to CSR, companies are much more active participants in shaping and influencing this institution than the ‘passive pawns’ described in much of the CSR and institutional theory literature (Tempel & Walgenbach, 2007: 10). They were very
much involved in influencing the form of CSR through active mimicking and use of existing business tools and rationales. Even more so were those companies that tried to lead the field of CSR so as to be the ‘authority’ on it. These companies recognized the benefits of becoming leaders in the field, in particular, to influence government models and future policies in areas of specific interest to them depending on the nature of their business.

Being in this type of leadership and influential position provides benefits to these organizations in the form of disproportionate control over how the institution is shaped, allowing them to shape it in ways favourable to themselves. Thus companies recognize that both the societal pressure for CSR and the relative freedom they have to actively shape their response to it, provides a unique opportunity to seize control over how this institution is shaped to ensure that it meets with their agenda. Therefore, whether considered CSR leaders or not, companies are actively involved in both shaping and mimicking the isomorphic form of CSR practices and thus an institution of CSR. This results in influencing other bodies such as government of the benefits of this model of CSR (i.e. lobbying and/ or cross-sector partnerships) and using this isomorphic form across operating cultures. In terms of the impact this has on the future of CSR, the shaping of these activities is heavily influenced by the systems, processes, activities and rationales used to form them, and all companies used those from the traditional business model to do so.

**Impact of Traditional Business Thinking on CSR – Loss of An Alternative**

While this research presents both conceptual and empirical evidence to suggest there is an institution of CSR, it also suggests that it is being undermined by the practices of organizations responding to these new societal expectations. Referring back to the institutional literature, there are two types of institutional change, evolutionary and revolutionary (e.g. Scott, 2001; Hoffman, 2001). ‘Evolutionary’ institutional change is
characterized by slow, incremental change to the existing dominant institution (or traditional business model), where the fundamental ideas and structure of the dominant institution are retained, as are the existing distributional outcomes that currently benefit business. Revolutionary or fundamental change is characterized by changing the ideas and fundamental structure of an institution and is typically articulated in terms of changes to the basic principles of business.

By using the practices and rationales associated with the traditional business model (dominant institution), and by actively seeking to be a key influence in the future of this institution using the isomorphic practices identified in Figure 1, these organizations are engaging in evolutionary changes to the dominant institution of business, and to the detriment of CSR. Activities carried out in the name of CSR, and perhaps carrying some of the values institutionalized in the central logic of CSR (triple bottom line) are altered in practice to fit within the confines of practices and motives acceptable by the dominant logic of traditional business (single bottom line). In other words, in seeking to maintain legitimacy within society and to reduce uncertainty within the organization about how CSR should be defined and implemented, many companies utilized tools they were already familiar with and that were in use by other organizations to create their CSR systems and activities. Thus, they actively utilized elements of the dominant business logic and its associated practices to create their response to CSR, resulting in a highly isomorphic set of practices within MNCs, and by labeling them as CSR activities, reflected the expectations and acquired the legitimacy associated with the CSR logic in the wider society.

Thus, while the central logic of CSR is maintained as a priority by society, many companies, whether intentionally or not, decouple their response such that they reflect the expectations of society around CSR, but where the practices and rationales are similar to those from the dominant institution. This evolutionary change to the traditional business
model results in an unchanged central logic and largely unchanged practices, but essentially cannibalizes CSR. The central logic of CSR is redefined to align with the dominant logic, its practices are based on those from the dominant logic, and it thus ceases to be something other than another business innovation.

If this trend towards using business tools and rationales to create and implement CSR within organizations continues, not only will the isomorphic form of CSR become so standardized and taken-for-granted that it may become very hard to challenge, but it is also likely to lose its link to the values upon which it was predicated. It seems unlikely given past performance, that a slightly modified version of the dominant institution will be able to deliver the kinds of results we need from business to address some of the critical problems existing within our natural and social environments such as habitat destruction, climate change and consistent, systematic human rights abuses, to which they are significant contributors. Thus, resulting in the effective loss of the CSR alternative.

**Future of CSR?**

It is in part a predominance of positivist approaches to CSR, and their proliferation within practice that have led to this isomorphic form of CSR present with the data. The current structures and systems of power behind CSR activities in MNCs clearly do more to support the dominant logic than they do to support CSR. Thus, CSR is devalued and cannibalized as it is enacted through these systems and calls our current conceptions of CSR into question. Evidently we cannot ‘implement’ CSR without a fundamental change in how we view the purpose and outcomes of CSR and the systems in which these ideas and actions take place. Thus it is essential to take a more structural and process-based view of CSR, to determine the critical elements which effect how it is shaped and enacted, so that our analytical frameworks can create the kinds of academic and practitioner outcomes that will
be effective in the current context of business. Viewing CSR through the lens of institutional theory is one way of broadening our view to include structural issues such as power, influence and societal relationships. Also understanding CSR as an institution will help us to understand the wider societal challenges and opportunities for moving away from a positivistic view of CSR (Scherer & Palazzo, 2007) to a more practical view that embeds CSR within its wider business and societal context. Thus, we argue that viewed as an alternative model for business, CSR is not the oxymoronic concept as some would suggest (e.g. Devinney, 2009), but a reconfiguration of the priorities and goals of profit-seeking organizations. However, without this reconfiguration, we risk CSR becoming another business innovation supporting the existing model of business.

CONCLUSION

This research presents strong evidence to suggest that there is an institution of CSR, that the isomorphic form of practices associated with it at the MNC level (as illustrated in Figures 1, 2 and Boxes 1, 2) are largely predicated on existing business tools and rationale, and that this has serious implications for the future of CSR as an institution capable of managing the wealth generation of society moving forward.

This research contributes to the CSR literature by directly discussing the conceptual possibility of an institution of CSR based on the institutional theory literature, by also providing empirical evidence of the existence of this institution through a highly isomorphic set of CSR practices. It also suggests that this institution of CSR as currently configured will have a significant impact on the future of CSR and the values that underpin it.

It is also contrary to much of the NI literature that characterizes business either as constrained by institutions (e.g. Scott 2001, Hoffman 2001, Powell and DiMaggio 1991) and
therefore acting to resist them (e.g. Oliver 1992, Kostova and Roth 2002), and/ or by those who see them as in most cases passively responding to external pressures (e.g. Hoffman 2001, Vidaver-Cohen 1998, Stevens et al 2004), this research suggests that in the case of CSR, neither of these are true most of the time. Lastly, this research adds to the critical CSR literature by highlighting the problems associated with this isomorphic form of CSR that is prevalent in many MNCs.

**Further research**

Further research is needed into the other aspects of an institution of CSR, to determine at what level it is institutionalised, how different this form may be from how it is institutionalised within the voluntary or government sector and why these differences occur. Investigating these questions would help to further characterize an institution of CSR, determine why is variants exist and provide some help in reinforcing the CSR meanings of these activities.

Also further research could look into the meanings of CSR activities, and whether the values associated with CSR are gradually becoming associated with the practices within companies at an operational level, or whether the practices have been adopted devoid of their CSR meanings.

Critically, more research is needed to understand the structural and systemic obstacles to creating and practicing CSR.
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Box 1 – Discussion of Cluster 3, Point 5 – Start Stakeholder Dialogue

This is where wider stakeholder consultation and engagement begins with both internal and external groups. The range of tools for encouraging buy-in are also used in the stakeholder dialogue process but tend to be focused more specifically on certain groups, particularly in the early stages of consultation and engagement. Focus groups and interviews with representatives of key stakeholder groups tend to be the most popular tools used by companies to actively encourage participation, although many companies have a range of strategies they use to engage with stakeholders (PS1). With internal stakeholders it is important to talk to all parts and levels of the business to ensure appropriate coverage (NR4).

The first step is to decide the purpose of engagement. This can include such things as:

- Identifying gaps in performance and processes (PS1)
- Discussion and debate on issues of concern (MF4), whether ‘real’ or not (PS3)
- Provide direction for business (PS1)
- Reduce the knowledge gap (MF4)
- Find areas of common ground (MF4, PS3)
- Create realistic expectations (NR3)

Some companies talked about the need to take care in selecting key stakeholders for engagement (PS1, PS2) according to criteria appropriate to the company and its industry, while keeping in mind the ‘NGO problem’ (MF4). This refers to the fact that some NGOs will not engage with certain companies for a range of reasons such as producing certain products, previous accidents and incidents etc. (MF4) and the fact that some NGOs have their own agenda that is not representative of those they are meant to represent (CN1).

Certain types of dialogue are naturally appropriate for certain situations. For instance, it is likely that initial dialogue with a new stakeholder group will take the form of a formal meeting where issues are presented and each party listens to the other. This meeting is then followed up approximately six weeks later with responses from the initial meeting (MF4). As the company and its stakeholders become more comfortable with each other, dialogue becomes much more informal and occurs regularly (MF4, PS3, RT1, RT3) such as over a pint of beer in the pub or a quick telephone call to touch base on any news (RT9). Some of these meetings occur in end markets/ locally so the strategy can be adapted locally (MF4, NR3) but this set of meetings does not typically occur until the last cluster of Phase four. Face-to-face meetings with stakeholders only tend to occur with a small representative proportion of critical stakeholders such as highly impacted community groups (NR6), highly vocal NGOs (MF4), customers through research groups (PS1) and employees (CN1). It is also thought by some participants to be more effective if the objective is to gather information on specific issues, to have one-on-one in person discussions with the relevant people company personnel who better understand the issues and can respond effectively (RT1). Other methods of gathering stakeholder feedback are added throughout the development and implementation process as is appropriate in order to gather feedback, for instance comment cards in the back of reports or dedicated areas on the company website.

The feedback generated from these dialogue sessions tends to be collected centrally (NR1), collated (PS2), filtered (PS2), sent back to the board and senior management (PS1, PS2, NR4), fed out to the rest of the business (PS1), and fed back into future reporting cycles (PS1, PS2) where it is made available to the general public (PS1, NR5).
Box 2 – Discussion of Process Management/ Governance Process 2 – Communication

Early iterations of the communication sub-process are implemented soon in the Standardized Practices for a similar reason to the risk and control sub-process of helping to generate buy-in but also to get individuals participating in CSR whether through working on early initiatives or facilitating learning within the organization on CSR, or through debate about the relative merits or challenges posed by CSR etc. This helps to provide some initial guidance on how the company will communicate with its stakeholders during consultations and how it plans to disseminate the strategy once formalized.

Many companies target communication to specific audiences (PS2, RT1, PS3, CN1) and include information that identifies ‘what’s in it for me’ (PS2, SP(P)1, TC1), or in other words, how it will affect the individual or group, and what the benefits and drawbacks are of participation in tangible terms (RT1) that are given both non-monetary and monetary values (MF4, RT1). For instance:

‘[T]he energy manager used to talk in terms of tonnes of CO2 ... on an annual basis the actual costs were in the region of £600,000 of energy that being [wasted on particular practice] and therefore you can then turn that energy into tonnes of CO2. Now, as soon as you start talking to the finance director about being able to save £600,000, he loves you’ (RT1).

It also includes information on what is happening and why (PS2) and constantly repeats the company values and CSR messages (SP(P)1). Each strategy component is given its own branding and identity (RT1) with the eventual goal of creating a CSR brand for the entire company (NR6). The strategy is published on the web (RT3) and used as a tool for external communication (PS3). Targeted communication events are timed appropriately so as not to coincide with the launch of another event or other critical communication piece (PS2).

The purpose of the communication is to provide information to stakeholders on CSR (RT4), indicate company expectations of stakeholders (RT3) and indicate performance against commitments made in the strategy document (CN2). One respondent indicated that non-compliance issues should not be seen as taboo and should be communicated openly (RT2).

Internal Communication

Participant companies work towards integrating CSR issues throughout the internal communications system (PS1) as it is a key part of transparency and accountability with stakeholders (CN2). There is a two-way information flow between the board, local offices and all levels in between (RT1), to help identify and consolidate CSR efforts (RT3). Communication focuses on awards and performance in relation to other companies so that employees have a point of reference for actual progress on CSR issues (PS3). The strategy is widely circulated to all parts of the business (MF2, NR5) for those who are interested. However, targeted communication is crafted for different groups and only includes those aspects of the strategy relevant to the audience (RT1, RT3, PS3, NR6). This makes it easier for employees to digest and understand, and most individuals working in the company do not need to understand the entire strategy to do their jobs effectively and engage with the strategy.

Basic marketing skills (NR4) are very useful in communicating with employees and are used internally. These tools include:

- Road shows (MF3)
- Workshops (MF3, RT3)
- Kinaesthetic tools such as games and fuzzy toys (NR4)
- Presentation/ slide pack for managers (RT3, TC1)
- Articles in internal magazine (MF3)
- Video of interview with CEO and executives on web (MF3, NR4)
- Videos (NR4)
- Poster campaign (MF1, PS3, NR5)
- CEO briefing/ broadcast to global operations (PS3, NR5)
- Dedicated website (NR5)
- Card summary version of strategy in areas where literacy is low (NR5)
- Employee networks (PS3, NR4)