An institutional theory perspective on the implementation of corporate social responsibility within large firms: Empirical and conceptual considerations

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Abstract (English)

In front of the revived debate on sustainable development and the postulation that business organizations provide solutions to resolve social problems, firms are increasingly engaged in Corporate Social Responsibility (CSR). While CSR is widely considered as “best practice”, its implementation remains limited as CSR requires a new way of conducting business, namely a systematic integration of social, environmental and ethical concerns into business conduct. While large firms face especially great pressures to adopt CSR, they have to undertake substantial efforts to coordinate the translation of CSR into organizational practices and processes. Against this background, this PhD project addresses the question of how large firms implement CSR. By means of an inductive qualitative research approach, the project investigates three different empirical aspects of how large firms implement CSR through an institutional theory lens. First, the focus lies on the CSR management function’s access to resources in the course of CSR implementation. Second, the attempt is made to model the relationship between institutionalization and professionalization in the CSR context. Third, the analysis addresses the industry-specific manifestation of a particular CSR practice, namely Socially Responsible Investing within banks and insurance companies. Based on the empirical insights gained into CSR implementation, the final section of the project aims at conceptually developing a morally reflective institutional theory.
Zusammenfassung (Deutsch)

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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>ESG</td>
<td>Environmental, social and governance</td>
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<td>SRI</td>
<td>Socially Responsible Investing</td>
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Chapter I – Introduction

Hans Carl von Clausewitz already stressed the need for a sustainable use of resources in his book “Sylvicultura Oeconomica” in 1713. In 1987, the United Nations revived the idea of sustainability in the Brundtland Report. The report introduced a concept of sustainable development postulated to rethink the current economic growth at any price:

“Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations, 1987: 16).

The report addressed civil society players such as non-governmental organizations, educational institutions, the scientific community, governments, and private enterprises, particularly large firms “with a total economic turnover greater than that of many nations, and with possibilities for bringing about far-reaching changes and improvements” (United Nations, 1987: 8).1

This emphasis on large firms comes in connection with the criticism of their harmful impact on the environment and civil society (e.g., Schremppf-Stirling & Palazzo, 2013). The associated debate on firms’ social responsibility and how they may contribute to sustainable development has resulted in different approaches. Among them are concepts such as Corporate Citizenship2, Triple Bottom Line3 and Corporate Social Responsibility (CSR). Particularly the latter can look back upon a history of success as CSR has developed into an “almost truism” (Norman & MacDonald, 2004: 243). For example, the European Union describes CSR as the framework for firms to fulfill their “obligations towards society and the environment” (European Commission, 2011: 3). Today, CSR is considered a fundamental aspect in business management (Du, Bhattacharya, & Sen, 2007), and can be defined as an umbrella concept for

1 According to the German Federal Statistical Office (2016), and in comparison with small and medium sized firms, large firms have above 249 employees and/or an annual turnover above 50 million Swiss Francs.

2 Matten and Crane (2005: 173) define Corporate Citizenship as “the role of the corporation in administering citizenship rights for individuals. Such a definition reframes Corporate Citizenship away from the notion that the corporation is a citizen itself (as individuals are) and toward the acknowledgement that the corporation administers certain aspects of citizenship for other constituencies. These include traditional stakeholders, such as employees, customers, or shareholders, but also include wider constituencies with no direct transactional relationship to the company.”

3 The “Triple Bottom Line” (Elkington, 1997), also called People, Planet, Profit, refers to a framework where organizations harmonize their profit seeking with environmentally sound and socially responsible behavior.
the systematic integration of social, environmental and ethical concerns into business conduct, often in cooperation with stakeholders (Baumann-Pauly, Wickert, Spence, & Scherer, 2013; Wickert, Scherer, & Spence, 2016).

Despite CSR’s broad dissemination, there is still a great deal of uncertainty about its implementation. It remains unclear how one can achieve a situation in which “issues of corporate social responsibility become an integral part of corporate strategic planning and routine operational performance” (European Commission, 2001: 16). This uncertainty grounds on the dominant focus on forces operating outside a firm and the associated neglect of internal factors (Aguinis & Glavas, 2012; Campbell, 2007), which makes it difficult to draw conclusions regarding the organizational dealing with CSR (e.g., Acquier, Daudigeos, & Valiorgue, 2011). Therefore, this research project adopts an intra-organizational perspective to study how large firms implement CSR into their organizational practices and processes.

The next chapters will further introduce the research. Section 1.1 lays out the research gap and the focus of this research project. Section 1.2 describes the conceptual framework, introduces the core theoretical concepts and explains how they are applied in the research. Section 1.3 discusses the research objectives and research questions. Three areas of empirical inquiry are defined in order to get a clearer insight into CSR implementation. Section 1.4 provides an overview of the research design.

**1.1 Motivation and Focus**

The study of a more sustainable way of doing business has been guided by a multitude of different paradigms and approaches. Most prominent among them are a normative approach with its roots in philosophy and a descriptive approach that builds on the social sciences (Fleming, 1987; Kahn, 1990). These two paradigms continue to co-exist, while each one makes its distinctive contribution to the study of CSR (Treviño, 1992). In concrete terms, while the normative approach addresses questions of moral reasoning, the descriptive approach tackles, for instance, the implementation of moral norms in organizations (Kolmar & Beschorner, 2016).

While this research project falls into the latter tradition as it empirically explores how CSR evolves within large firms mainly on a descriptive level, the argument could be turned normatively along the lines of if large firms want to be successful in the long-term, they should incorporate CSR into their organizational practices and processes. However, this study refrains from such a normative approach which makes a wider normative-ethical discussion necessary. Thereby, such an approach and the related discussion would go beyond the scope of this research (for a similar line of argumentation see, for instance, Kolmar & Beschorner, 2016; Scherer, Seidl, & Palazzo, 2013). Nonetheless, this project does not completely hide from
tackling the two different approaches and illustrating how they could potentially complement each other. In that regard, based on the empirical insights gained into CSR implementation, the last section (Chapter VII) aims to elaborate a morally reflective institutional theory. However, because of the avoidance of a wider normative-ethical discussion here, these deliberations remain rather trivial from a philosophical point of view.

The question of how firms respond to calls for more ethical behavior has a long history in social sciences such as organization theory (Chandler, 2014). Until today, social scientists have mainly considered the forces operating outside a firm when explaining the existence of CSR (Aguinis & Glavas, 2012; Campbell, 2007). While we thus know a lot about external factors that influence the way firms engage in CSR, our knowledge about how CSR is implemented into firms’ operations remains fractional. The reason for this is that “questions related to the management and intraorganizational institutionalization dynamics of CSR […] have not yet been systematically explored” (Acquier et al., 2011: 223). This is quite astonishing considering the fact that a range of scholars have drawn attention to the need to study the underlying mechanisms of implementing CSR (e.g., Acquier et al., 2011; Aguilera, Rupp, Williams, & Ganapathi, 2007; Aguinis, 2011; Aguinis & Glavas, 2012; Margolis & Walsh, 2003).

While CSR is widely considered to be “best practice” (Höllerer, 2013), it is now time to collect knowledge on “how internal-organizational dynamics that are driven by actors working from within the boundaries of an organization may influence the way companies manage CSR” (Wickert & Risi, 2016: 17). This is necessary as understanding a phenomenon at the societal or field level requires analysis of how actors legitimate and make sense of it within organizations (Dacin, Munir, & Tracey, 2010). An intra-organizational perspective enables addressing “those who actually strategize, make decisions, and execute CSR initiatives” (Aguinis & Glavas, 2012: 953), and opens up an insight into the internal mechanisms affecting CSR implementation (Aguilera & Jackson, 2003; Aguilera et al. 2007).

1.2 Conceptual Framework

This research project builds on the theoretical and empirical work of a sociological research program, so called institutional theory. Theoretical starting point is the analysis of institutions defined as powerful patterns of social action that influence how individuals and organizations think and act in relevant social contexts (Meyer & Rowan, 1977; Scott, 2001). These patterns of social action are again “reproduced through the everyday activities of individuals” (Powell & Colyvas, 2007: 278).

Institutions influence individuals and organizations in different ways. According to Scott (2014), we can differentiate between three types of institutions: Regulative institutions such as laws, rules or regulations that constrain and regularize behavior. Normative institutions are
collective norms and values that define goals or objectives and the way to achieve them. Cognitive institutions are beliefs or ideologies that predetermine how actors interpret and react to their environment. The distinction between these types of institutions rests on an analytical level as they normally overlap in practice (for further information see Chapter 2.2.1).

Today, there is “an increasing interest in examining CSR from the perspective of institutional theory” (Wang, Tong, Takeuchi, & George, 2016: 538). From an institutional theory perspective, a social construct, such as CSR, can be described as an institution if it has become taken-for-granted (Boxenbaum, 2006). This may be the case in contemporary society where CSR has “become institutionalized” in the sense of an “almost truism” (Norman & MacDonald, 2004: 243). In the course of this development, firms are more and more expected to adapt to CSR principles as organizations strive for societal approval (Scherer et al., 2013). The consequence of this is not only that large firms are increasingly engaged in CSR but also that a form of the CSR institution is present within them (Bondy, Matten, & Moon, 2012).

Institutional theory is useful to study CSR inside large firms as it opens up different attitudes and practices in a particular social context (Bondy et al., 2012). The importance of the theory’s general openness to attitudes and practices of different organization members becomes obvious when we consider that CSR is in permanent contest, complex and has open rules of application, stands for an umbrella term for business-society relations, and represents a highly dynamic phenomenon (Matten & Moon, 2008). Studying different attitudes and practices thus lays the basis to understand and determine distinct levels of CSR implementation. Further, institutional theory has the potential to analyze the way boundaries between business and society are constructed (Brammer, Jackson, & Matten, 2012). Understanding the construction of these barriers is a core issue as CSR goes together with a systematic integration of social, environmental and ethical concerns into business conduct (Baumann-Pauly et al., 2013; Wickert et al., 2016). In that regard, CSR aims at combining different and potentially conflicting spheres – the economic, the environmental and the social sphere. Finally, institutional theory supports the analysis of CSR as it is aware of collectively upheld norms and values and of organizations’ moral agency in general (Heugens & Scherer, 2010). This is clearly illustrated, for example, by the normative dimension of institutions (Scott, 2014).

1.3 Research Objectives and Questions

The overall objective of this research project is to gain in-depth insights into how large firms implement CSR. This objective is in line with a more recent trend in CSR research away from studies that address the “what” (content oriented research) and the “why“ (such as for instance incentive oriented research) towards research that focuses instead on the “how” CSR is
managed and implemented within organizations (Vigneau, 2014). To find an answer to this question, the project addresses three different aspects of CSR implementation.

Chapter IV. First, the focus lies on the CSR management function’s access to resources in the course of CSR implementation. With respect to the question whether a firm implements CSR symbolically (“talk”) or substantively (“walk”), the CSR management function’s access to resources has been used as a proxy for how entrenched CSR is within an organization. Based on a longitudinal, multiple case study design, I examine how firms in the Swiss finance industry actually take symbolic versus substantive responses over time. The process study looks at the different stages of CSR implementation and how they relate to the CSR function. Central to this empirical focus is the following question:

How does the advancing CSR implementation (from symbolic to substantive) relate to the CSR function’s resource access?

Chapter V. Second, the interest is in the relationship between institutionalization and professionalization in the CSR context. This inductive and longitudinal study of CSR managers in German and Swiss firms problematizes a key assumption in the literature. In concrete terms, in the institutional perspective on professions appears to be the assumption of a mutually supportive, “symmetric” relationship between institutionalization and professionalization. For example, lawyers engage in exchange with actors, such as the state, to strengthen their professional project whereby they simultaneously promote the institution of law. However, the case of CSR suggests rethinking this assumption because as the institutionalization of CSR advances and becomes consolidated, CSR managers are pushed to the organizational periphery. This indicates that the relationship between professionalization and institutionalization can be “asymmetric” under certain conditions. This chapter thus revolves around the following question:

What explains the “asymmetric” relationship between professionalization and institutionalization in the context of CSR?

Chapter VI. Third, the research project addresses the industry-specific manifestation of a particular CSR practice, i.e. Socially Responsible Investing (SRI), within banks and insurance companies. As a response to the decline of legitimacy and reputation, financial market actors have developed their activities in the area of SRI. So far, scholars have mainly focused on SRI’s financial performance resulting in its under-theorization. Therefore, this third sub-study applies

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an institutional logics perspective that conceptualizes SRI as underpinned by an economic as well as a social logic. From this theoretical perspective, I qualitatively investigate the positive and negative influences on the interplay of these two logics at the core of SRI. At the heart is thus the following research question:

What are the positive and negative influences on the interplay of a financial and a social logic underpinning Socially Responsible Investing within banks and insurance companies?

Chapter VII. As illustrated by the normative institutional pillar, moral issues have always occupied a central position in institutional theory. However, a number of researchers have argued that moral issues have not been enough theorized within institutional theory and, in particular, new institutionalism5. Overall, their under-theorization is rendered problematic as this may negatively affect the theoretical basis of institutionalism. Against this background, the final chapter develops a morally reflective institutional theory that considers moral aspects, i.e. values, in each context of investigation – discovery, justification and utilization. This conceptual study thus circles around the following question:

How can we theorize values in institutional analysis’s context of discovery, justification and utilization?

In order to undertake the three empirical sub-studies, each guided by a specific research question, and to lay the basis for in-depth conceptual considerations in the last chapter, the project relies on a methodological framework designed to seek answers to the questions outlined above.

1.4 Research Design

This research project applies a qualitative research approach tailored to study processes and meanings in their natural environment (Denzin & Lincoln, 2011). In order to understand social phenomena, qualitative researchers investigate the underlying objectives and meanings of social actors’ activities in the context where these phenomena actually occur (Denzin & Lincoln, 2011). Qualitative research has an open, iterative and process-like character as it builds on “highly contextualized individual judgements” (Van Maanen, 1998: xi).

5 Selznick (1996) discusses the “old” and the “new” institutionalism in detail and, inter alia, criticizes the clear distinction between the two. In line with Selznick, this thesis refrains from drawing a sharp line between the “old” and the “new” institutionalism and instead aims at bringing them together in the final chapter (Chapter VII). Therefore, I use the term “institutional theory” (see Chapter 1.2) as it takes into account earlier as well as more recent developments in institutionalism.
The phenomenon of interest is CSR implementation and how people experience and make sense of this process. In that regard, a qualitative approach fosters an understanding of the day-to-day struggles of social actors when promoting CSR and opens up insights into the underlying objectives and their meanings. As CSR implementation is a complex organizational process, its analysis consists of three empirical sub-studies, each dealing with a specific aspect of putting CSR into organizational practices and processes. For properly addressing the three different research questions outlined above, each sub-study relies on a further elaborated research design (see Chapter 4.3, 5.3 and 6.3).

Germany and Switzerland will provide the overall research context as we can find within both countries strong societal pressures to implement CSR. Large German and Swiss firms already have or are about to develop a broad portfolio of CSR-related organizational practices and processes (Hajduk & Beschorner, 2013; Weber-Berg, Stucki, & Huber-Ingold, 2013). In addition, trained CSR professionals have evolved in the German and Swiss context both among universities offering education, and among large firms employing CSR managers (Wickert & Risi, 2016). These professionals are mainly in charge of implementing CSR (e.g., Duarte, 2010; Izraeli & BarNir, 1998) and thus offer a unique insight into this organizational process.

In qualitative research, talk and texts are “meaningful representations” of how people make sense of the world (Gephart, 2004: 455). In concrete terms, it is the way people narrate that allows us to draw conclusions about how they make sense of their experience with CSR. For that reason, this research project relies on 97 semi-structured interviews with social actors, mainly CSR managers, who are directly involved in putting CSR into corporate practice. Secondary archival data was also collected as multiple data sources facilitate triangulation and validation of theoretical constructs in qualitative research (Lincoln & Guba, 1985), and open up the experiences of the involved actors and the context in which they operate (Bryman & Bell, 2007): First, 10 internal documents (such as presentation slides, in-house communication about specific CSR projects) gave information on the implementation of specific CSR practices and processes; second, 220 external documents (such as CSR reports, annual reports, corporate websites) provided background information prior to an interview, and helped to better understand the extant CSR activities and strategy of a firm, acquire information on its history and augment and validate the interview data; third, observations of a CSR event (in the form of notes, power point slides, program, flyer, etc.) backgrounding the developments in CSR management. The gathered data is longitudinal in character as data collection took place between November 2012 and November 2015, having a time span of 36 months. The chosen research design thus provides a unique insight into the process of implementing CSR within large firms over time.
1.5 Contributions

Based on three empirical sub-studies on CSR implementation, this research contributes to the literature in different ways. Finally, these sub-studies provided the basis for inductively deriving a morally reflective institutional theory. As such, this research project’s contributions are the following:

Chapter IV. First, the longitudinal multiple case study of seven Swiss firms in the financial industry provides insight into how different stages of CSR implementation, ranging from symbolic to substantive CSR, relate to the CSR function’s access to resources. The findings suggest that substantive CSR is associated with the CSR function’s decreased resource access as CSR is incrementally taken over by business units. Their growing involvement leads to the function’s withdrawal and gradual reduction of its resource access. This finding concurs with institutional theory that provides an explanation of social processes that is not reduced to resources. Overall, the first empirical focus adds a temporal understanding to the relationship of the CSR function’s amount of available resources and the different levels of CSR implementation.

Chapter V. Second, the inductive and longitudinal study of CSR managers in German and Swiss firms helps to develop a conceptual model that explains the “asymmetric” relationship between institutions and professions with several boundary conditions. The boundary conditions are determined by two key factors: first, whether a professional group primarily externalizes or maintains control over its knowledge base and second, the extent to which professionals can expand the scope of their knowledge base to counteract their peripheralization. Finally, this second empirical study also contributes to a better understanding of the difference between occupational and organizational professionals.

Chapter VI. Third, the qualitative analysis of Swiss banks and insurance companies illustrates positive and negative influences on a specific CSR practice, i.e. SRI, within these financial institutions. First, the findings contribute to SRI research by going beyond the study of financial performance and giving insights into a thus far neglected topic, namely the reasons why investment intermediaries support or hamper SRI. Second, identifying normative cultures as the central barriers and enablers of SRI within these firms responds to the call for carving out the normative pillar of institutional logics and institutions at large.

Chapter VII. The final section illustrates that while discovering social reality is reduced to a descriptive use of morality, normative examination takes place in the other two contexts, i.e. the potential utilization of findings and, in particular, the justification of how to study social reality, involving both a determination of what qualifies as moral. The case of CSR implementation builds the basis for morally expanding institutional theory with regard to every context of investigation. In short, a morally reflective institutional theory considers values as
objects of investigation, normatively assesses encountered values, and seeks to promote management practice that anticipates its moral consequences.

1.6 Thesis Structure and Chapter Flow

The former subsections have provided an overview of the research’s motivation and focus, conceptual framework, objectives and questions, design, and potential contributions. Due to the thesis’s structure, this research project gives a glimpse into specific facets of CSR implementation within large firms and facilitates drawing conceptual conclusions about institutional theory. Finally, such a structure corresponds with a qualitative research strategy as it interlocks data collection, analysis and theorization (Strauss & Corbin, 1990). Figure 1.1 illustrates the thesis’s structure and the relationships between the chapters. Subsequently, the thesis’s chapters are briefly summarized.

Figure 1.1 Thesis and chapter flow

Chapter II lays the theoretical foundation of the research project. It introduces institutional theory and CSR literature. The empirical chapters (Chapter IV, V and VI) will discuss the theoretical concepts central to them in more detail. The final Chapter VII will tackle the theoretical foundation again and illuminate aspects relevant for institutional theory development.

Chapter III introduces the research methodology. It presents the project’s underlying model of theorizing and the research methods. On this basis, the research strategy and its research
practice is outlined. The chapter ends with discussing the research context and describing the collected data as well as the different stages of analysis. Each empirical chapter (Chapter IV, V and VI) will add to the research design by providing further specifications.

Chapter IV, V and VI examine different facets of CSR implementation. Each empirical chapter is structured as a research paper with a literature section covering the central concepts, a research design section that specifies the research question and objectives as well as data collection and analysis. The chapters then present the findings and discuss them against the background of the current literature to carve out theoretical implications. As every chapter illuminates a different aspect of CSR implementation, each chapter individually contributes to research and simultaneously adds to the project’s overall research objective. Finally, limitations as well as future research ideas are discussed.

Chapter VII builds on the findings from the previous empirical chapters. By synthesizing the different findings, this final chapter draws conclusions about the project’s theoretical background. This last section is thus mainly devoted to institutional theory development.
Chapter II – Institutional Theory Perspective on Corporate Social Responsibility

Abstract. This chapter provides the thesis’s theoretical framework. A first section introduces institutional theory and focuses on the concept of institutions. In a next step, the three types of institutional pillars are discussed; institutional theory’s understanding of organizations is explained as well as the role of legitimacy and its specific dimensions. A second section illustrates different strategies for building and maintaining organizational legitimacy. Decoupling is introduced as a first strategy and is then critically discussed. Against this background, implementation is presented as a second, alternative strategy. This section closes with the suggestion to study the latter from an intra-organizational perspective. The last section starts with a CSR definition that adequately captures the main features of the research project and then suggests an institutional perspective on CSR. On this basis, CSR institutionalization in modern society and its specific manifestation inside large firms are described. The final section concludes the review of institutional theory and CSR literature, identifies the current focus on external factors as a major problem in both fields of research, and suggests an intra-organizational perspective on CSR implementation.

2.1 Introduction

Corporate Social Responsibility (CSR) has evolved into an important issue in business management (Du et al., 2007). There is a significant increase in specialized journals and books as well as more and more articles in academic journals which are not specialized in CSR or related topics (Aguinis & Glavas, 2012). At the core of CSR lies the concern with the relationship between business and society (Carroll, 1999). Garriga and Melé (2004), and Gond and Matten (2007) indicate four different paradigms that influence research on business-society interactions:

“CSR as a social function embedded in a functionalist view, CSR as a power relationship embedded in a socio-political view, CSR as a cultural product embedded in a culturalist view and CSR as a socio-cognitive construction embedded in a constructivist view” (Gond & Matten, 2007: 10; for further systematization see Chapter 2.4).

The functionalist paradigm with its focus on the relationship between CSR and financial performance thereby dominates the discourse on corporate responsibility (Gond, El-Akremi, Igalens, & Swaen, 2010; Orlitzky, Schmidt, & Rynes, 2003). However, as indicated by the variety of paradigms, the study of CSR goes beyond a limited subfield of management or
business scholars as it has been studied also in other disciplines such as sociology (e.g., Brooks, 2010), politics (e.g., Crouch, 2009) or economics (e.g., Oosterhout & Heugens, 2008). In contrast to much management literature with its close proximity to the functionalist paradigm, these authors demonstrate that CSR is far more than another way of enhancing corporate performance (Brammer et al., 2012).

Meta-analyses based on a considerable number of studies point towards an ambiguous relationship between firms’ CSR initiatives and their financial performance (e.g., Margolis, Elfenbein, & Walsh, 2007; Margolis & Walsh, 2003). Due to the limited explanatory potential of economic factors, the focus has increasingly shifted to institutional conditions, which fundamentally affect if firms engage in CSR (Campbell, 2007; Wang et al., 2016). Institutional theorists stress that firms are embedded in an institutional framework of formal (i.e., laws) and informal rules (i.e., norms and values) that influence corporate conduct (Scott, 2014). Brammer et al. (2012) indicate that institutional theory is particularly helpful to study CSR as it allows analyzing the way boundaries between business and society are constructed. As illustrated above, the business-society relationship builds the centerpiece of CSR research (Carroll, 1999). In addition, institutional theory’s awareness for collectively upheld norms and values and of organizations’ moral agency in general makes it very susceptible to study CSR (Heugens & Scherer, 2010).

After giving a general overview of CSR research, this chapter continues as follows: Section 2.2 introduces the basic assumptions of institutional theory, explains the three different types of institutional elements, explicates the theory’s understanding of organizations, and illustrates the central role of legitimacy as well as its different dimensions. Section 2.3 introduces different ways of how organizations can build and maintain their legitimacy. Firstly, this section presents decoupling and reflects on this strategy’s limitations. Secondly, the section describes implementation as an alternative strategy and suggests its closer examination. Section 2.4 introduces four different CSR theories, elaborates a suitable CSR definition that captures the main features of the research project and ends by suggesting the analysis of institutional conditions. Building on this, an institutional perspective on CSR is presented and then discussed against the backdrop of the different CSR theories and related approaches. The following sections then focus on the institutionalization of CSR in modern society and its specific manifestation inside large firms. Section 2.5 concludes the review of institutional theory and CSR literature, identifies the current focus on external factors as a major problem in both fields of research, and suggests an intra-organizational perspective on CSR implementation.
2.2. Institutional Theory

This thesis builds on the theoretical and empirical resources of a sociological research program, so called organizational institutionalism or, more generally, institutional theory. At the core of this research program lies the analysis of institutions. In line with Greenwood, Oliver, Sahlin, and Suddaby (2008: 4-5), institutions stand for

“[…] more-or-less taken-for-granted repetitive social behavior that is underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order”.

In short, institutions are powerful patterns of social action that influence how individuals and organizations think and act in relevant social contexts (Meyer & Rowan, 1977; Scott, 2001).

Institutions exist at the level of the individual (e.g., a handshake as a means of introducing oneself and greeting one another as well as for closing a deal), at the organization (e.g., management concepts such as Total Quality Management defining organizational structures and processes), at the field (e.g., the health sector and the corresponding hierarchy structure with medical doctors and other occupations such as nurses, pharmacists, etc. who have parallel or subordinated functions) and society (e.g., the infrastructure for providing democratic elections in Western societies) (for similar and further examples see Greenwood et al., 2008).

2.2.1 Three Pillars of Institutions

Institutional elements can take many different forms such as rules, objectives, routines, norms, values, etc. (Scott, 2014). In that regard, Scott (1995, 2001 and 2014) presents a systematization that allows classifying different elements. In concrete terms, he highlights three pillars of institutions, forming a continuum that ranges from “the conscious to the unconscious, from the legally enforced to the taken for granted” (Hoffman, 2001: 36): The regulative pillar constrains and regularizes behavior. In concrete terms, regulatory processes set rules, observe actors’ compliance with them, and impose sanctions in form of either rewards or punishments. The normative pillar defines goals or objectives (e.g., making a profit) and at the same time the way to achieve them (e.g., promising business strategies). Normative systems thus have a constraining function, but simultaneously empower and enable social action. In contrast to regulatory systems, which emphasize a logic of “instrumentality”, the normative pillar is driven by the logic of “appropriateness” (Scott, 2014: 65). Finally, the cognitive pillar indicates that internal processes of interpretation are constructed by external cultural frameworks. Thereby, cognitive systems operate at multiple levels in the sense that broad cognitive frames and patterns influence individual beliefs and at the same time individual constructs may remodel broad cultural conceptions (Scott, 2014). However, the distinction between the three
institutional pillars is only analytical, as “in most empirically observed institutional forms, we observe not one, single element at work but varying combinations of elements” (Scott, 2014: 70). Table 2.1 gives an overview on the three pillars of institutions.

Table 2.1 Three pillars of institutions

<table>
<thead>
<tr>
<th>Basis of compliance</th>
<th>Regulative</th>
<th>Normative</th>
<th>Cognitive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expedience</td>
<td>Social obligation</td>
<td>Taken-for-grantedness, shared understanding</td>
</tr>
<tr>
<td>Basis of order</td>
<td>Regulative rules</td>
<td>Binding expectations</td>
<td>Constitutive schema</td>
</tr>
<tr>
<td>Mechanisms</td>
<td>Coercive</td>
<td>Normative</td>
<td>Mimetic</td>
</tr>
<tr>
<td>Logic</td>
<td>Instrumentality</td>
<td>Appropriateness</td>
<td>Orthodoxy</td>
</tr>
<tr>
<td>Indicators</td>
<td>Rules, laws, sanctions</td>
<td>Certification, accreditation</td>
<td>Common beliefs, shared logics of action, isomorphism</td>
</tr>
<tr>
<td>Affect</td>
<td>Fear, guilt/innocence</td>
<td>Shame/honor</td>
<td>Certainty/confusion</td>
</tr>
<tr>
<td>Basis of legitimacy</td>
<td>Legally sanctioned</td>
<td>Morally governed</td>
<td>Comprehensible, recognizable, culturally supported</td>
</tr>
</tbody>
</table>

(Adapted from Scott, 2014: 60)

2.2.2. Institutional Perspective on Organizations

From an institutional theory perspective,

“[…] the pattern on organizing that one observes in a society is a product of the structural elements that are institutionalized in society. Organizations are built up of these elements, but also constrained to employ them or take them for granted, which limits the possibilities for organizational structure and action” (Meyer, 1992: 272).

In the process of institutionalization organizations begin to represent an intrinsic value in their own right, which extends beyond (and sometimes in contradiction to [i.e., Meyer & Zucker, 1989]) the instrumental value related to their assets or the services and goods they provide (Selznick, 1949). In this context, organizations are seen as “objects of identification, with which
external parties actively seek to associate themselves” (Heugens & Scherer, 2010: 648). By stressing the management of meaning and processes of sensemaking (within organizations), institutional theory is also labeled as the symbolic perspective in organization theory (Hatch, 1997).

2.2.3 Institutional Legitimacy

The conclusion that organizations have a value in their own right, which is not reducible to efficiency considerations (e.g., Selznick, 1949), suggests that “organizational success depends on factors other than efficient coordination and control of productive activities” (Meyer & Rowan, 1977: 352). Instead, organizations design formal structures incorporating institutional elements in order to provide an account of their activities that protects them from having their conduct questioned (i.e., Meyer & Rowan, 1977; Scott & Lyman, 1968; DiMaggio & Powell, 1983). By designing a formal structure adhering to the prescriptions of the social environment, an organization gains legitimacy, and thus stability and resources needed to survive. In this sense, organizations not only compete for resources and customers, but equally for institutional legitimacy (DiMaggio & Powell, 1983: 150). As Brown (1998: 35), for example, notes: “Legitimate status is a sine qua non for easy access to resources, unrestricted access to markets, and long term survival”. However, legitimacy cannot be reduced to a kind of resource extracted from the institutional environment (as, for example, in the resource-dependency approach [Dowling & Pfeffer, 1975; Suchman, 1995]):

“However, from a strong institutional perspective, legitimacy is not a commodity to be possessed or exchanged but a condition reflecting perceived consonance with relevant rules and laws or normative values, or alignment with cultural-cognitive frameworks. Like some other invisible properties such as oxygen, the importance of legitimacy becomes immediately and painfully apparent only if lost, suggesting that it is not a specific resource, but a fundamental condition of social existence” (Scott, 2014: 72; emphasis by the author).

In line with the different pillars of institutions (see Chapter 2.2.1), legitimacy encompasses three dimensions.

2.2.4 Three Dimensions of Institutional Legitimacy

Scott (2014) indicates regulative, normative and cognitive institutional legitimacy. In line with the interlinking nature of the three pillars, legitimacy includes consonance with relevant rules and laws or normative values as well as the alignment with cultural frames (Scott, 2014). The consequence of this is that “any act of legitimation may operate on a variety of dimensions”
Regulative legitimacy stands for consonance with relevant rules and laws respectively underlines the instrumental character of legitimacy by means of regulative rules (e.g., Pfeffer & Salancik, 1978). With regard to the regulative dimension, rules, either formal or informal, and functionality are the central drivers of an institutional practice. In this sense, conformity results from an actor’s rationally anticipated best interest (Archibald, 2004). In line with Suchman (1995), normative legitimacy connects to collectively shared values which define the perceptions of good and bad, right or wrong, and desirable or inappropriate within a society (Deephouse & Suchman, 2008). Finally, cognitive legitimacy refers to the dissemination of knowledge about a new undertaking (Aldrich & Fiol, 1994). According to Deephouse and Suchman (2008: 51), the cognitive dimension of this type of legitimacy manifests itself in “explanation, theorization, and the incomprehensibility of alternatives”.

2.3 Organizational Strategies for Legitimacy

There are different ways of how organizations adapt to institutional pressures in order to build and maintain legitimacy. In that respect, Meyer and Rowan’s (1977) early work highlighted the distinction between the decision to implement and the decision to decouple institutionalized structures. More recent work has begun to theoretically and empirically distinguish between the two strategies for establishing and maintaining legitimacy (e.g., Chandler, 2014; Park, Sine, & Tolbert, 2011).

2.3.1 Decoupling

Meyer and Rowan (1977) showed that organizations generally fail to implement and therefore decouple institutional elements after their formal adoption. They defined decoupling as the creation and maintenance of gaps between formal policies and actual organizational practices (Meyer & Rowan, 1977). In other words, decoupling stands for the symbolic compliance with a stakeholder demand without making changes in organizational practice. Decoupling was described as a useful strategy because it allows organizations “to maintain standardized, legitimating, formal structures, while their activities vary in response to practical considerations” (Meyer & Rowan, 1977: 357).

Today, we have in-depth knowledge of organizations that declare the implementation of a practice but finally lack the intention, capability, or resources to implement completely, or even at all. For example, Westphal and Zajac (1994, 1995 and 2001) illustrated that firms often react to stakeholder claims, such as issuing stock buybacks and creating executive incentive programs, by communicating actions that were not actually taken. Their research further showed that publicizing actions without taking them ensures legitimacy as the translation of
symbolic strategies into organizational practice is often not monitored by stakeholders (Zajac & Westphal, 2004). Stevens, Steensma, Harrison and Cochran (2005) provide another study on decoupling by showing that financial executives do not apply their firms’ code of conducts in their decision-making. In sum, suggesting that stakeholders do not (and cannot) scrutinize the translation of symbolic strategies into organizational practice is the prerequisite for the success of decoupling.

2.3.2 Limitations of Decoupling

Bromley and Powell (2012) theoretically challenge decoupling when they argue that environmental influences on organizations have become stronger to align formal policies with daily practices. Marquis and Qian (2014) further explicate this by the concept of “decoupling risk” defined as the risk that a firm’s decoupling will be exposed. Firms with higher decoupling risks, organizations whose activities are rather being monitored, thereby tend to translate their CSR reports into organizational practices and processes. This is also in line with the assumption that business organizations rather engage in CSR when they tend to be monitored by non-governmental organizations, social movements, and the media (Campbell, 2007).

Modern society is characterized by the prevalence of networks and the related rise of non-traditional stakeholders (Castells, 2000; Beck, 1992 and 1996) such as non-governmental organizations, social movements or the media that function as ever-vigilant corporate watchdogs. This leads to a situation in which a firm may be closely monitored without even noticing it. Research on “greenwashing”, a strategy similar to decoupling by giving a positive portrayal of a firm’s environmental records to camouflage its actual performance, indicates the significant risk of this strategy as stakeholders penalize organizations identified as “green washers”, even if they are environmentally friendlier than other firms that do not engage in greenwashing. For example, Lyon and Maxwell (2011) illustrate that British Petroleum, describing itself as “Beyond Petroleum”, has received more activist pressure for its environmental record than Exxon, a firm generally considered to have a worse environmental performance. Besides British Petroleum, cases such as Enron or Siemens provide further evidence of how disastrous the exposure of decoupling is for a firm in terms of cost and reputation (Scherer et al., 2013).

In addition to growing external pressures, organizations are evermore considered as corporate citizens that take on responsibility for the society (Bromley & Powell, 2012; Meyer & Bromley, 2012). For example, Bromley and Meyer (2015: 7) argue that contemporary large firms are “[…] transformed by new pressures to look like responsible actors […]. They are increasingly obligated, by law and public pressure, to take on expanded concerns such
as environmental protection, […] and philanthropy, employee rights and job satisfaction, workplace diversity, community engagement, and consumer safety”.

Due to the mounting societal call for the alignment of organizational policy and practice as well as corporate responsibility, decoupling may be less widespread than researchers a priori expected (Bromley, Hwang, & Powell, 2009). For this reason, Bromley and Powell (2012: 485) stress the need “for a reexamination of classic arguments about decoupling”.

2.3.3 Implementation

Against this background, the investigation of implementation, such as its antecedents and characteristics, seems ever more relevant. In that regard, organizational scholars have begun to study implementation, often in comparison with decoupling. For example, Christmann and Taylor (2006) studied “determinants” of decoupling versus implementing international certifiable standards. From their research, they derive that a firm’s decision-making grounds on a cost-benefit analysis. As firms regard implementation as more costly than decoupling, they rather chose the latter unless they recognize benefits in complying with standard’s requirements. Business organizations thus regard implementation as beneficial in a scenario with a higher likelihood of external monitoring and possible sanctions.

Lounsbury (2001) applied staffing as an indicator to determine different levels of recycling programs implementation in colleges and universities. While some schools organized their recycling programs by establishing a new, full-time recycling manager position, others disposed of minimalist programs staffed by current employees who were ecologically ambivalent and assumed the recycling responsibilities as an additional, part-time duty. The conclusion drawn here is that recycling programs staffed with full-time positions provide more substantive responses to institutional pressures than programs with part-time positions which seem to be more ceremonial (Lounsbury, 2001). In this sense, the study assumes a positive relationship between staff expenses and the level of program implementation.

Park et al. (2011) investigated the effects of resource constraints on the implementation of tenure systems for faculty employment in higher education organizations. They show that the use of tenure systems is less likely in colleges and universities with limited resources. However, in the absence of pressures to contain costs, organizational decision-making is in favor of implementing tenure systems. The authors thus assume a close and stable relationship between the amount of resources available and the level of tenure systems implementation. In addition, their research points to the somewhat counterintuitive finding that ties with external constituents, except accrediting agencies, have no significant influence on organizational decision-making. This insight is in contrast to studies that found strong influence of constituent ties on implementation (Westpal & Zajac, 2001; Fiss & Zajac, 2004). As external factors, such
as constituent relations, are rather marginal, the finding also suggests studying internal factors that exert influence on the decision to implement a specific policy or practice inside an organization.

While early researchers simply concentrated on adoption (e.g., Strang & Soule, 1998), more recent work has begun to contrast it with implementation. For example, Park et al. (2011) indicate that organizations start implementing particular structures after their formal adoption. Considering that, Chandler (2014) compared implementation with adoption and concluded that the latter is a rather visible act, often used as a signal to external stakeholders. For example, adoption is chosen as a response to field level events such as federal legislation or court judgments. On the other hand, “implementation represents an implicit statement by the organization about its commitment to specific policies and practices” (Chandler, 2014: 1738). Implementation thus has less visibility and its extent is rather determined by firm-specific factors and events. Actors such as the media, governmental and non-governmental organizations, for example, generate narrower events in response to the exposure of a firm’s ethical misconduct. The consequence of this is a higher monitoring of the organization’s internal practices and processes. In such a scenario, a firm dedicates relatively more resources to implementation (Chandler, 2014). In line with Lounsbury (2001), staffing of a particular organizational function, i.e. the CSR management position, is used to identify the extent to which firms implement.

In a nutshell, decoupling is primarily a response to environmental pressures for change signaling compliance without altering operations (Meyer & Rowan, 1977; Westphal & Zajac, 1994). Implementation, by contrast, is indicative for a commitment where an organization mobilizes resources to translate an institutional structure into its practices and processes (Park et al., 2011). In that regard, staffing is considered as a reliable indicator for that organizational commitment (Chandler, 2014; Lounsbury, 2001).

### 2.3.4 Towards an Intra-Organizational Perspective on Implementation

Due to the dominant inter-organizational and field level view of institutional scholars (Greenwood et al., 2008), the current literature has only partly determined implementation which is a rather implicit organizational phenomenon (e.g., Chandler, 2014; Lounsbury, 2001; Kraatz, Ventresca, & Deng, 2010). So far, the decision to implement has been mainly reconstructed on the basis of organization-environment relations, while internal factors have been largely neglected. For example, Chandler (2014) explains the cause of implementation with pressures that focus more narrowly on the organization. The consequence of this is that its description remains at a rather abstract level. This problem not only grounds on the fact that
implementation is harder to describe empirically than adoption, but also as it is less visible to outside observers (Suddaby, 2010). In that regard,

“[…] to appropriately understand how institutional meaning systems are understood and interpreted within organizations, institutional researchers will have to adopt an internal perspective” (Suddaby, 2010: 18; emphasis by the author).

A shift in perspective is further reinforced by findings such as that external ties have no significant effects (Park et al., 2011) and that firm-level factors have a determining role on implementation (Chandler, 2014). Considering internal factors is thus the prerequisite to conceive the implicit nature of implementation. In that regard, indicators such as staffing (Chandler, 2014; Lounsbury, 2001) and resource availability (Park et al., 2011) lay the basis for disentangling this complex organizational process. Thus, an intra-organizational analysis has the potential to enhance our understanding of implementation, for example, by analyzing the relationship between the resources available to a particular organizational function and the different levels of implementation (see Chapter IV).

In this regard, studying Corporate Social Responsibility (CSR) promises to be particularly insightful as its implementation entails the establishment of formalized tools and structures such as policies as well as reporting and monitoring systems (e.g., Baumann-Pauly et al., 2013). However, CSR implementation also depends on informal mechanisms, namely informal day-to-day practices and people’s struggles inside firms, such as CSR managers that promote CSR (Wickert & Risi, 2016). The interplay of formal and informal aspects is crucial as “regardless of the commitment of top management, efforts to promote CSR initiatives frequently face organizational resistance and inertia” (Acquier et al., 2011: 223). Considering both aspects lays the basis to capture CSR implementation, and allows gaining insight into an organizational process that is barely visible (Suddaby, 2010).

2.4 Corporate Social Responsibility (CSR)

As already mentioned above, Corporate Social Responsibility (CSR) is a highly dynamic phenomenon (Matten & Moon, 2008). This dynamic manifests itself in a large variety of approaches to CSR. For example, McWilliams and Siegel (2001: 117) “define CSR as actions that appear to further some social good, beyond the interests of the firm and that which is required by law”. Other authors, for example, argue that CSR does not have an altruistic dimension and stress its pure strategic aspect in form of the business case of CSR (e.g., Porter & Kramer, 2002; Vogel, 2005).

Other CSR approaches directly address the question which obligations a corporation should assume. For example, Carroll’s “Pyramid of Corporate Social Responsibility” (1991) aims at
defining such obligations by presenting four social responsibilities, which constitute total CSR, i.e. economic, legal, ethical, and philanthropic. Another example is the Global Compact introduced by the former United Nations Secretary-General, Kofi Annan, in 1999 that encompasses 10 guiding principles for firms on labor norms, environment, anti-corruption and human rights (e.g., Boxenbaum, 2006).

As indicated in the chapter’s introduction, there are four different ways of researching CSR, each related to a specific paradigm (Gond & Matten, 2007). Garriga and Melé (2004) classify the different CSR theories and related approaches by means of Parsons’s (1961) four aspects of social reality: economics, politics, social integration and ethics:

1) Instrumental theories stress that firms should create wealth and that this is their sole social responsibility. In that regard, merely the economic aspect of business-society relations is important. It follows from this that responsibility is reducible to social activity that creates wealth. This first group of theories thus conceptualizes CSR only as a strategy for economic value creation.

2) Political theories of CSR stress firms’ social power, particularly, with regard to their relationship with society. This power also relates to their increased responsibility in the political arena. Due to this new responsibility, firms assume social duties and rights and engage in social cooperation.

3) Integrative theories argue that firms have to cope with the demands of society. Firms have to meet social demands because they are dependent on society for continuity and growth.

4) Ethical theories emphasize the role of ethical values in the context of the business-society relationship. This group of normative theories regards firms’ social responsibility as a moral obligation.

In front of the given variety of CSR theories and related approaches, CSR is defined here as an umbrella concept for the systematic integration of social, environmental and ethical concerns into business conduct, often in cooperation with stakeholders (Baumann-Pauly et al., 2013; Wickert et al., 2016). This definition embraces the entire spectrum of CSR by involving all dimensions of the triple bottom line, respectively social, environmental and economic aspects (Elkington, 1997). However, the proposed definition goes beyond this traditional idea that firms harmonize their profit seeking with environmentally sound and socially responsible behavior. Instead, integrating ethical concerns refers to a moment of moral reflection, an aspect not explicitly mentioned in the triple bottom line. By doing so, the proposed definition also takes into account ethical theories. The systematic integration of different CSR aspects into business conduct further implies an organizational process and is thus close to the main concern of this research project, namely the implementation of CSR within large firms. Beyond that, the
cooperation with stakeholders highlights the role of specific actors in the implementation process, such as CSR managers.

Until today, the instrumental-functionalist paradigm with its emphasis on the relationship between CSR and financial performance remains dominant (Gond et al., 2010). This illustrates the fact that “a leitmotiv of wealth creation progressively dominates the managerial conception of responsibility” (Windsor, 2001: 226). However, as indicated above, researchers demonstrated the limited explanatory potential of economic factors, for example, by the ambiguous relationship between CSR and financial performance (e.g., Margolis et al., 2007; Margolis & Walsh, 2003). Against this backdrop, the focus has increasingly shifted to institutional conditions as they fundamentally affect if a firm engages in CSR (Campbell, 2007; Wang et al., 2016).

2.4.1 Institutional Perspective on CSR

Institutional theorists assume that firms incorporate institutional elements in order to maintain their legitimacy (e.g., Meyer & Rowan, 1977). From their point of view, firms engage in CSR because they seek social approval, i.e. react to institutional pressures for more corporate responsibility (e.g., Bansal, 2005; Bromley & Meyer, 2015; Campbell, 2007; Preuss, Haunschild, & Matten, 2009). An institutionalist perspective is thus close to “integrative theories” of CSR (Garriga & Melé, 2004), which argue that in response to societal demands firms integrate into their business socially responsible actions in order to maintain their license to operate or, in more general terms, their legitimacy (e.g., Campbell, 2007; Matten & Moon, 2008). Legitimacy is again the precondition for continued resource flow, acceptance within society and organizational survival. Although the emphasis on resource access and related organizational survival may suggest some parallels with instrumental CSR theories, the institutionalist approach explicitly distances itself from the functionalist view as legitimacy is not reducible to a kind of resource extracted from the environment, but is instead regarded as the basis for social existence (Scott, 2014).

While institutional theory is the closest to integrative theories, this approach also has the potential to consider the other theories of CSR (Garriga & Melé, 2004) as legitimacy encompasses different dimensions. The regulative pillar characterized, for example, by functionality, rationality and rules; the normative pillar that connects to shared moral values defining perceptions, for example, of good and bad; and the cognitive pillar composed of beliefs or ideologies that define actors’ interpretations and reactions to their environment (see Chapter 2.2.4). These dimensions provide an analytical tool to comprehend the construction of boundaries in business-society relationships (Brammer et al., 2012). In addition, the normative
pillar raises the understanding of shared values, and thus allows for comprehending a firm’s moral agency (Heugens & Scherer, 2010).

Understanding CSR as an institution, consisting of the regulative, normative and cognitive pillar, facilitates to capture CSR in its entire complexity. As an institution, CSR manifests itself as patterns of social action on different levels, such as environmental monitoring and CSR reporting within firms (Bondy et al., 2012) and the Global Compact globally perceived as a taken-for-granted form of CSR (Boxenbaum, 2006). The following section explains the circumstances giving rise to the institutionalization of CSR in contemporary society.

2.4.2 CSR as an Institution

While CSR has been originally developed in the United States in the early 20th century (Carroll, 1999), its renaissance over the last twenty years was induced by three different developments (Preuss et al., 2009; Vogel, 2005): First, in the course of globalization, the political influence of national states has been waning. National governments now have limited control over corporations operating on a global scale and are thus not always able to safeguard the social wellbeing of their citizens. Second, civil society has developed a much stronger social and environmental awareness. This growth in awareness often results from the political campaigns of activists. Compared to traditional party politics, such campaigns provide an alternative means of addressing topics such as social inequality or ecological destruction. Third, the increasing influence of financial markets on economic success and the growing mobility of corporations have induced an economic shift (Scherer & Palazzo, 2011). For example, in order to circumvent high taxation, firms relocate their headquarters to countries considered as tax havens.

Reinforced by media pressure and information technology, these three developments have led to the claim that business should assume more economic, social, environmental and ethical responsibility (Campbell, 2007). In the light of this claim, CSR has evolved into an “ascendant archetype” (Preuss et al, 2009: 955), and, due to its global dissemination by powerful actors, is widely institutionalized (Norman & MacDonald, 2004), and considered as “best practice” (Höllerer, 2013). To put it briefly, CSR has become an institution – a powerful pattern of social action that influences how people think and act in relevant social contexts (Meyer & Rowan, 1977; Scott, 2001). As Bondy et al. (2012) argue, CSR has reached the status of a taken-for-granted idea within society (Scott, 2008a) of how firms are expected to behave with regard to ethics, social issues such as health and safety and working standards, or environmental concerns such as waste management, recycling, or climate change mitigation. Civil society, governments, consumers, employees, suppliers and many other groups have shaped the concept of CSR through their expectation that firms should act responsibly (Bondy et al., 2012; Campbell, 2007). According to Meyer and Rowan (1977) evidence of institutionalization is
present in the development of trained professionals, modification of market tools, changes in public opinion and codification into law, all of which applies to the CSR context (Bondy et al., 2012; see also the following Chapter 2.4.3).

2.4.3 An Institution of CSR within Large Firms

Large firms are a major actor in the above-mentioned developments. Large firms gained increasing political power relative to national governments, were targeted by political campaigning efforts addressing environmental and social concerns, and have a one-sided orientation toward shareholder value (potentially) on the expense of other stakeholders, for example, by moving facilities to low-wage countries (Preuss et al., 2009; Vogel, 2005). Large firms are thus the main recipient of the claim for more corporate responsibility. As outlined in the thesis’s introduction (Chapter I), the Brundtland Report, for example, emphasizes the importance of their role for sustainable development (United Nations, 1987). The consequence of this is that European firms as well as other business organizations headquartered in all different parts of the world have adopted CSR (Preuss et al., 2009; Habisch, Jonker, Wegner, & Schmidpeter, 2005).

Due to large firms’ increasing engagement in CSR, a form of the CSR institution is also present within these organizations (Bondy et al., 2012). The institution thereby manifests itself in various forms on the firm level: First, large firms have developed a range of CSR practices and processes. For example, they develop codes of conduct that formally state their CSR commitment and regularly publish a CSR report or related information on their CSR strategy and policies. Such information has become highly sophisticated and complex (Baumann-Pauly et al., 2013). Second, CSR practices and processes are more strategically oriented and largely integrated in (versus separated from) the core business activities. Firms, for example, have to install controlling systems to monitor and ensure compliance with human rights, working standards, or environmental norms, arrange employee training and set up whistle-blowing channels (Baumann-Pauly & Scherer, 2012). They are expected to manage their supply chains (van Tulder, Van Wijk, & Kolk, 2008), and interact with stakeholders in the context of different CSR initiatives (e.g., Haack, Schoeneborn, & Wickert, 2012). Third, this leads to tension and conflict within firms and one can assume that CSR is going through a phase of instability (e.g., Bondy et al, 2012; Boxenbaum, 2006). For example, Olsen and Boxenbaum (2009) illustrate how internal organizational barriers negatively affect CSR implementation within a large firm. Finally, creating the CSR function signals how firms systematically address corporate responsibility (e.g., Chandler, 2014). As “trained professionals”, CSR managers (for a systematization see Table 3.1) provide evidence of institutionalization (Meyer & Rowan, 1977: 347). These professionals are in charge of promoting and administering the systematic
integration of social, environmental and ethical concerns into business conduct (Strand, 2014). CSR managers thus function as change agents by seeking to institutionalize CSR as a taken-for-granted component of conducting business (e.g., Duarte, 2010; Wickert & Risi, 2016).

In concrete terms, CSR managers function as “boundary spanners” (Rothenberg, 2007: 750) by linking organizational practices and structures to CSR elements. As “social issue specialists”, CSR managers mediate “between top management, the company’s external environment, and middle managers from the operating divisions” (Acquier et al., 2011: 233). In that regard, Wickert and Risi (2016) identified “a pattern of five distinct but interrelated strategies” that CSR managers use to institutionalize CSR within large firms. These strategies include

“[…] leveraging influence by gathering internal allies, establishing emotional and functional connections between CSR issues and job tasks, accommodating argumentation to heterogeneous worldviews about CSR, benchmarking against internal and external parties, and promoting holistic awareness of CSR.” (Wickert & Risi, 2016: 4)

While there is evidence of a CSR institution within firms (Bondy et al., 2012), institutionalists literature that investigates CSR has so far largely focused on forces operating outside the firm at the macro or inter-organizational level (e.g., Aguinis & Glavas, 2012; Campbell, 2007). For example, Waddock (2008) showed how large firms are subjects to CSR standards and initiatives at a global level. Matten and Moon (2008) illustrated how and why CSR differs among countries. Whereas external factors are certainly relevant, institutionalists have hardly addressed internal factors, such as organizational barriers that, independently of the external conditions, affect the implementation of CSR (Olsen & Boxenbaum, 2009). Much of the existing literature tends to “black-box” the intra-organizational dynamics of how CSR is developed, articulated and practiced (Costas & Kärremann, 2013). Due to the little knowledge about how CSR takes place within firms, it remains unclear what actually drives and hinders CSR institutionalization at the firm level. Indeed, Bondy et al. (2012: 8) suggest that large firms have “significant agency in determining how to respond to these pressures for CSR”. As large firms can exercise influence on the institution of CSR through their behavior (e.g., Bondy et al., 2012; Wickert & Risi, 2016), considering intra-organizational factors is the prerequisite to understand CSR within firms as well as modern society.

2.5 Conclusions and Outlook

As shown by the review of institutional theory and CSR literature, the current focus on external forces leads to problems in both fields of research. On the one hand, the so far dominant inter-organizational and field level focus of institutional theorists (Greenwood et al., 2008) can only
partly determine the implicit nature of implementation (Chandler, 2014; Lounsbury, 2001; Kraatz et al., 2010). This is because implementation is less visible to outside observers (Suddaby, 2010). On the other hand, CSR research has ignored the underlying mechanisms of how firms embed CSR (e.g., Acquier et al., 2011; Aguilera et al., 2007; Aguinis, 2011; Aguinis & Glavas, 2012; Margolis & Walsh, 2003). Consequently, there is almost no research about how CSR is embedded within a particular organization (Basu & Palazzo, 2008; Richter, 2011; Vigneau, 2014). For that reason, Aguinis and Glavas (2012: 953) indicate that the question of how people within organizations perceive CSR and take action as a result remains a “knowledge gap”.

Due to the common focus on external factors, researchers have not paid enough attention to the foundations of CSR that build on people’s action and interaction (Foss, 2011). This omission is critical because the understanding of a phenomenon existing at the societal or field level requires analyzing how actors legitimate and make sense of it within organizations (Dacin et al., 2010). This means that in order to capture the institution of CSR, one has to collect knowledge of “how internal-organizational dynamics that are driven by actors working from within the boundaries of an organization may influence the way companies manage CSR” (Wickert & Risi, 2016: 17).

Briefly, both research fields profit from an intra-organizational perspective on how firms implement CSR. Dropping the level of analysis away from external factors to a more firm-level perspective allows addressing “those who actually strategize, make decisions, and execute CSR initiatives” (Aguinis & Glavas, 2012: 953). Understanding how people make sense and legitimate CSR within firms enhances our knowledge of how organizations react to institutional pressures. This knowledge is in turn the prerequisite for drawing conclusions about CSR in modern society. If a firm decouples its formal CSR policy from actual corporate conduct or if it aligns organizational practices and processes with CSR not only affects the public opinion about this firm but also the general perception of CSR. In concrete terms, an intra-organizational investigation can contribute to the much-discussed topic if firms use CSR only as a public relations tool (without any influence on their daily business) or as a strategy to redesign organizational processes and practices in regards to promote sustainable development.
Chapter III – Research Design

Abstract. This chapter introduces the research methodology. The first section presents the project’s underlying model of inductive theorizing and connects the model to the empirical analysis of CSR implementation. A next section discusses the basics of qualitative research, elucidates the qualitative practice and illustrates its suitability and importance for the study of organizations. In a next step, grounded theory is presented as research strategy. On this basis follows the explanation of its research practice as well as its process-like character with distinct steps along different levels of abstraction. This section ends by emphasizing grounded theory’s potential when it comes to analyze actors in a particular social process. A following section lays out the research context of large firms in Germany and Switzerland and provides a systematization of the people involved in the CSR implementation process. The chapter ends with discussing the project’s overall data collection and analysis, gives an overview of the primary and secondary data sources and briefly describes the three empirical foci chosen to capture CSR implementation inside large German and Swiss firms.

3.1 Introduction

The last chapter provided the theoretical foundations for analyzing the implementation of CSR within large firms. The argument was that we need research on an intra-organizational level in order to understand how firms embed CSR. This chapter explains how the previously mentioned theoretical concepts can be studied and eventually further developed by means of an inductive qualitative research approach.

As mentioned before (Chapter 2.4), the four different paradigms of CSR research (Garriga & Melé, 2004; Gond & Matten, 2007) stand for specific ways of studying CSR. Due to the dominance of the functionalist paradigm (Gond et al., 2010), the majority of CSR studies in management journals applies a quantitative research approach (Aguinis & Glavas, 2012; Lockett, Moon, & Visser, 2006). Quantitative studies “emphasize measurement and analysis of causal relations among variables” (Denzin & Lincoln, 2000: 8), and use hypothetical-deductive modelling in order to detect relationships between variables and to test propositions (Gephart, 2004). Such research is influenced by the tradition of natural science that aims at identifying general laws of cause and effects, which help to predict and control social phenomena (Heugens & Scherer, 2010).

This is different from qualitative research with its emphasis on describing and understanding “actual human interactions, meanings, and processes that constitute real-life organizational settings” (Gephart, 2004: 455). Qualitative research provides thick and detailed insights into organizational life that are difficult to gain through quantitative research. Because of the
strengths of qualitative research and the predominance of quantitative studies, Aguinis and Glavas (2012: 954) emphasize that “more qualitative studies are needed to improve our understanding of the underlying mechanisms of CSR”.

While quantitative research argues in line with the positivist tradition for an objective observation of reality, qualitative research is anchored in constructivism that rejects such objectivity and instead comprehends reality as socially constructed by actors (Berger & Luckmann, 1966; Weick, 1979). The perception of “reality” is thus highly subjective, and different individuals consequently have distinct understandings of reality (for a comparison between realism and constructivism see e.g. Heugens & Scherer, 2010). Due to this perception, qualitative research is about investigating the dynamic and constructed nature of reality while taking into account the cultural, historical, organizational and individual context of a situation (Crotty, 2009). In the tradition of constructivist thinking, and in agreement with institutional theory, this research project comprehends CSR as a socially constructed concept, namely as an institution (Bondy et al., 2012).

The chapter proceeds as follows: Section 3.2 explains the model of theoretical reasoning underlying the chosen research design and ends by bringing this model into the context of studying CSR implementation. Section 3.3 explains the basics of qualitative methods, outlines their application in research practice and discusses their importance for the study of organizations. Section 3.4 presents grounded theory as research strategy and explicates its specific application in the context of this research project. This section also illustrates its process-like research practice with distinct steps along different levels of abstraction. It ends by emphasizing its potential when it comes to analyze actors in a particular process. Section 3.5 lays out the research context of large firms in Germany and Switzerland and provides a systematization of the people involved in the CSR implementation process within these organizations. Finally, section 3.6 explains the overall data collection and analysis, gives an overview of the primary and secondary data sources and briefly describes the three empirical foci chosen to investigate the complex process of CSR implementation within large firms.

3.2 Model of Theorizing: Inductive Reasoning

In order to improve our theoretical understanding of social phenomena, there are deductive and inductive reasoning (e.g., Shepherd & Sutcliffe, 2011). Representatives of the first model of theorizing start with generalizations about the social world and assess if they apply to specific instances, the latter observe a specific instance, such as the fallen apple in Newton’s story, and seek to derive generalizable explanations on the basis of the observed instance (Hyde, 2000).

The most prominent approach in organization studies, deductive theorizing, is “a form of reasoning where a conclusion is logically derived from a set of premises”, and “a conclusion
Based on deduction is true whenever all premises are true.” (Ketokivi & Mantere, 2010: 330) According to Shepherd and Sutcliffe (2011), deductive top-down theorizing starts with a problem in the literature and then seeks to find a solution for that problem. In concrete terms, it is about challenging current assumptions and, by building on that, generating new theoretical knowledge in the form of hypotheses. By collecting and analyzing data from a particular subject of interest, these hypotheses can again be tested and, where appropriate, be restated (Shepherd & Sutcliffe, 2011).

An alternative model of theorizing is inductive bottom-up theorizing (Shepherd & Sutcliffe, 2011). Induction can be described as “one of the primary forms of reasoning in both everyday life and scientific practice. It is an ampliative form of reasoning in that the conclusion is more than a restatement of the premises” (Ketokivi & Mantere, 2010: 330). Inductive theorizing begins with a researcher’s general curiosity and raw empirical data. In that regard, the bottom-up approach is characterized by theoretical openness (Glaser, 2001) and allows theoretical constructs to emerge from the data (Clarke, 2005). In contrast to deductive reasoning that begins with theory, inductive reasoning, such as in the case of “an inductive study of feedback interactions over the course of creative projects”, applies “methods that prescribe iterating between theory and data” (Harrison & Rouse, 2015: 377).

Inductive reasoning is a fruitful approach to develop our theoretical understanding of CSR implementation, a social phenomenon mostly overlooked by the literature (e.g., Acquier et al., 2011; Basu & Palazzo, 2008; Vignveau, 2014). The inductive procedure of making multiple empirical observations, forming a number of intermediate hypotheses, and replacing them by more general ones (Ketokivi & Mantere, 2010) may sharpen the understanding of CSR implementation on the basis of empirical data and enables to seek generalizable explanations about this organizational process.

3.3 Research Methods: Inductive Qualitative

Qualitative research is a multimethod research approach that can be conceived as inductive (Denzin & Lincoln, 2011; Van Maanen, 1998), i.e. “is most often implicitly associated with the inductive method” (Huy, 2012: 282). Inductive qualitative researchers study phenomena in the context where they actually happen and rely on social actors’ interpretations and experiences in order to understand these phenomena (Denzin & Lincoln, 2011). Therefore, in contrast to positivist quantitative approaches, qualitative research abstains from a pre-field research design and is instead designed while being conducted. It is for this reason that this approach involves and combines data collection and analysis.

Inductive qualitative research is highly descriptive and provides holistic descriptions that are not reducible to a few variables. The basis for these descriptions is provided by talk and texts,
which are “meaningful representations” of how people make sense of the world (Gephart, 2004: 455). Exploring how people narrate thus enables to understand how they make sense of their experience with CSR implementation. This allows to access people’s interpretations of “actual human interactions, meanings and processes that constitute real-life organizational settings” (Gephart, 2004: 455).

According to Huy (2012: 283), inductive qualitative research is (in comparison to other methods such as quantitative surveys) suitable when at least one of the following conditions are met:

1) A phenomenon has hardly been explored and the related literature is fairly thin.
2) Research investigates new mechanisms that base on interrelated constructs and corresponding boundary conditions that cannot be drawn from the existing literature.
3) A phenomenon bases on social interactions between actors with different aims and ideals. These different conceptions influence again behavioral outcomes over time.
4) Research that focuses on process-related matters rather than the outcome.

All four conditions seem to apply to the case of CSR implementation: (1) There is little research that has addressed this phenomenon from an intra-organizational level of analysis, and therefore (2) the underlying relationships between constructs and the related boundary conditions cannot be derived from existing literature. (3) As CSR implementation depends on social interactions between different actors within firms, its explanation requires the collection and analysis of empirical data. Finally, (4) due to the project’s interest in how CSR is managed and implemented within large firms, the focus lies on a process-related matter.

As indicated by Gephart (2004), inductive qualitative research is important for the study of organizations for a number of reasons: First, the qualitative approach can provide in-depth depictions of real-life action in organizational contexts. This goes together with describing the meanings of organizational members that they ascribe to actions and settings. Second, the focus on situational details and the way they unfold over time allows for explaining social processes that underlie management. Finally, by emphasizing human interactions and meanings qualitative research can “rehumanize research and theory” (Gephart, 2004: 455).

3.4 Research Strategy: Grounded Theory

This project applies a grounded theory approach, which is one of the most cited methods in qualitative research (e.g., Denzin & Lincoln, 2011; Locke, 1996). As many other qualitative methods, grounded theory has its origin in the inductive research tradition (Van Maanen, 1998),
i.e. “for many, ‘grounded theory’ is basically a generic synonym for any kind of inductive theorizing” (Langley, 1999: 699).

Grounded theory was developed to describe people’s meanings and definitions of social reality (Gephart, 2004). It provides a systematic methodology for developing theory of a topic while simultaneously grounding it in empirical data (Glaser & Strauss, 1967). In order to achieve this, grounded theory interlocks data collection, analysis and theorization (Strauss & Corbin, 1990). This interlocking is especially helpful in connection with capturing a richer understanding of organizational phenomena (Dougherty, 2002), such as CSR implementation.

Some representatives of grounded theory (e.g., Glaser, 1978) argue that researchers should neither review theory nor talk about the research in advance to enter the field. At this point, it can be questioned if it is even possible to approach a field without any theoretical idea and leave behind all theories that one has learned so far. Against this backdrop, researchers such as Isabella (1991: 13) point out that “the process of evolving theory […] began prior to the actual data collection” and has been, inter alia, initiated by what “has appeared in the literature”. Similarly, I conducted an intense pre-research literature review before entering the field. Two reasons support such a strategy: First, a pre-research literature analysis helps to approach a field and to know what to look for. Second, such an approach stimulates theorization based on data (Prasad, 2005).

While grounded theory stands for theoretical openness (Glaser, 2001), its research practice includes a series of differently structured steps (Strauss & Corbin, 1990; see also Langley, 1999). Every step equates to a different level of abstraction, as illustrated by the “Gioia Methodology” (Gioia, Corley, & Hamilton, 2012): The first-order of analysis is about organizing and grouping the data. The research process thus starts with comparing small sets of data (incidents) and the parallel construction of “categories” that stand for the observed social phenomena. Each category consists of various “subcategories” and related “properties” and “dimensions”. In a second step, one consults the literature in order to support the comparison of different empirical descriptions and allows for emerging patterns on a second-order of analysis. In concrete terms, categories are gradually constructed, compared and further elaborated in the course of studying specific incidents that ideally enable verifying the properties and dimensions of the emerging categories. Third, more data is gradually added for the purpose of developing more robust theoretical concepts and detecting and clarifying relations on a highest-level of analysis. This final step results in several “core categories” that involve the theoretical concepts and build together an empirically “grounded” and coherent theoretical framework.

The differently structured steps explicate how already Glaser (1978) and Strauss and Corbin (1990) have emphasized the inclusion of processes into grounded theory research practice. In
this respect, processes are understood as categories that consist of a number of “stages” (Glaser, 1978). It is due to this process-like character that grounded theory has great potential to analyze (longitudinal) data indicative of a specific organizational process (Langley, 1999). For example, Gioia and Chittipeddi (1991) applied a grounded theory approach to investigate a strategic change process within a large organization. However, Langley (1999) adds the nuance that a reasonable application necessitates a plurality of rich described and comparable incidents. This means that in the case of only one setting, that at least a number of different processes can be studied in depth. Alternatively, it is possible to concentrate on the interpretations of different individuals or groups that are involved in the same process (Isabella, 1991). Especially for analyzing individuals or groups in a particular process “the strategy often appears at its most powerful” (Langley, 1999: 701). It is for this reason that grounded theory seems suitable to study the interpretations of people directly involved in the process of CSR implementation within large firms.

3.5 Research Context

Germany and Switzerland were chosen as research context because one can find within both countries strong societal pressures to implement CSR. This shows the fact that large German and Swiss firms have been considered particularly advanced in establishing a diverse portfolio of CSR-related organizational practices (Hajduk & Beschörner, 2013; Weber-Berg et al., 2013). The high level of CSR implementation manifests itself also in the fact that in the German and Swiss context “trained professionals” (Meyer & Rowan, 1977: 347) have evolved both among universities offering CSR education, and among large firms employing CSR managers.

As the CSR domain includes job titles and functions in various areas, I used a categorization based on keywords (Strand, 2013) to identify the different actors involved in the implementation process within large firms. The word composition of position titles is helpful as these titles are indicative for a function per se and serve as a proxy for the entire field of activity.6 A job title that includes keywords in the categories “CSR strict” and “CSR synonyms” qualifies as a “CSR manager” while a title composed of “CSR related terms” and “compliance & compliance related terms” does not qualify as such. Table 3.1 provides further insight into the keywords associated with CSR managers and other professionals.

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6 This argument is based on the work by Abrahamson and Eisenman (2008: 729) who argue that abstracts can be used to represent full articles for research purposes as they “constitute a good proxy for the entire text” and are more likely to be available than the full articles themselves.
Table 3.1 CSR managers and other professionals

<table>
<thead>
<tr>
<th>Category</th>
<th>Keywords</th>
</tr>
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<tr>
<td><strong>CSR managers</strong></td>
<td></td>
</tr>
<tr>
<td>CSR strict</td>
<td>Corporate Social Responsibility (CSR), Corporate Responsibility (CR), Social Responsibility</td>
</tr>
<tr>
<td>CSR synonyms</td>
<td>Sustainability, Sustainable, Citizenship, Ethics, Stakeholder, Triple Bottom Line, Stewardship</td>
</tr>
<tr>
<td><strong>Other professionals</strong></td>
<td></td>
</tr>
<tr>
<td>Compliance &amp; compliance related terms</td>
<td>Compliance, Governance, Business Conduct</td>
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<tr>
<td>CSR related terms</td>
<td>Health, Safety, Environment, Community, Diversity, Inclusion, External Relations, External Affairs, Philanthropy, Green, Renewable</td>
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<td>None</td>
<td>No keywords found</td>
</tr>
</tbody>
</table>

(Adapted from Strand, 2013: 725)

3.6 Data Collection and Analysis

In line with inductive reasoning and, in particular, grounded theory, this research project uses the constant comparative method (Strauss & Corbin, 1998; Miles & Huberman, 1998) characterized by the permanent interplay between data collection and analysis. In that regard, a theoretical sampling approach (Glaser & Strauss, 1967) is applied. This approach involves data gathering that is

“[…] driven by concepts derived from the evolving theory and based on the concept of ‘making comparisons,’ whose purpose is to go to places, people, or events that will maximize opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions” (Strauss & Corbin, 1998: 201).

In line with theoretical sampling, I used distinct data gathering tools and visited different places, people, and events in order to gain greater knowledge and understanding of the CSR implementation process within large German and Swiss firms.

Data collection was supported by two colleagues, Professor Christopher Wickert (VU University of Amsterdam) and Dr. Shiva Sayah (University of Düsseldorf), and took place between November 2012 and November 2015. In the context of this project, 97 semi-structured interviews were conducted in total, either face-to-face or by phone. All interviews were made either in Germany or Switzerland with “CSR” and “CSR-related” professionals including
strategy consultants specialized in CSR, as well as “none” CSR informants out of the field of corporate communications, corporate development or finance who have been working in the field of CSR for several years (for a systematization see Table 3.1). The interviews lasted between 16 and 120 minutes, were tape-recorded (except in one case detailed notes were taken), entirely reheard, and then either fully or partially transcribed. The interviews equal to approximately 400’000 words of transcription.

As multiple data sources facilitate triangulation and validation of theoretical constructs in qualitative research (Lincoln & Guba, 1985; Miles & Huberman, 1994), this project also relies on secondary archival data. Henceforth, public materials related to the examined firms were collected and analyzed (e.g., websites, press releases, CSR/sustainability or annual reports, organization charts). These materials were helpful for gaining general background information prior to an interview, better understand the firms’ extant CSR activities and strategy, acquire information on their history, and augment and validate the interview data supplied by the informants. After each interview, informants were also asked for access to internal documents. These internal documents provided further insight into how CSR activities are implemented within an organization and, for example, the way they relate to the CSR management function. In addition, events were visited where CSR managers gathered to discuss current developments of their field. Table 3.2 gives an overview of the primary and secondary data sources.
Table 3.2 Data collection and analysis

<table>
<thead>
<tr>
<th>Type of data</th>
<th>Description of the data</th>
<th>Amount</th>
<th>Use in the analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
<td>Semi-structured interviews in total: As informants served 48 “CSR”, 9 “CSR-related” and 4 “none” CSR professionals</td>
<td>97</td>
<td>Primary data: Interviews were reheard, (partly) transcribed and coded</td>
</tr>
<tr>
<td>Internal documents</td>
<td>Internal documents such as presentation slides and in-house communication about specific CSR projects</td>
<td>10</td>
<td>Secondary data: Contextual information on the implementation of specific CSR practices and processes</td>
</tr>
<tr>
<td>External documents</td>
<td>CSR reports, annual reports, corporate websites, etc.</td>
<td>220</td>
<td>Secondary data: Background information prior to an interview, better understand the extant CSR activities and strategy of the firms, acquire information on their history, and augment and validate the interview data</td>
</tr>
<tr>
<td>Observations (CSR event)</td>
<td>Notes, power point slides, programs, flyers, etc.</td>
<td>7</td>
<td>Secondary data: Contextual information on professionalization in the field of CSR management</td>
</tr>
</tbody>
</table>

(Adapted from Reay, Golden-Biddle, & GermAnn, 2006: 982)

Besides triangulation of data, I also used “member checking” (Lincoln & Guba, 1985: 314) that helps to deliver findings representative of the phenomenon examined (Maitlis, 2005). Lincoln and Guba (1985: 314) define this procedure as follows: “data, analytic categories, interpretations and conclusions are tested with members of those stakeholding groups from whom the data were originally collected”. Following this, the interim results were sent to the informants on several occasions in the form of multi-page summaries stating a clear practitioner orientation (i.e., Risi, Wickert, & Sayah, 2014 a and 2014 b). In addition, on informants’ request
they were offered access to more exhaustive materials (i.e., *Chapters IV, V and VI*; Wickert & Risi, 2016). This procedure enabled me to put the findings up for discussion and critically examine them in intersubjective terms. It further laid the basis for building and maintaining long-term relationships with informants, which is a prerequisite for successfully performing a longitudinal study.

Due to the complexity of CSR implementation within large firms, I tried to make sense of the process on the basis of three empirical foci: (1) comparison of CSR implementation and CSR function’s resource access (*Chapter IV*); (2) the relationship between professionalization and institutionalization in the CSR context (*Chapter V*); (3) industry-specific manifestation of a specific CSR practice (*Chapter VI*). Each focus addresses a different research topic and examines different variables. In concrete terms, every sub-study of CSR implementation connects to a specific theoretical debate, raises a different research question, uses a distinct data set and aims to generate a set of unique codes. This approach allowed me to make novel and original contributions in each sub-study, while ensuring that the thesis’s overall topic was systematically taken into account. Further and in detail information on the research strategy can be found in the method sections of the individual sub-studies (see *Chapter 4.3, 5.3 and 6.3*). *Table 3.3* provides an overview on the specific research context, number of research phases and the data used in each empirical chapter.
Table 3.3 Overview on the three empirical chapters

<table>
<thead>
<tr>
<th>Chapter IV</th>
<th>Research context</th>
<th>Switzerland (financial industry)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research phases</td>
<td>3 (2012-2015)</td>
<td></td>
</tr>
<tr>
<td>Primary data</td>
<td>27 semi-structured interviews: As informants served 9 “CSR”, 2 “CSR-related” and 1 “none” CSR professional</td>
<td></td>
</tr>
<tr>
<td>Secondary data</td>
<td>Archival data (e.g., websites, press releases, CSR/sustainability or annual reports, organization charts, internal data)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter V</th>
<th>Research context</th>
<th>Germany and Switzerland (across industries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research phases</td>
<td>4 (2012-2015)</td>
<td></td>
</tr>
<tr>
<td>Primary data</td>
<td>85 semi-structured interviews: As informants served 45 “CSR”, 9 “CSR-related” and 4 “none” CSR professionals</td>
<td></td>
</tr>
<tr>
<td>Secondary data</td>
<td>Archival data (i.e., websites, press releases, CSR/sustainability or annual reports, organization charts); web-based fora in which CSR managers discussed issues related to their work; visiting CSR manager event</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter VI</th>
<th>Research context</th>
<th>Switzerland (industry-specific: banks and insurance companies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research phases</td>
<td>2 (2013-2014)</td>
<td></td>
</tr>
<tr>
<td>Primary data</td>
<td>19 semi-structured interviews: As informants served 12 “CSR”, 4 “CSR-related” and 3 “none” CSR professionals</td>
<td></td>
</tr>
<tr>
<td>Secondary data</td>
<td>Archival data (i.e., websites, press releases, CSR/sustainability or annual reports, organization charts)</td>
<td></td>
</tr>
</tbody>
</table>

As already indicated (see Table 3.2), this research project uses 97 semi-structured interviews. These 97 interviews were conducted with a total of 61 informants. 20 informants worked for Swiss firms while 41 were employed by German business organizations. Each informant holds a specific job title. These titles provide initial information on an informant’s field of activity (Strand, 2013), namely the person’s potential role in CSR implementation. With regard to the above-mentioned classification of professionals (see Table 3.1), 48 informants fall into the category of “CSR”, 9 into “CSR-related” and 4 into “none” CSR professionals.

Anonymity was granted to all informants and firms as it facilitates access to the field and stimulates candor (Hallen & Eisenhard, 2012). In that regard, this research uses the following
coding system to guarantee anonymity and to facilitate comparisons between interview statements: Each industry has its own industry code, like banking (BAN), insurance (INS), manufacture of electrical equipment (ELEC), pharmaceutical industry (PHARM), food (FOOD), chemical (CHEM), telecommunications (TELE), automotive (AUTO), consulting (CONS), publishing activities (PUBL), construction (CONST), retail trade (TRADE), manufacture of beverages (DRINK), postal and courier activities (POST), warehousing (WARE), cement manufacturing (CEM), agriculture (AGRI) and computer software (COMP). Every firm from each industry has a specific firm code A-J, for example INS-A. Further, all interview partners have an informant number 1-3. Finally, as this project has different points of data collection, each research phase is labeled with a-c. For example, INS-A2-a indicates that the quote was made by informant 2 employed by the insurance company A, taken in phase a.

Finally, each empirical chapter uses a distinct data set (see also Table 3.3). However, there are significant data overlaps between the different empirical sub-studies. In the interest of full disclosure and transparency, Appendix A illustrates the interviews collected and analyzed in the different phases of each chapter. In addition, the table provides an overview of the informants as well as contextual information on their work environment.
Chapter IV – Time is Critical: Longitudinal Comparison of CSR Implementation and CSR Function’s Resource Access

Abstract. In order to determine if firms implement Corporate Social Responsibility (CSR) symbolically or substantively, the CSR management function’s access to resources has been used as a proxy for how entrenched CSR is within an organization. This multiple case study examines how seven firms take symbolic versus substantive responses over time and how this relates to the CSR function. The findings suggest that substantive CSR is associated with the CSR function’s decreased access to resources as CSR is incrementally taken over by business units. Their mounting involvement leads to the function’s disengagement and gradual reduction of its resource access. This insight concurs with institutional theory that provides an explanation of social processes that is not reduced to resources. All in all, this research adds a temporal understanding to the relationship of the CSR function’s amount of available resources and the different levels of CSR implementation.

4.1 Introduction

“Corporate Social Responsibility cannot be reduced to one central department.” (BANC2)

Business organizations have increasingly been requested to provide solutions to resolve social problems (Margolis & Walsh, 2003). In this context, stakeholders demand CSR (e.g., Baumann-Pauly et al., 2013; Wickert et al., 2016). Firms can thereby respond to such demands in one of two ways: By *symbolic* implementation where formal CSR commitments are not used in daily operations and short-term adjustments are made in case of potential exposure, or by *substantive* CSR implementation where formal commitments are embedded in daily routines and serve as a substantive purpose, not only for the purpose of appearance (Christmann & Taylor, 2006; Marquis & Qian, 2014).

In an effort to distinguish between these two types of actions, a number of empirical studies have focused on the *CSR management function* which is primarily responsible for a company’s “ethical performance” (Izraeli & BarNir, 1998: 1189). In that regard, researchers (e.g., Chandler, 2014; Weaver, Treviño, & Cochran, 1999a; Weber & Fortun, 2005) have emphasized the importance of resources as they form the basis for the CSR function to perform effectively, for example, by affecting a firm’s ethical culture (Chandler, 2014: 1727). More generally, a CSR function’s *access to resources* has been used to determine if a firm responses symbolically or substantively to environmental pressures and demands related to CSR.
As indicated by the quote above, drawing conclusions about CSR implementation from the CSR function is problematic. Using the CSR function’s resource access as a proxy for the level of CSR implementation also conflicts with insights from institutional theory. Institutional theorists highlight the potential importance of the explanation of social processes that is not reduced to resources (Scott, 2014: 72). Furthermore, the institutional perspective on practice adoption (Gondo & Amis, 2013; Green, 2004) shows that as practices become implemented within organizations, actors involved in promoting the practice decrease the frequency and amount of justification initially needed. This suggests that a CSR function is important for early stages of implementation while the function becomes less important with more substantive CSR. The relationship between the two is thus time-dependent. Against this background, this research addresses the question of how the CSR implementation process (from symbolic to substantive) relates to the CSR function’s resource access.

This longitudinal multiple case study examines how firms take symbolic versus substantive responses for a period of 36 months. The process study of seven firms looks at the different stages of CSR implementation and how they relate to the CSR function. The findings suggest that, contrary to existing literature stressing the access to either tangible (e.g., Chandler, 2014; Ethics Resource Center, 2007; Weaver, Treviño, & Cochran, 1999b) or intangible resources (e.g., Hoffman, Neill, & Stovall, 2008b; Joseph, 2002; Smith, 2006; Weber & Wasieleski, 2013), a real substantive response may be associated with a decrease in resources invested in the function: In the initial phases the CSR function’s active involvement in the implementation process correlates with access to a higher amount of resources. In the course of more substantive implementation, CSR is increasingly taken over by business units. This mounting involvement of business units leads to the CSR function’s disengagement and gradual reduction of its resource access.

This study contributes to the literature in different ways: First, it provides an in-depth insight into six different phases of CSR implementation ranging from symbolic to substantive. On this basis, it is shown that the relative amount of available resources increases in the first two phases whereas it decreases in the successive four phases in which CSR becomes implemented into a firm’s practices and processes. Resources thus primarily indicate organizational commitment to symbolic in lieu of substantive CSR. This insight suggests an institutional theory view that provides an explanation of social processes that is not reduced to resources (Scott, 2014; Selznick, 1996). Finally, this research adds a temporal understanding to the relationship of the CSR function’s resource access and the different levels of CSR implementation.

The chapter is organized as follows: Section 4.2 presents research that assumes a positive relationship between the extent of CSR implementation and the CSR function’s access to resources. Building on this, an institutional theory perspective on CSR implementation is introduced. The methods section 4.3 illustrates the research context, case selection, data
collection and analysis. Section 4.4 illustrates the different levels of CSR implementation and the resources available to the CSR function over time. Section 4.5 gives an overview of the relationship between the CSR function’s resource access in the course of the implementation process from symbolic to substantive CSR. Section 4.6 discusses contributions to the literature, limitations, and avenues for future research.

4.2 Background

4.2.1 CSR Function’s Access to Resources as a Proxy for CSR Implementation

The way firms respond to societal calls for greater ethical behavior has preoccupied researchers for a long time (e.g., Buehler & Shetty, 1976; Lentz & Tschirgi, 1963). The focus thereby was predominately on forces operating outside the corporation at the macro- and inter-organizational level (Aguinis & Glavas, 2012: 953; Campbell, 2007: 948). While there is extensive knowledge about external factors, it remains unclear to what extent firms change their practices and processes in response (Greve, Palmer, & Pozner, 2010).

In this connection, the CSR management function provides “an opportunity to better understand this important relationship between firm and complex environment” (Chandler, 2014: 1724). The CSR function has widely diffused among firms (Weber & Wasieleski, 2013; Weaver et al., 1999a and 1999b) and is primarily in charge of “the organization’s ethical performance” (Izraeli & BarNir, 1998: 1189). In other words, the function has to ensure that an organization satisfies as many of its internal and external stakeholders as possible through advising and assisting corporate management in developing and implementing CSR commitments.

While CSR-related (e.g., Daudigeos, 2013; Rothenberg, 2007) as well as CSR managers (e.g., Duarte, 2010; Wickert & Risi, 2016) have considerable influence on the development and maintenance of sustainable business practices, the creation and existence of the CSR function is not a synonym for substantive CSR. Despite the function’s increasing acceptance and establishment, there always exists the risk that CSR managers turn “[…] into a rubber stamp for management’s decisions” (Izraeli & BarNir, 1998: 1195). In other words, firms can create the function in order to demonstrate their reaction to advanced calls for reform without necessarily investing significant resources in substantive CSR implementation (Weaver et al., 1999b).

In that regard, a CSR function’s access to “adequate resources, appropriate authority, and direct access to the governing authority” is considered by the U.S. Sentencing Commission (2013) a prerequisite for an “effective” CSR program (cited by Chandler, 2014: 1728). To what extent these different forms of resources are available to the function thus indicates if CSR is
either symbolically or substantively implemented. This applies to the function’s access to intangible resources, such as influential others (Sparrowe & Liden, 1997), which has been repeatedly described as critical for the CSR function’s efficiency. In that regard, it was emphasized that CSR managers should directly report to the board of directors (Weber & Wasieleski, 2013: 623). Similarly, Joseph (2002) showed that a CSR function that reports to lower level management but gets active support from the top management might be more effective than a function with formal access but little actual support from the company’s highest level. Studies also focused on the function’s independent decision-making and influence on corporate governance, for example, in the mutual fund industry where the board of directors had to create the CSR function (Hoffman et al., 2008b: 54). Its close relationship with the board is thereby described as a useful approach to prevent ethical lapses and trading abuses, and entrench CSR within these firms (e.g., Hoffman et al., 2008b; Smith, 2006).

Access to tangible resources, such as the financial budget available (Covaleski & Dirsmith, 1983), is similarly considered significant for driving substantive CSR implementation (e.g., Ethics Resource Center, 2007; Weaver et al. 1999b). Organizational commitment to the CSR function thereby manifests itself, for example, in increasing the CSR staff (Chandler, 2014: 1727). Staffing has been applied as an indicator to determine different implementation levels, for example, of recycling programs (Lounsbury, 2001). The conclusion drawn here is that programs staffed with full-time positions provide more substantive responses to societal pressures than programs with part-time positions, which seem to be more ceremonial (Lounsbury, 2001: 50). This widespread assumption also manifests itself in the fact that firms investing in the CSR staff are three times more likely to be selected for the Dow Jones Sustainability Index (Strand, 2013).

In sum, the resources invested are described as critical as they form the basis for a CSR function to perform effectively, such as affecting a firm’s ethical culture (Chandler, 2014: 1727). The relative amount of resources available to the function is thus held reliable to ascertain if a firm seeks to translate its CSR commitments into practice or abuses the CSR function for “window dressing” (e.g., Bader, 2015a and 2015b; Clark, 2006). However, emphasizing the importance of resources as well as drawing parallels between the CSR function and the level of CSR implementation contradicts with research that has studied implementation processes from an institutional theory perspective.

4.2.2 Institutional Theory Perspective on CSR Implementation

At the core of the institutional theory perspective lies the study of institutions which are powerful patterns of social action that influence how individuals and organizations think and act in relevant social contexts (Meyer & Rowan, 1977; Scott, 2014). Actors have to incorporate
such institutional elements in order to gain legitimacy, ensure stability and secure resources needed to survive. In this sense, organizations not only compete for resources and customers, but equally compete for institutional legitimacy (DiMaggio & Powell, 1983: 150). Thereby, legitimacy cannot be reduced to a kind of resource extracted from the institutional environment as it is regarded as “a fundamental condition of social existence” (Scott, 2014: 72). Thus, institutional theory suggests an explanation of social processes that is not reduced to resources.

From an institutional theory perspective, a social construct such as CSR can be described as an institution if it has become taken-for-granted (Boxenbaum, 2006). This is the case for CSR in contemporary society where it has “become institutionalized” as an “almost truism” (Norman & MacDonald, 2004: 243). In the course of this development, firms are increasingly expected to adapt to CSR principles as they strive for societal approval (Scherer et al., 2013: 262). Consequently, a form of the CSR institution is also present within firms (Bondy et al., 2012).

Based on the assumption that an institution is observable through the structures and practices associated with it (e.g., Hensmans, 2003; Zilber, 2002), Bondy et al. (2012: 288-291) have identified six phases of how CSR becomes institutionalized within large firms. Each phase is thereby characterized by distinct patterns of practices: First, firms identify their existing CSR meanings and activities and look into competitor activities; second, they design the form of their CSR commitments including information on how it will be implemented; third, firms create and adjust supporting organizational systems and relationships according to their commitments; fourth, strategy and systems are presented to particular stakeholders and full implementation begins; fifth, communicating performance, receiving and responding to feedback; sixth, firms revise their strategy and supporting structures based on the feedback from the previous phase. The six phases thus encompass the entire spectrum from symbolic to substantive CSR (for further information see Table 5.2).

The distinction between substantive and symbolic CSR builds on Meyer and Rowan’s (1977) early work that distinguishes between the organizational decision to implement and the decision to decouple institutionalized structures. Implementation involves the translation of formal policies into organizational practices and processes. This is the case for substantive CSR where CSR has become a taken-for-granted practice. Decoupling, by contrast, stands for the creation and maintenance of gaps between formal policies and actual organizational practices (Meyer & Rowan, 1977). Decoupling thus allows organizations “to maintain standardized, legitimating, formal structures, while their activities vary in response to practical considerations” (Meyer & Rowan, 1977: 357; for a further discussion see Chapter 2.3). However, after the adoption of a management concept organizations are confronted with mounting inquiries regarding whether or not the concept has been implemented (Bohn, Galander, & Walgenbach, 2015). The consequence of this is that decoupling a management concept becomes difficult in the longer term (Scott, 2008a). This temporal aspect manifests itself in the case of CSR where only little
or no change occurs in the early stages of the implementation process (Bohn et al., 2015). This is in line with Weaver et al. (1999b) who argue that CSR can easily be decoupled due to its strong focus on communication. However, in the course of time the tendency to decouple is falling (Haack et al., 2012).

Time is also critical when considering the role of particular change agents in the implementation processes. Researchers (Gondo & Amis, 2013; Green, 2004) show that as practices become taken-for-granted within organizations, actors involved in promoting the practice decrease the frequency and amount of justification initially needed. This means that the CSR function is important for stages of symbolic CSR implementation. However, the function becomes less important in connection with more substantive CSR where business units increasingly understand and accept CSR as a legitimate managerial practice.

In sum, institutional theory research indicates that CSR implementation cannot be understood on the basis of the allocation of resources within an organization. Deriving implementation from the resources available to the CSR function may be even misleading as the function potentially loses its importance in the course of the increasing institutionalization of CSR. Thus, the amount of available resources and the level of implementation are disproportionate. Instead, institutional theorists suggest that their relationship is time-dependent and, from the moment of a more substantive level of implementation, even negatively related. In line with institutional theory, the study of structures and practices associated with CSR will allow us to identify different levels of CSR implementation and how they relate to the CSR function’s access to resources.

4.3 Research Design Specifications

Inductive theory building with embedded multiple cases (Eisenhardt, 1989) was chosen for the following reasons: First, there has been very little research that has examined the CSR management function in depth (Chandler, 2014). Indeed, Strand (2014: 703) suggests that the “removal [of the CSR function] can have multiple meanings”, ranging from lacking organizational commitment to full CSR implementation, and therefore “an in-depth analysis is needed on a case by case basis to make such judgment.” Second, case studies are useful for investigating process-based research questions that are guided by the “how” and the “why” (Yin, 2009). In the context of this study, how the CSR implementation process (from symbolic to substantive) relates to the CSR function’s resource access within financial institutions.

In comparison to single case studies, multiple cases allow us to build more generalizable and robust theory (Eisenhardt & Graebner, 2007). In that regard, this research focuses on seven large firms which are nationally leading business organizations in the Swiss financial industry. Large organizations are useful to study flows of resources as they have to mobilize a higher
amount of resources in order to coordinate (e.g., Blau, 1970; Camacho, 1991; Williamson, 1967), the translation of CSR into practices and processes, for example (Baumann-Pauly et al., 2013). Furthermore, the CSR management function can mainly be found in larger firms (Weber & Fortun, 2005: 99).

All studied financial institutions are headquartered in Switzerland and are, by definition, “banking, investment and insurance institutions that provide lending, investment, insurance or other financial products and services” (OECD, 2013: 5). These firms offer a particularly illustrative example as they enable investigating various levels of CSR implementation in a relatively short span of time: On the one hand, Swiss firms have been considered particularly advanced in establishing a diverse portfolio of CSR practices and processes (Weber-Berg et al., 2013). Their world-leading role in the field of sustainable business also manifests itself in several rankings. For example, in the year 2014 the Dow Jones Sustainability Index ranked the Swiss reinsurer Swiss Re as industry group leader in the insurance industry. Switzerland is also one of Europe’s leading countries in terms of sustainable investments with Swiss financial institutions being among the first to offer sustainable products and develop expertise, including the first sustainability index (Eurosif, 2012: 51). On the other hand, Swiss financial institutions are known world-wide for their irresponsible business practices. For a number of years, the spotlight has repeatedly fallen on banks such as UBS or Credit Suisse for their role in the evasion of taxes, leading to an immense increase in international pressure on the Swiss financial industry as a whole.

Furthermore, trained CSR professionals have evolved among Swiss firms employing CSR managers. This is particularly the case for the seven selected financial institutions where we can find the CSR management function in each organization. Their representation in the different cases increases the chance of gathering critical information and thus lays the ground for getting a deeper insight into CSR implementation and how it relates to the CSR function. As the CSR domain includes job titles in various areas, a categorization based on keywords is used to define a CSR management function (see Table 3.1).

Apart from rankings, a firm’s CSR report can also serve as a proxy for the level of CSR implementation. Looking at CSR reports allows to select theoretically useful cases (Eisenhardt, 1989), i.e. a specified population of firms with different levels of CSR implementation ranging from symbolic to substantive, as this type of report contains the logos of CSR initiatives and CSR certificates that signal the adoption of CSR (Graffin & Ward, 2010). For example, CSR reports provide information on achievements, objectives and measures taken in the context of CSR. Such information builds the foundation for drawing conclusions about a specific level of CSR. In that regard, the six phases of CSR institutionalization (Bondy et al., 2012; see also Table 5.2) were particularly useful for identifying the different levels of CSR within the selected
firms. By referring to the distinct patterns of practices, Table 4.1 gives a first overview of the cases and which phases they belong to.

Table 4.1 Core cases and respective phases of CSR implementation

<table>
<thead>
<tr>
<th>1\textsuperscript{st} Phase</th>
<th>2\textsuperscript{nd} Phase</th>
<th>3\textsuperscript{rd} Phase</th>
<th>4\textsuperscript{th} Phase</th>
<th>5\textsuperscript{th} Phase</th>
<th>6\textsuperscript{th} Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAN-D</td>
<td>BAN-B</td>
<td>BAN-A</td>
<td>INS-C</td>
<td>BAN-C</td>
<td>BAN-D</td>
</tr>
</tbody>
</table>

4.3.1 Data Collection

Multiple case studies use several data sources as “triangulation bolsters confidence in the accuracy of the emergent theory” (Hallen & Eisenhardt, 2012: 41). This research relies on interviews and archival data which are common sources of data to study diverse organizations (e.g., Harris & Sutton, 1986). The primary data source was semi-structured interviews with two types of informants: CSR managers with their explicit job to develop CSR strategies as well as to manage the organizational integration of CSR and CSR-related professionals who work closely with CSR managers and support them in their daily work (for a categorization of CSR managers and other professionals see Table 3.1). In order to decrease variability in data collection, all interviews were conducted by a single researcher (Crittenden & Hill, 1971), respectively the author. The secondary data source was archival data: CSR reports, annual reports, code of conducts, and internal documents. All in all, 27 semi-structured interviews were conducted and a multitude of approximately 118 archival documents collected. Table 4.2
provides an overview of the core cases and the collected case-related data (Appendix A provides additional information on the informants like their job titles).

Table 4.2 Core cases and case-related data

<table>
<thead>
<tr>
<th>Industry</th>
<th>Organization</th>
<th>Size(^7)</th>
<th>Interviews (informants)</th>
<th>Archival documents(^8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>INS-A</td>
<td>157.000</td>
<td>4 (2)</td>
<td>24</td>
</tr>
<tr>
<td>Insurance</td>
<td>INS-B</td>
<td>5.204</td>
<td>3 (1)</td>
<td>16</td>
</tr>
<tr>
<td>Insurance</td>
<td>INS-C</td>
<td>60.000</td>
<td>4 (2)</td>
<td>15</td>
</tr>
<tr>
<td>Banking</td>
<td>BAN-A</td>
<td>1.921</td>
<td>3 (1)</td>
<td>18</td>
</tr>
<tr>
<td>Banking</td>
<td>BAN-B</td>
<td>10.540</td>
<td>3 (1)</td>
<td>13</td>
</tr>
<tr>
<td>Banking</td>
<td>BAN-C</td>
<td>60.292</td>
<td>7 (3)</td>
<td>19</td>
</tr>
<tr>
<td>Banking</td>
<td>BAN-D</td>
<td>1.400</td>
<td>3 (2)</td>
<td>13</td>
</tr>
</tbody>
</table>

In order to capture the relationship between CSR implementation and the CSR function in the seven cases over time, this study is longitudinal in character with three main points of data collection (phase “a”, “b” and “c”, having a time span of 36 months). The first research phase (a) started November 2012 began with “overview interviews” (Hallen & Eisenhardt, 2012: 41) with CSR managers from the different firms. Talking to these informants was critical as they are knowledgeable about the state of CSR in their organizations. For preparing the interviews and supporting interview data, all publically available documents were read related to a firm’s CSR such as their company reports, press releases, corporate websites, codes of conduct, performance indicators, case studies, etc. (Bondy et al., 2012). Reading these materials provided general background information prior to an interview and helped to validate the interview data supplied by the respondents. After the interviews, I was granted access to other interview partners as well as to internal documents about specific CSR projects such as presentation slides and general in-house communication documents. These documents provided contextual information on the implementation of specific CSR practices and processes.

\(^7\) This number indicates how many employees worked for the organization at the time of the analysis.

\(^8\) Annual report, CSR report, code of conduct, internal documents (such as presentation slides, in-house communication about specific CSR projects), and others (case studies, KPIs, etc.).
By the end of the first phase, 10 semi-structured interviews were conducted face-to-face or by phone. The interviews lasted between 40 and 120 minutes, were recorded, reheard and fully or partially transcribed. The majority of the interview partners were CSR managers. With their task of developing CSR strategies and managing the organizational integration of CSR, they were the ideal interview partners to find out about the specific level of CSR implementation as well as the associated link to their own function. At this point in time, also interviewing CSR-related and non-CSR professionals was useful in order to reduce subjective bias.

A second research phase was initiated by the end of 2014. I contacted the respondents with whom I had already conducted interviews in the previous phase and managed to conduct 8 further interviews with CSR managers from 8 firms. Matching the principles of inductive research, these interviews allowed me to let the relationship between the CSR function and the CSR implementation emerge over time from the data rather than from existing literature or before-developed ideas about this relationship (for the interview manual of phase b see Appendix C). In the beginning of 2015, several interview partners provided me with additional archival data which allowed me to better capture the staffing and CSR budget over time and relate them to the respective level of CSR.

Finally, by the end of the same year, I decided to conduct a third research phase. Between October and November 2015, 9 informants were interviewed to better understand their working practices in this final point of data collection and how they had changed in the last 36 months. On that basis, I gained an in-depth insight into how the level of CSR implementation relates to the CSR function’s access to resources over time (for the interview manual of this phase see Appendix C).

In line with Hallen and Eisenhardt (2012: 41), the following steps were taken in order to address potential informant bias: First, in each of the three research phases the data was triangulated from multiple sources and informants for each case. This is in line with the general procedure of qualitative research where multiple data sources facilitate triangulation and validation of theoretical constructs (Lincoln & Guba, 1985; Miles & Huberman, 1994). Furthermore, methodological triangulation opens up the experiences of the involved actors as well as the context in which actors are operating (Bryman & Bell, 2007). Second, open-ended questioning was used regarding recent and important CSR activities. This reduces recall biases and enhances accuracy (Koriat, Goldsmith, & Pansky, 2000). Third, “courtroom questions” (Hallen & Eisenhard, 2012: 41) were asked which addressed actual activities of other informants or observations of what others were doing. For example, the observations and activities of the Head of Corporate Responsibility (BAN-C2) were addressed in the questions asked to the Program Manager of Environmental and Social Risk (BAN-C1) and the Head of Sustainable Investment (BAN-C3). These types of questions help to avoid speculation (Huber & Power, 1985). Fourth, anonymity was granted to all interview partners and their firms which
stimulates candor. Therefore, this research uses as specific coding system to guarantee anonymity (for more information on the coding system see Chapter 3.6). Finally, the interview partners, particularly CSR managers, were highly motivated to give precise information as they are very interested in how they can trigger the change from symbolic to substantive CSR.

### 4.3.2 Data Analysis

In line with the multiple case method (Eisenhardt, 1989), I started with writing individual case histories of CSR activities. This also included the documentation of the development of the CSR function in each organization. In order to ensure its accuracy, I discussed my observations with other researchers and the informants of the analyzed firms. At this point in time, there were no a priori hypothesis about how the implementation process related to the function.

In accordance with inductive research (Graebner & Eisenhardt, 2007), the different levels of CSR (from symbolic to substantive), the development of the CSR function, and their relationship emerged from the informants. For the analysis of the data, I used the “Gioia Methodology” which is “designed to bring “qualitative rigor” to the conduct and presentation of inductive research” (Gioia et al. 2012: 15). The approach involves three different levels of abstraction which are explained elsewhere (see Appendix B).

I began by identifying initial concepts in the data and then grouping the descriptions of informants on a first-order analysis (Gioia et al., 2012). This analysis was conducted separately for each firm. By doing so, a range of difficulties and solutions of implementing CSR had been detected. Knowing about firm-specific difficulties and solutions gave me an initial idea of the level of CSR and how this relates to the CSR function in each case. For example, in the case of firm INS-B, the CSR function was engaged in publishing a first CSR report in 2013. This observation revealed that the organization was in the beginning of the CSR implementation process (see also Table 4.1).

In a next step, I searched for the relationship between and among the different empirical descriptions. I also consulted existing literature in order to support the comparison of different categories and allowed for patterns to emerge on a second-order of analysis (Gioia et al., 2012). For example, the phase-specific patterns of practices (Bondy et al., 2012; see also Table 5.2) were particularly helpful in deriving keywords that guided the interpretation of the empirical data. Similarly, staffing (Chandler, 2014; Lounsurby, 2012) and access to the top management (Weber & Wasielewski, 2013) were used as indicators to identify the relative amount of resources available to the function at a particular point in time. Although theoretical constructs served as guidance, they never had a deterministic function in the research process.

Further data was gradually added for the purpose of developing more robust theoretical concepts and detecting and clarifying relations on a highest-level of analysis (Gioia et al., 2012).
The interview data was further combined with secondary sources like all publically available documents as well as internal documents related to a firm’s CSR activities. Similar themes were gathered in a process-like and recursive analytical procedure until an emergent theory had evolved (Corley & Gioia, 2004). This developing theoretical framework was further compared with extant literature to advance the theoretical constructs, the different abstraction levels and theoretical relationships (Eisenhardt, 1989; Hallen & Eisenhard, 2012).

By the end of this procedure, six phases of the CSR implementation processes were identified as well as their respective link with the CSR function. Due to the distinct points of data collection and the analysis of different cases, I gained in-depth insight into the various phases and how they each correspond with the function’s access to resources. Being that the interviews with the last informants fitted into the categories very well, I came to the conclusion that further data was not needed as category saturation had seemed to have occurred (Strauss & Corbin, 1998). Appendix B condenses the second-order themes that were used to model the relationship between the amount of resources available to the CSR function and the different levels of CSR implementation in the style of Corley and Gioia (2004).

4.4 Findings

There are two main dimensions that model the relationship between the different levels of CSR implementation and the resources available to the CSR function: (1) six phases of symbolic to substantive CSR, and (2) the CSR function’s resource access in the course of the CSR implementation process. In order to gain better understanding of how these two aggregate dimensions emerged, it is important to comprehend their constitutive themes. By following conventions in qualitative research (i.e., Corley & Gioia, 2005; Pratt, 2008), quotes are exhibited throughout the subsequent analysis.

4.4.1. Six Phases of Symbolic to Substantive CSR

The CSR implementation has been divided into six phases. Each phase represents a particular stage in the progression from symbolic to substantive CSR. Defining the main patterns of practices of CSR managers and business units lays the groundwork for capturing each individual phase of this process (Bondy et al., 2012): On the one hand, analyzing the practices of CSR managers provides insight into the CSR function’s specific efforts to achieve substantive CSR. On the other hand, studying the practices of the business units illustrates CSR implementation on the firm level. This lays the basis for capturing a particular level of CSR and illustrates the CSR function’s effective contribution to CSR.

In a first phase, CSR managers engage in identifying existing CSR meanings and activities within their organization. In order to do so, they also look into competitor activities, for
example, by means of benchmarking tools such as SWOT analysis to evaluate the strengths, weaknesses, opportunities and threats involved in their firm’s CSR performance. By doing so, CSR managers may find current activities that they may label as CSR. As explained in the case of firm INS-B, this activity allows recognizing that “responsibility was already an aspect of the company’s business practice” (INS-B1-a). This primary activity is critical for initiating the implementation process and therefore “[...] initially a CSR department is highly relevant” (BAN-B1-a).

The beginning of the second phase is characterized by CSR managers’ defining, formalizing and communicating of CSR commitments. While the advisory and managing boards recognize the importance of CSR, the remaining areas of the organization are unaware of CSR at this point. The business units’ lack of knowledge about CSR presents a potential barrier against CSR, for example, as “this makes the dialog difficult” (BAN-B1-c) between the CSR function and business units. The second half of this phase is mainly about promoting the communication about CSR either by means of formal information channels such as the corporate intranet or informal networking. Parallel to this, CSR managers become increasingly involved in setting up internal structures in order to unify a firm’s different business units regarding CSR. For example, in firm BAN-A, the CSR function has “initiated an environment initiative” (BAN-A1-a) which serves as a cross-departmental platform for exchanging knowledge about CSR and aims at bringing CSR on the agenda of business units.

The third phase is emblematic for an early stage of CSR implementation in which business units start taking over CSR practices and processes. However, many units regard CSR as hardly beneficial and as an additional challenge for their daily business. Therefore, they give CSR no priority: “It is always considered luxury […] and in that sense it is not very, very important” (INS-C2-a). To address this issue, the CSR function is engaged in further developing and adjusting supporting organizational systems and relationships according to the previously defined CSR commitments.

In the fourth phase, CSR managers present the CSR strategy and systems to the business units. Thereby, it is explicitly about changing current organizational practices and processes with regard to CSR. The CSR function thus creates local CSR commitments and systems within business units. Firm INS-C illustrates this at the end of 2015: “It is about breaking down the focal points [of the CSR strategy] into the business units. In concrete terms, what has to change in the business units?” (INS-C1-c) At the same time, firm INS-A also shows signs of more substantive CSR as there “[...] is a real change – the CSR strategy goes more and more into the core business.” (INS-A2-c) However, at this point, financial profit is still the main aspiration while social and environmental concerns play only a subordinated role. Thus, the major challenge for the CSR function lies in aligning social and environmental issues with economic ones in a triple bottom line. To address this problem, the CSR function transfers CSR
knowledge as well as respective skills to the business units and builds particular structures to enable a more in-depth exchange on CSR: The CSR function uses, for example, “in-house training” (BAN-C1-a) to raise CSR awareness and “grants membership in the company’s sustainability board” (BAN-C1-a) to heads of business units. The function thus applies bottom-up (i.e., in-house training) as well as top-down (i.e., granting membership to heads of business units) strategies to further substantive CSR.

In the fifth phase, more and more business units are involved in CSR and have taken over specific CSR practices. For example, after the launch of sustainability investment funds in firm BAN-D, financial analysts also analyzed social and environmental aspects in mid-2014. While sustainability analysis was initially a responsibility of the CSR function, it is now among the duties of these analysts. However, the CSR manager is occasionally consulted when specific questions and problems arise. Similarly, in firm BAN-C, the environmental aspect, previously managed by the CSR function, has been taken over by the real estate department. Another example for advanced CSR implementation is that the “[…] human resource department has taken over the protection of the health and safety of the company's employees.” (BAN-C2-c) Apart from such partial successes, CSR is not yet substantively implemented in all business units. Therefore, the CSR function still engages in communicating performance, receiving and responding to feedback in order to adjust current practices to CSR.

With the increase of substantive CSR the importance of the CSR manager decreases as the business units increasingly incorporate the CSR function. The head of CSR of firm BAN-C describes this as follows: “The more it [CSR] is integrated, the more it […] is not some special function anymore. It thus evolves into an integral part of a company’s overall approach.” (BAN-C2-b). This statement clarifies that with more substantive CSR, the CSR function’s task of driving and pushing CSR becomes obsolete. This final and sixth phase is illustrated by firm BAN-D. By the end of 2015, the company is at the beginning of this phase in which CSR is substantively implemented, respectively where “[…] it's all embedded in business processes and thinking and performance” (BAN-D1-c). While CSR is now mainly carried out by business units, CSR management still remains in a support function “because you always need someone who coordinates and thinks about the next step.” (BAN-D1-c)

In sum, the practices of the main actors involved illustrate that CSR shifts from the CSR function to the business units in the course of advancing implementation: The role of the CSR manager changes from a “high profile” change maker involved in defining, formalizing and communicating CSR commitments and setting up CSR supporting structures to a “low profile” administrator in charge of consulting, controlling and monitoring CSR practices of business units. The CSR manager’s transformation over time is thus directly linked with the business units’ increasing engagement in CSR. As business units become more professionalized and steadily specialized, they develop and provide increasingly independent CSR services and
products. It is this increasing engagement of business units that indicates the change from symbolic to substantive CSR. *Figure 4.1* illustrates the main patterns of practices of the CSR function and the business units and shows how the practices of these actors shift in the course of CSR implementation.

Figure 4.1. Main patterns of practices

<table>
<thead>
<tr>
<th>1st Phase</th>
<th>2nd Phase</th>
<th>3rd Phase</th>
<th>4th Phase</th>
<th>5th Phase</th>
<th>6th Phase</th>
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<tbody>
<tr>
<td><strong>Main patterns of practices (CSR FCN)</strong></td>
<td><strong>Main patterns of practices (BUs)</strong></td>
<td><strong>Increasing engagement in CSR</strong></td>
<td><strong>Consulting, controlling &amp; monitoring</strong></td>
<td><strong>Training and awareness raising</strong></td>
<td><strong>Communicating CSR</strong></td>
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<td>-</td>
<td>-</td>
<td>• Real estate departments’ sustainable management of properties in a bank</td>
<td>• In-house training and workshops</td>
<td>• Informal networking</td>
<td>• Using internal corporate intranet</td>
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<td></td>
<td></td>
<td>• Financial analysts include social and environmental criteria in banks and insurance companies</td>
<td></td>
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<td>• Setting up an internal exchange platform</td>
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<td></td>
<td></td>
<td>• Human resource department involved in health and safety</td>
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<td>• Developing a sustainability board</td>
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Abbreviations: Business units (BUs); function (FCN).

*Table 4.3* provides additional interview data to support the analysis of the six phases of the CSR implementation process.
Table 4.3 Six phases of symbolic to substantive CSR

<table>
<thead>
<tr>
<th>Theme</th>
<th>Representative Quotations</th>
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| Phase 1: Professionally addressing CSR; identifying existing CSR meanings and activities | • “[...] initially a CSR department is highly relevant” (BAN-B1-a).  
• “It is not the case, that before [the CSR function was installed] the firm was only aligned with pure capitalism. At this point in time – to some extent – responsibility was already an aspect of the company’s business practice” (INS-B1-a). |
| Phase 2: Defining, formalizing and communicating CSR commitments     | • “One big problem is that many people have no idea about CSR [...] I mean, sustainability is a common term and therefore it is very surprising that just a few people know about it. And this is a problem if one tries to understand the importance of a topic. This makes the dialog difficult!” (BAN-B1-c)  
• “Four years ago, we initiated an environment initiative [...] people from various areas of the bank and regions are working on the subject. They know each other and work together on specific products and services. I think that this was a constructive contribution in order to overcome resistance [against CSR].” (BAN-A1-a)  
• “I have heard from other CSR managers from insurers who are working on CSR for much longer. In their organizations CSR has become a normal way of doing business, for example, embedded in the risk management. There it is just business as usual and it is not about just distinguishing oneself from the competitors. I really hope that we will also achieve this.” (INS-B1-c) |
| Phase 3: Further developing and adjusting supporting organizational systems and relationships | • “It is always considered luxury [...] and in that sense it [CSR] is not very, very important” (O-2-a).  
• “A connecting element, either virtual or not, is still missing (...) that should be in line with the business strategy, put all that together and working together towards the same direction. But today, it is still heterogeneously organized” (INS-C2-a)  
• “There are units where it [CSR] is not an issue at all. There, people find it difficult to make it part of their daily business. But not because people don’t want to do it but instead because they have other priorities. It is just not obvious that it translates into financial advantage. Therefore, it is just not so urgent” (BAN-A1-c).  
• “[...] our people, management and senior management, function the way they do. It is always about the business case: What is the rationale behind that decision? What is it good for? Until when? Corporate responsibility cannot escape from that. But one has to watch out that |
the business case fetishism does not become a self-purpose” (INS-A2-a).

| Phase 4: Presenting strategy and systems, obtaining feedback; creating local commitments and systems |
| • “Sustainable investments become increasingly important […] In other words, we want to make money with sustainability. Thereby, we don’t lose sight of CSR as we really want to push further company-wide also social and environmental aspects. This is a real change – the CSR strategy goes more and more into the core business.” (INS-A2-c) |
| • “It is about breaking down the focal points [of the CSR strategy] into the business units. In concrete terms, what has to change in the business units? For instance, one can invest everything in sustainable funds or one invests in the training of customer consultants” (INS-C1-c). |
| • “in-house training […] grants membership in the company’s sustainability board” (BAN-C1-a) |
| • “Corporate Social Responsibility cannot be reduced to one, central department. Instead, there are many departments involved. Our Corporate Social Responsibility approach namely involves sustainable investing, our in-house foundation, commodity investment, respectively every part of the company that has to do with risks and opportunities with regard to the environmental and social dimension.” (BAN-C2-c) |

| Phase 5: Communicating performance; getting feedback; responding to the feedback from particular groups |
| • “[…] the environmental management area, this means electricity consumption, water consumption of company buildings where employees of the bank are located. Ten years ago, this whole area was integrated into the real estate department. We recognized that if real estates are managed, we also need to manage environmental aspects. This shows that environmental matters are important to the bank”. (BAN-C1-b). |
| • “[…] launching specific product lines. If I start at the product side, a milestone was for sure the integration concept which means that our financial analysts are conducting the sustainability analysis” (BAN-D2-a). |
| • “[…] human resource department has taken over the protection of the health and safety of the company's employees.” (BAN-C2-c). |

| Phase 6: Revising strategy; supporting structures based on previous feedback |
| • “The more it [CSR] is integrated, the more it becomes a normal part of a company’s marketing and is not some special function anymore. It thus evolves into an integral part of a company’s overall approach.” (BAN-C2-b) |
| • “[…] it's all embedded in business processes and thinking and performance” (BAN-D1-c). |
• “However, the CSR management function does not vanish into thin air as new topics are always popping up which make the knowledge and existence of a CSR manager important for a company.” (INS-A2-b)
• “A completely successful sustainability unit becomes obsolete because it has been absorbed by the company and is fully integrated into the business units. But I think that this doesn’t really happen because you always need someone who coordinates and thinks about the next step.” (BAN-D1-c)

4.4.2 CSR Function’s Access to Resources in the Course of CSR Implementation

While the CSR managers’ practices elucidate the function’s efforts to achieve substantive CSR, the business units’ engagement in CSR demonstrates the consequences of these efforts at the organizational level. The above-defined phases and the related shifts of practices lay the basis for a chronological reconstruction of the relationship between a CSR function’s access to resources and the different levels of CSR.

In the first phase, organizational and resource commitment are the preconditions for initiating implementation conducted by a CSR function. Tangible resources are necessary in order to build up a formal CSR position and equip it with expertise, staff, etc. The function’s access to resources is critical as illustrated by following comparison with quality management implementation:

“For instance, in the case of quality management they initially had a huge department in order to initiate it. For CSR it is also important that one has more human resources in the initial phase.” (INS-B1-b)

Similarly important, although more on the level of intangible resources, is commitment at the highest organizational level. The top management’s decision to manage CSR professionally and to install the CSR management function stands at the beginning of CSR implementation. Additionally, a close collaboration with the major decision-makers is critical in order to determine existing CSR meanings and activities and formalize a company’s CSR commitments:

“[… ] one explains the main topics as well as the most important points to the top management. Thus, it is just about engaging in this internal dialogue” (BAN-B1-a).

In firm INS-B, the CSR function was created in 2012 consisting of one full-time CSR position (INS-B1). In 2015, firm INS-B was transitioning from the first to the second phase, respectively the CSR function was still concerned with professionalizing its different activities and instruments. In order to execute this professionalization, the CSR function will be reinforced with a new full-time hire for the period of 2016-18: a function primarily in charge of
professional reporting and the implementation of environmental guidelines. Equally relevant is access to the highest corporate level. This is because defining the possible form of CSR as well as formalizing a corporate CSR strategy is performed in accordance with board members. In that regard, in firm INS-B not only financial and human resources are critical but also the access to intangible resources, i.e. the close relationship with the CEO: “Due to a change of the supervisor my link to the CEO has become much closer. [I report to him on a monthly basis]. [...] I feel that people now trust me more” (INS-B1-c). Similarly, in case BAN-B, in 2015 the CSR function reported to “another corporate secretary who is the head of bank’s service division” (BAN-B1-c). “This change after three years is definitely an advantage for the area [of CSR]” (BAN-B1-c) and seems to coincide with the fact that “access to resources has significantly improved in the last three years.” (BAN-B1-c)

As a result of the function’s communicating and setting up internal structures, more and more business units integrate CSR into their field of activity in the third phase. Business units now invest relatively more of their own resources in CSR. In turn, the CSR function’s resources are relieved as it can actively rely on the units in specific areas. In 2012 for example, in case INS-A, the chief financial officer was in charge of environmental data and the CSR function was no longer responsible for the administration and preparation of this data (INS-A2-a). Consequently, the close relationship between the chief financial officer and the CSR function (in the context of handing over this CSR task) comes to an end. This illustrates a core characteristic of the third phase which goes together with a CSR function’s decreased exchange with actors of higher organizational levels. This is associated with the fact that these actors are decreasingly dependent on a CSR function’s expertise as they are progressively more able to conduct the respective activities by themselves. It is due to this situation that the CSR function doesn’t “[...] need a huge budget” as CSR should be “[...] lived in day-to-day business and therefore has to be effectuated there. If it costs something then it should be paid there” (INS-A2-c). Consequently, the size of the CSR function has achieved its maximum in the third phase, as illustrated by the head of CSR in firm BAN-A:

“Today [end of 2015], we are a team of two persons. In the beginning of 2013, I was alone. I am sure that the size of our team won’t be extended. We have this coordinating function and work closely with other business units. We have the know-how, drive particular topics and the business units bear the responsibility” (BAN-A1-c).

The fourth phase is characterized by a further involvement of business units in CSR with a corresponding withdrawal of the CSR function. This mounting shift from the CSR function to business units thereby takes place due to the function’s relatively scarce resources. For example, setting up and implementing an environmental program in 2012 in firm BAN-C is accompanied by handing over this program to the real estate department:
“[…] in order to roll out our environmental strategy we only have limited resources with our small team and we have managed […] [that] this department has taken responsibility for this part and also implements that” (BAN-C1-a).

When CSR shifts to the business units as it has in firm INS-C, the CSR function takes on a relatively minor and passive role as it is not directly involved in the implementation process anymore. In concrete terms, the CSR department has “now a rather accompanying and consulting function and is not in charge of the implementation” (INS-C1-c). The consequence of this is that the function has less exchange with the responsible people in the units which makes the access to responsible others more difficult. However, in spite of “[…] relatively few resources” CSR becomes increasingly substantive as the function can “draw on other business units and can rely on their resources.” (INS-C2-c)

The fifth phase manifests itself in a situation in which business units are primarily responsible for CSR and their involvement has become taken-for-granted. By the end of 2014, firm BAN-C stood at the beginning of the fifth phase where “[…] CSR has shifted to the specialist departments” and CSR managers “are only consulted as experts or specialists” (BAN-C2-b). One year later, the CSR function that was in charge of social and environmental aspects in wealth management was removed. However, the informant of firm BAN-C is convinced to be able to continue spreading the idea of sustainability in his new, non-CSR function:

“If you are convinced that sustainability is important, then you try to carry this body of thought into other areas of the company […] in my new function [as representative of wealth management] I cannot do more than in the previous function [as CSR manager]. […] But one can change something by carrying sustainability into departments where this is much less common.” (BAN-C1-c)

Firm BAN-D further illustrates that with a higher level of CSR implementation the CSR function has less access to resources. This applies, on the one hand, to intangible resources such as admission to influential actors within the company. For example, in mid-2014 there was a relative decline in influence of the CSR function:

“[…] in connection with successfully integrating CSR within the business, our influence [as CSR managers] decreases respectively if it [CSR] comes closer to the business because the business always has more weight” (BAN-D1-b).

It also applies, on the other hand, to the access to tangible resources. In the beginning of 2015, firm BAN-D was in the initial stage of the sixth phase in which the CSR function’s staff budget had been reduced by fifty percent. But cutting down on human resources does not mean less organizational commitment to CSR. Instead, the remaining fifty percent of the budget go into
a business unit wherein these resources are reinvested into specific CSR-related services and products. At this stage fewer resources for the CSR function can be regarded as an indicator for substantive CSR:

“[…] there is a general trend of diminishing [CSR managers] […] but the topic of CSR per se is not suffering at all. On the contrary, there is an impressive number of initiatives and groups that are pushing it forward and are specializing in certain topics” (BAN-D1-b).

This observation can be made amongst many CSR managers: “They often say that with a high degree of maturity and - if a company has already done a lot - that they place back CSR departments.” (BAN-D1-b)

Figure 4.2 summarizes how the process from symbolic to substantive CSR relates to the CSR function. The figure illustrates the main characteristics of each phase in order to better capture the function’s resource access at a particular level of CSR implementation. Knowing about these characteristics facilitates tracing back the redistribution of CSR resources in the course of the implementation process. To make the relationship between the management function and implementation more explicit, illustrative cases are provided in addition which are emblematic for a particular phase.
Figure 4.2 Main characteristics and illustrative cases

<table>
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<th>1&lt;sup&gt;st&lt;/sup&gt; Phase</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Phase</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt; Phase</th>
<th>4&lt;sup&gt;th&lt;/sup&gt; Phase</th>
<th>5&lt;sup&gt;th&lt;/sup&gt; Phase</th>
<th>6&lt;sup&gt;th&lt;/sup&gt; Phase</th>
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<tbody>
<tr>
<td>TM invests in CSR</td>
<td>Reinforcement of the CSR FNC’s staff</td>
<td>BUs invest relatively more of their own resources in CSR</td>
<td>Shifting weights between CSR FNC and BUs</td>
<td>BUs primarily responsible for CSR</td>
<td>Cutting down CSR FNC’s staff</td>
</tr>
<tr>
<td>Creation of the CSR FCN (i.e. increasing CSR staff)</td>
<td>CSR FNC’s improved access to TM</td>
<td>CSR FCN partly relies on BUs; relative relief of its resources</td>
<td>BUs increasingly take over CSR</td>
<td>Less involvement and influence of the CSR FCN</td>
<td>The very same resources go into the BUs instead</td>
</tr>
<tr>
<td>Regularly consulting with TM</td>
<td>More resources invested in projects of the CSR FCN</td>
<td>Less exchange with influential others</td>
<td>CSR FCN with a minor role</td>
<td>CSR FCN has less exchange with influential others</td>
<td>CSR FCN has less exchange with influential others</td>
</tr>
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</table>

**Illustrative cases**

<table>
<thead>
<tr>
<th>INS-B: CSR FCN created in 2012</th>
<th>INS-B: New hire for 2016-2018; enlargement of the CSR FCN’s staff by 50%; monthly meeting with CEO</th>
<th>INS-A: Chief financial officer now in charge of environmental data</th>
<th>BAN-C: Real estate department in charge of environmental program due to the CSR FCN’s scarce resources</th>
<th>BAN-D: CSR comes closer to the business and related decline of CSR FCN as well as less access to competent authorities</th>
<th>BAN-D: CSR FCN is reduced by 50%; these 50% are reinvested into CSR services and products of a BU</th>
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<tr>
<td>BAN-B: CSR FCN engaged in close dialogue with TM</td>
<td>BAN-B: After 3 years, in 2015 affiliation with new division enables better access to influential others</td>
<td>BAN-A: In 2015, two full-time CSR positions as the maximum size of the CSR FCN</td>
<td>INS-C: CSR has shifted to the BUs; CSR FCN rarely consulted</td>
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Abbreviations: Business unit (BU); business units (BUs); chief executive officer (CEO); function (FCN); top management (TM).

Table 4.4 provides additional data supporting interpretations of the relationship between the different levels of CSR implementation and the CSR function’s resource access.
Table 4.4 CSR function’s resource access

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| Phase 1: Increased resource access in the initial phases of CSR implementation | • “[…] For instance, in the case of quality management they initially had a huge department in order to initiate it. For CSR it is also important that one has more human resources in the initial phase” (INS-B1-b).  
• “In terms of sustainability we are lucky as in the managing as well as the advisory board many members are thinking in the long-term […]” (BAN-B1-a).  
• “CSR stands and falls with the CEO commitment!” (BAN-C2-a).  
• “[…] one explains the main topics as well as the most important points to the top management. Thus, it is just about engaging in this internal dialogue” (BAN-B1-a). |
| Phase 2: Increased resource access in the initial phases of CSR implementation | • “Now, I report to another corporate secretary who is the head of the bank’s service division […] this allows me to provide solutions on the group level and gives me the competence to enforce these solutions corporate wide. […] This change after three years is definitely an advantage for the area [of CSR] as it opens up a new network to many influential people” (BAN-B1-c)  
• “Due the formulation of clear objectives our access to resources has significantly improved in the last three years. I have better access to people from other business areas. […] Today, access to knowledge and people is much better.” (BAN-B1-c)  
• “In the beginning, we had higher expenditures, for example, when we bought the environment management system respectively the reporting tool.” (INS-C2-c)  
• “In terms of our company, we have not been involved in sustainability management for a long time. Thus, we are in the initial phase of establishing and professionalizing our activities and instruments. For this reason, we will increase our workforce for the coordination on the group level in the subsequent period of 2016-2018. I will create a new position in 2016 in charge of professional reporting and the implementation of EU environmental guidelines.” (INS-B1-b)  
• “Due to a change of the supervisor my link to the CEO has become much closer. [I report to him on a monthly basis]. The relationship management has also improved. It is easier for me to talk to different internal stakeholders now […] I know the people in the different countries and I feel that people now trust me more.” (INS-B1-c)  
• “But the organization, and particularly the regular employees, now see that I have this new superior. This gives me much more legitimacy and my function
is not anymore reduced to business ecology. My superior is the CEO of the operations and technology unit and he has to communicate now about it [CSR]. […] Over 400 employees receive this and therefore CSR gains much more legitimacy. Even employee from other business units now come to me. The perception is very different today.” (BAN-A1-c)

| Phase 3: More and more business units involved in CSR; partial relief for the CSR function’s resources | • “Today [end of 2015], we are a team of two persons. In the beginning of 2013 I was alone. I am sure that the size of our team won’t be extended. We have this coordinating function and work closely with other business units. We have the know-how, drive particular topics and the business units bear the responsibility.” (BAN-A1-c)  
• “The CSR team has not changed but more and more we draw on resources from other departments. […] For instance, in the case of communication management we increasingly draw on colleagues from the communication department. For example, in the case of our Ecology Month the environmental and social risk department or people from the internal environmental management are strongly involved.” (BAN-C2-b).  
• “[…] environmental data now is signed by the Chief Financial Officer” (B-2-a)  
• “I don’t need a huge budget. This would otherwise mean that there is a CSR team and they are just doing something on their own. But as I want that CSR is lived in day-to-day business and therefore has to be effectuated there. If it costs something then it should be paid there. This is the right approach.” (INS-A2-c) |

| Phase 4: Towards an equal commitment to CSR and beyond; CSR shifts towards business units | • “[…] in order to roll out our environmental strategy we only have limited resources with our small team and we have managed […] that another department takes over these topics and implements them […] in that sense it is not primarily our responsibility anymore that the bank reduces energy or CO2 but instead this department has taken responsibility for this part and also implements that” (BAN-C1-a).  
• “With relatively few resources we [the CSR department] have achieved a lot […] we draw on other business units and can rely on their resources.” (INS-C2-c)  
• “[…] now a rather accompanying and consulting function and is not in charge of the implementation” (INS-C1-c) |

| Phase 5: Taken-for-granted involvement of business units; less influence of CSR function and | • “In some cases, we see that CSR has shifted to the specialist departments. It is because we are not anymore the only one who trigger that. The business case of CSR or sustainable investing is recognized in certain departments and there we [CSR department] are only consulted as experts or specialists” (BAN-C2-b). |
reduced access to influential others

- “If you are convinced that sustainability is important, then you try to carry this body of thought into other areas of the company. […] in my new function [as representative of wealth management] I cannot do more than in the previous function [as CSR manager]. […] But one can change something by carrying sustainability into departments where this is much less common.” (BAN-C1-c)
- “[…] in connection with successfully integrating CSR within the business, our influence [as CSR managers] decreases respectively if it [CSR] comes closer to the business because the business always has more weight” (BAN-D1-b).

Phase 6:
Resources are increasingly channeled into the business units at the expense of the CSR function

- “[…] my job [as head of CSR management] has been reduced to a 50 percent position. In this context, one has clearly stated that the job of the CSR manager is not taken over by a junior CSR manager but instead is integrated into the business unit. These 50 percent are now taken over by people working in the business units” (BAN-D1-b).
- “[…] there is a general trend of diminishing [CSR managers] […] but the topic of CSR per se is not suffering at all. On the contrary, there is an impressive number of initiatives and groups that are pushing it forward and are specializing in certain topics.” (BAN-D1-b)
- “They often say that with a high degree of maturity and - if a company has already done a lot - that they place back CSR departments.” (INS-B1-b)

4.5 Theoretical Insights: Relationship between Level of CSR Implementation and a CSR Function’s Resource Access over Time

The findings suggest that, contrary to existing literature (e.g., Chandler, 2014; Weaver et al., 1999a; Weber & Fortun, 2005), a real substantive response may be associated with a decreased amount of resources available to the CSR function: In the initial phases, the CSR function’s active involvement in the implementation process goes together with access to a higher amount of tangible (e.g., increase in CSR staff) and intangible (e.g., close dialogue with the top management) resources. More substantive implementation is characterized by the business units’ increasing engagement in CSR. Business units thereby invest an increasing amount of their own resources into CSR. This again leads to the CSR function’s growing withdrawal and gradual decrease of resource access such as less exchange with influential others and reduction of the CSR staff. *Figure 4.3* summarizes the relationship between the CSR function’s resource access in the course of the organizational development from symbolic to substantive CSR. This relationship over time is explained in more detail below.
Emblematic for the *first phase* is the top management’s commitment to addressing CSR professionally and the corresponding effort to build up the CSR function. In that regard, the access to this influential actor is the precondition for the function to initiate CSR implementation. The close relationship with the top management also goes together with an increase in tangible resources respectively the creation of new full-time CSR positions. Apart from having the budget to hire CSR staff, the function also receives the financial budgets necessary to identify a firm’s existing CSR practices. These financial resources are invested, for example, in the advancement of existing analysis tools and the acquisition of new methods such as SWOT analysis to evaluate the strengths, weaknesses, opportunities and threats involved in a firm’s CSR activity. Thereby it is also within the discretion of the CSR function to buy in specialized services and advice from external providers.

In the *second phase*, the function defines and formalizes the firm’s official CSR commitments. At this stage, CSR managers are in close and regular exchange with the top management. Furthermore, the function is still being established, which manifests itself in new hires. For example, in the case of firm INS-B, the workforce of the CSR function is enlarged by fifty percent. In addition to new hires, the function also has a higher budget available as, for example, the organization-wide communication requires the further development of existing communication channels such as the internal exchange platform.

In sum, the function’s access to tangible and intangible resources is critical in the two initial phases as business units are neither aware of CSR nor regard it as a priority. While in some cases these measures would be followed by actual changes in organizational practices, it would stop at changes in staffing with no real substantive changes in other cases. Thus, it is yet unclear if gestures such as the increase in staff or the function’s regular exchange with the top management arouse change in organizational practice. Therefore, the element of the symbolic is the main characteristic in the initial phases. In other words, the two phases correspond with symbolic implementation. However, as transitory phases they have the potential for initiating organizational change in the longer term.
As a result of the CSR function’s earlier efforts, in the third phase more and more business units engage in CSR. By doing so, CSR is increasingly among the responsibilities of certain units and they invest relatively more of their own resources in the development of CSR services and products. Concurrently, the function is no longer in charge of these services and products. For example, in 2012 preparing and administrating environmental data was no longer the responsibility of the CSR function in firm INS-A (see also Figure 4.2). While the function can now actively rely on the units in particular cases (for further examples see Figure 4.1), its exchange with responsible people at the highest organizational level declines and becomes primarily indirect.

In the fourth phase, CSR is seen as a fruitful strategy to enhance legitimacy. However, the current business case approach to CSR lacks the longer-term perspective necessary to successfully address aspects of social wellbeing (Hoffman, Badiane, & Haigh, 2010; Smith, Gonin, & Besharov, 2013) as a firm only pursues CSR as long as it immediately pays off. In this sense, the business case approach cannot be considered as substantive CSR as the overemphasis of financial performance remains at the expense of social and environmental aspects (Bondy et al., 2012). CSR thus serves the purpose of appearance without having a systematic consequence for business practices and processes. To give CSR a longer-term and more strategic perspective, the CSR function grants membership to influential others in a firm’s sustainability board as is the case in firm BAN-C. But the function’s primary task is conducting explanatory work in business units to further a triple bottom line thinking. In this context, special emphasis is given to in-house training and workshops for the staff which is particularly time and personnel consuming in a large firm (Baumann-Pauly et al., 2013). The consequence of this is that the function has less exchange with influential others as these services are mainly provided to lower hierarchical levels.

Due to the previous efforts of the CSR function, the fifth phase marks a growing taken-for-grantedness where most CSR products and services have been taken over by business units. This situation stands for the beginning of substantive implementation and (particularly in contrast to the first two phases) goes hand in hand with changes in organizational processes and practices. The consequence of this is that the CSR function’s involvement in training and awareness-raising is no longer required by the end of this phase. In other words, with advancing CSR implementation these time- and personnel-consuming activities cease. In the context of these developments, the driving and pushing role of the CSR manager shifts to a low-profile role of an administrator in charge of selective consulting, controlling, and monitoring.

In the sixth phase, the function is mainly concerned with continually improving the CSR strategy and supporting structures. In a context where CSR has become a taken-for-granted way of doing business, the CSR function’s previous activity of pushing the top management and business units to commit resources for CSR becomes obsolete. Under these circumstances, the
exchange with influential others decreases. Similarly, fewer tangible resources are made available to the CSR function. This, for example is illustrated by firm BAN-D where the CSR staff was reduced by fifty percent. Instead, a business unit now drains on these resources in order to further develop specific CSR services and products such as a sustainability investment fund. In short, while the CSR staff has been halved recently, CSR is more aligned with the firm’s core business than ever before.

4.6 Discussion

4.6.1 Limited Explanatory Potential of Resources

The sequence of the individual phases illustrates that more substantive CSR implementation is negatively linked to the relative amount of resources available to the CSR function over time. Therefore the function’s access to neither tangible (e.g., Chandler, 2014; Ethics Resource Center, 2007; Weaver et al., 1999b) nor intangible resources (e.g., Hoffman et al., 2008b; Joseph, 2002; Smith, 2006; Weber & Wasielecki, 2013) is a reliable proxy for how entrenched CSR is within a firm.

This research delivers insights into the different phases of implementation ranging from symbolic to substantive CSR. The first two phases have illustrated that the function’s access to a relatively high amount of resources corresponds with symbolic implementation. While the increased access to resources, for example human resources (Lounsbury, 2001), allows for assessing differences in organizational responses to stakeholders’ claims for CSR, they are no feature of substantive implementation. In contrast, increasing the CSR workforce is potentially an indicator for symbolic implementation.

As such, substantive implementation only begins in the course of the subsequent phases where business units are increasingly taking over CSR with a simultaneous decreased access to tangible (e.g., CSR staff) and intangible (e.g., admission to the top management) resources. This potentially negative relationship between the CSR function’s resource access and substantive CSR manifests itself particularly in the sixth phase: While the CSR staff has been reduced, for example, by fifty percent in firm BAN-D, the organization provides the most substantive level of CSR so far. This insight is in line with researchers (Ackerman, 1973 and 1975; Ackerman & Bauer, 1976) who argued that the more CSR is implemented, the more peripheral the CSR function became. Similarly, Bader (2015a and 2015b) describes the negative relationship between substantive CSR and the function’s access to financial resources as follows:

“But oftentimes the most important achievements of a Chief Sustainability Officer are those that are so embedded in the core business of the company that they’re practically
invisible — not comprising a big budget for the sustainability department, and certainly not the sort of thing you can photograph for a sustainability report or website”.

Reducing symbolic elements, such as CSR staff, is therefore characteristic for substantive implementation. This insight corresponds with theorists arguing that implementation is primarily an implicit organizational commitment to specific policies and practices (e.g., Kraatz et al., 2010), and thus less visible to outside observers (Suddaby, 2010). In a nutshell, this means that substantive CSR implementation cannot be directly derived from the CSR function’s access to resources. It follows from this, on the contrary, that the reduction or removal of the CSR function could also signal substantive CSR (Strand, 2014).

Finally, knowing about the individual phases again provides the basis to draw more general conclusions concerning the complex organizational process of CSR implementation. While symbolic implementation corresponds with the function’s access to a relatively high amount of resources, substantive implementation goes together with access to a relatively low amount. The documented relationship thereby claims validity beyond the context of CSR. One informant (INS-B1) indicated a similar relationship between the progressing implementation of quality management and the responsible department. The professionally driven internationalization of firms may be just another example: In the context of globalization, firms built up departments responsible for promoting a new international outlook within all organizational units. Today, basically all business units such as public affairs (Boddewyn, 2007) or human resources (Ferner & Varul, 2000) work internationally and the function responsible for international business has been removed.

4.6.2 Towards an Institutional Theory Perspective on CSR Implementation

The limited explanatory potential of resources in the context of CSR implementation highlights the necessity for an alternative approach. This necessity also manifests itself in the fact that the relationship between firms’ CSR initiatives and financial performance is arbitrary (e.g., Margolis et al., 2007; Margolis & Walsh, 2003). Further, CSR studies have described particular mindsets as the “most fundamental barrier to implementation” (Olsen & Boxenbaum, 2009: 109).

In that regard, institutional theory is helpful as the approach provides an explanation of social processes which is not reduced to resources (Scott, 2014). Instead, the institutional perspective draws on values, “conceptions of the preferred or the desirable together”, as well as norms of “how things should be done” (Scott, 2014: 64) and makes them an integral part of its analysis. A theoretical approach susceptible to norms and values is thus critical for examining CSR that systematically integrates social, environmental and ethical concerns into business conduct, and
thus breaks with the conventional idea that business only exists to maximize profits (Friedman, 1970):

“An institutional theory of the firm is a voice of resistance to this culture of shortsightedness, offers guides to thinking about corporate responsibility, and brings into question the goal of maximizing profits or returns on capital. In this way, institutional theory speaks to issues of social concern and does so without accepting conventional models of organization or the unreflective premises of management.” (Selznick, 1996: 272)

To date, CSR research has particularly referred to institutional conditions when explaining “why” firms engage in CSR. Thereby, institutional scholars suggest that organizations seek social acceptance and response to institutional pressures by adapting to CSR (e.g., Bansal, 2005; Campbell, 2007; Delmas, 2002; Jennings & Zandbergen, 1995; Schaefer, 2007). However, institutional theory is also fruitful when it comes to answering the question of “how” this takes place. In other words, the question if a firm implements CSR either more (DiMaggio & Powell, 1983) or less substantive (Meyer & Rowan, 1977). Institutional theorists assume that not only resources but also norms and values enter into decision-making (Scott, 2014). Embedding formal CSR commitments in daily routines is exemplary for this as the implementation process particularly includes norms and values, and is mainly driven by them. In other words, substantive CSR implementation requires a high degree of intrinsic motivation to change an organization. This motivation is again primarily based on value conceptions.

Giving the center stage to normative explanations is in line with Selznick’s (1957) observation “that ‘perhaps the most significant’ [ibid] aspect of institutionalization is infusion with value beyond the technical requirements of the task at hand” (Selznick, 1996: 271). This refers again to the hermeneutic viewpoint that emanates from the idea that “human conduct is intrinsically meaningful” and emphasizes the interpretation of “values that lend meanings to human life” (Weber, 2005 [1930]; ix). Interpreting and understanding underlying values thus forms the basis of analyzing social processes. In a nutshell, the reduced explanatory potential of resources suggests a hermeneutic, institutional theory perspective on CSR implementation that is not reduced to the analysis of resources and contains the examination of values and norms, namely the normative pillar of institutions (see Chapter 2.2.1).

4.6.3 Conclusion, Limitations and Future Research

On the basis of a multiple-case study, this research gives insights into the different phases of implementation ranging from symbolic to substantive CSR. The in-depth analysis on a case-by-case basis thereby allows for disentangling the relationship between the CSR function’s resource access and the different levels of CSR implementation over time. The primary finding
is that the function’s access to tangible and intangible resources decreases as CSR becomes substantively implemented into a firm’s practices and processes. Their relationship is thus not linearly proportional over time but instead is time-dependent and, from the moment of a more substantive level of implementation, even negatively related.

The described relationship has both methodological and theoretical import: On the methodological side, it becomes clear that the CSR function’s access to relatively more resources is indicative for symbolic CSR as the development towards substantive CSR is accompanied by the access to less resources. This finding challenges earlier research that uses the CSR function’s resource access as a proxy to determine whether a firm engages in symbolic or substantive CSR (e.g., Chandler, 2014; Weaver et al, 1999a and 1999b; Weber & Fortun, 2005). On the theory side, this study suggests an institutional theory perspective on CSR implementation since it gives an explanation of social processes that is not reduced to resources and instead emphasizes the influence of values and norms on organizational structures and processes (e.g., Scott, 2014; Selznick, 1996; Selznick, 1957). All in all, this research adds a temporal understanding to the relationship between the amount of resources for the CSR function and the different levels of implementation.

This study mainly builds on three snapshots in a time span of 36 months. This is a too short period to show the entire process from symbolic to substantive CSR within a single large firm. However, the selection of seven large firms with different levels of CSR, covering the full range from symbolic to substantive CSR, allowed me to illustrate the relationship between the different levels of CSR implementation and the CSR function’s resource access. Similarly, Bondy et al. (2012) used 38 informants from 37 different firms to model the six-phase CSR implementation process. In addition, the relatively short time span of 36 months as well as the focus on the six phases limits the ability to draw conclusions for the future and predict how the relationship between CSR implementation and the CSR function will develop after the sixth phase.

The chosen sampling strategy, namely the selection of a particular type of informants, is also associated with another limitation. As the majority of the interview partners were CSR managers, the data might have a bias common in this form of qualitative research. This may be a bias towards social desirability (Zerbe & Paulhus, 1987) or a bias that stems from retrospective sensemaking (Eisenhardt & Graebner, 2007). To mitigate this effect, I used secondary data to corroborate the statements made by informants, and asked to provide evidence for their assertions, such as documents on the implementation of specific CSR services and products and the related program and budget planning. Moreover, the key findings are reliable as they have been consistently supported by the majority of the respondents throughout the sample and were not restricted to only a few firms. At the same time, authors in academic
publications (e.g., Strand, 2014) as well as experts in non-scientific media (e.g., Bader, 2015a and 2015b) have recently drawn similar conclusions.

I have empirically derived a model of the relationship between the amount of resources available to the CSR function and the different levels of CSR implementation over time. Future research can further develop the model, for example, by studying in-depth how tangible and intangible resources interrelate in the individual phases. Scholars could also apply the model in an industry comparison. However, as the CSR implementation process is still ongoing in many firms, the model makes no statement about a “post CSR function” phase. In other words, how substantive CSR remains after reducing or removing the CSR function in the long-term remains unclear. Future research may thus focus on firms where the function has been reduced and study the related consequences for CSR.

The described relationship may suggest the conclusion that less investments in a CSR function indicate more substantive CSR, and that enhancing the function’s access to resources is equivalent to symbolic CSR. But drawing such conclusions neglects the temporal aspect that is critical for implementing CSR (Haack et al., 2012) as well as management concepts in general (Scott, 2008a). The chronological description along different phases of the relationship between resource access and implementation level takes this aspect into account and, makes the respective temporal context to the basic component of analysis. Considering the temporal aspect is also critical when addressing the question if the function’s stable access to resources is tantamount to stagnated implementation. The answer to this can only be on a case-by-case basis and has to take the phase model into account.

While the conducted in-depth analysis provides new insights into the implementation process, the approach also has a “blind spot” particularly related to the focus on the CSR function. By doing so, the impression might be conveyed that CSR implementation can be reduced to a top-down process. For example, the top management commitment and the corresponding effort to build the CSR function were described as characteristic of the beginning of that process. However, bottom-up influences such as employee pressure are also central for a firm’s CSR engagement (Aguilera et al., 2007). In that regard, future research may include these influences when examining CSR implementation conducted by the CSR function.

The applied research approach also has an immanent “blind spot” concerning field-level aspects. The ebbs and flows of external forces are critical as they provide firms and CSR managers with new CSR-related issues that are considered important. These forces thus moderate the new issues available for CSR managers and the scope of CSR as a whole. However, the extent of CSR implementation within firms depends on firm-specific factors and not on field-wide events (Chandler, 2014). In other words, implementing new CSR issues does not happen automatically and instead requires active agency of internal actors, CSR managers
in particular, promoting specific practices and processes. Altogether, implementation bases on an interplay between different levels. In that regard, future research may apply a more holistic approach. In this connection the study by Aguilera et al. (2007) provides a good conceptual basis for such a multilevel analysis.

Finally, this research contributes to the discussion about the role of norms and values in processes of institutionalization. While some theorists (e.g., DiMaggio & Powell, 1991: 14-15) have argued that institutions do not consist of norms and values, others (e.g., Selznick, 1996 and 1957) have described them as their core elements. This study of CSR implementation provides findings that correspond with latter theorists. In comparison, an approach (DiMaggio & Powell, 1991) that highlights structural components, such as the CSR function, and downplays norms and values has a limited degree of explanatory potential. While the so called “new” institutionalism (e.g., DiMaggio & Powell, 1991) has been widely applied in CSR research, future studies may also consider “old” institutional theorists such as Philip Selznick.
Chapter V – Reconsidering the “Symmetry” between Institutionalization and Professionalization: The Case of CSR Managers [together with Christopher Wickert]

Abstract. The concept of a mutually supportive, “symmetric” relationship between institutionalization and professionalization is central to the institutionalist perspective on professional work. Our inductive qualitative study of corporate social responsibility (CSR) managers in multinational corporations prompts to rethink this assumption. We show that as the institutionalization of CSR advances and becomes consolidated, CSR managers are pushed to the organizational periphery. This indicates that the relationship between professionalization and institutionalization can be “asymmetric” under certain conditions. To study this asymmetry, we develop a conceptual model with several boundary conditions that are determined by two key factors: first, whether a professional group primarily externalizes or maintains control over its knowledge base and second, the extent to which professionals can expand the scope of their knowledge base to counteract their peripheralization. We discuss additional factors and the implications of this argument for the literature and business practice in detail. Our study also contributes to a better understanding of the difference between occupational and organizational professionals.

5.1 Introduction

The institutionalist perspective on professional work in and around organizational contexts attracts growing attention (Muzio, Brock, & Suddaby, 2013; Suddaby & Viale, 2011). Professionals are institutional agents who have central roles in creating, testing, conveying, and applying institutions (Scott, 2008b). Much of extant research treats professionalization and institutionalization not only as concomitant but also as inseparable concepts (e.g., Adamson, Manson, & Zakaria, 2015; Adler & Kwon, 2013; Daudigeos, 2013; Empson, Cleaver, & Allen, 2013).

This relationship is based on two overarching principles (Suddaby & Viale, 2011). According to the first principle, professionals are regarded as key drivers of institutional change, because they form new alliances and strategic relationships with institutions that can assist them in their professionalization projects. For example, DiMaggio (1991) showed that museum curators reconfigure the structures and practices of their employing organization to their advantage, while Empson et al. (2013) found that lawyers build new corporate structures that they then can populate, or create transnational governance regimes to establish a global market for their expertise (Faulconbridge & Muzio, 2008). According to the second principle, professionalization projects are intimately connected to institutionalization projects because
professionals colonialize collateral institutions to secure their status, legitimacy, and reputation (Kipping & Kirkpatrick, 2013; Malsch & Gendron, 2013). Going back to the previous examples, the institutionalization of the national museum, which had been driven by museum curators, positively affected their professionalization (DiMaggio, 1991); similarly, lawyers were able to expand their sphere of action on the basis of the newly formed corporate structures (Empson et al., 2013), while the establishment of transnational governance regimes globalized the demand for their expertise (Faulconbridge & Muzio, 2008).

In sum, the assumption that the relationship between professionalization and institutionalization is mutually supportive is central to the institutionalist perspective on professional work. As Suddaby and Viale (2011: 426) put it, the “core argument, thus, is that projects of professionalization and institutionalization occur simultaneously”. More precisely, the process of institutionalization allows professionals to occupy central positions in the organizational and institutional contexts they inhabit, which in turn promotes professionalization. On these grounds, we describe the relationship between the two theoretical constructs that we examine in this study as “symmetric”.

Our inductive study prompted us to rethink this central assumption in the literature: in the data from 85 interviews with organizational professionals (Faulconbridge & Muzio, 2008) – more precisely CSR managers who work in large firms to promote the institutionalization of CSR, we identified indicators of what we describe as an “asymmetric” relationship between professionalization and institutionalization. More specifically, we found that although CSR became gradually institutionalized within and beyond these CSR managers’ organizations (Bondy et al., 2012; Matten & Moon, 2008), some CSR managers could not – as expected – gain influence but were actually shifted to the organizational periphery and thus faced potential marginalization. In line with the distinction Abbott (1988) drew, in our study “center” and “periphery” denote the poles of a spectrum on which a professional group can be located and indicate that group’s degree of professionalization.

A symmetric relationship between institutionalization and professionalization suggests that professionals who trigger institutionalization processes move to and consolidate central organizational positions and that their role – reflected in the expert knowledge they control (von Nordenflycht, 2010) – is considered essential for reaching specific organizational objectives. A symmetric relationship would thus ultimately allow these professionals to wield organizational power and influence changes in the institutional field (Daudigeos, 2013; Greenwood & Suddaby, 2006). The empirical data we used for our analysis, however, showed that as the involvement of other functional managers in CSR grew and CSR practices became increasingly institutionalized in the investigated organizational contexts, the role of CSR managers in promoting the further institutionalization of CSR became increasingly peripheral. Notably, even when CSR became established in the large firms we examined, not all CSR managers
became functionally redundant: a key finding is that from central drivers of organizational change some ended up as relatively peripheral administrators of CSR-related organizational practices.

We consolidated our findings in a conceptual model, focusing on the factors that determine under which conditions the relationship between institutionalization and professionalization can be asymmetric. On the basis of our data, we suggest that a professional group that externalizes control over the application of its knowledge base is more likely to become peripheralized than a professional group that maintains control over the application of its knowledge base, as is commonly assumed in the literature (von Nordenflycht, 2010; for an overview, see Muzio et al., 2013). We also argue that the early phases of institutionalization are characterized by symmetry and the later phases by asymmetry, because the importance of the “trigger functions” that CSR managers initially fulfill decreases over time. Moreover, we found that in the later phases of this process CSR managers may be able to counteract their peripheralization if they can expand the scope of their professional knowledge base. Finally, our evidence shows that although CSR managers gradually lose their influence, once established, the institution of CSR can be maintained as a result of a “compensation effect”: the decrease in one professional group’s influence on CSR is compensated by the rise of other professional groups’ influence, such as procurement managers or accountants. As a result, although the initial promoters of CSR slide to the periphery of their organization, CSR can consolidate as a key component of the organization’s strategy and core business functions.

In response to recent calls for investigating the influence of institutionalization on specific professional groups (Lawrence, Malhotra, & Morris, 2012), our findings contribute to the literature on institutional theory and professional work in that they help explain why some professional groups can sustain their central position as the institutionalization of a practice, standard, etc. with which they are closely associated progresses while others cannot – an issue on which extant literature has little to say. This insight also contributes to recent research that aimed to distinguish occupational from more recent forms of organizational professionals (Evetts, 2006; von Nordenflycht, 2010).

We also contribute to the CSR literature by shedding more light on the role of CSR managers, who have been described as the driving forces behind CSR institutionalization within firms (e.g., Chandler, 2014; Strand, 2014). We also complement previous research on the organizational implementation of CSR (e.g., Baumann-Pauly et al., 2013; Bondy et al., 2012; Wickert et al., 2016) by providing empirical support for the argument that a decrease in the importance of the CSR manager’s function may indicate the successful embedding of CSR (Strand, 2014). This theoretically explains the finding of research on corporate social responsiveness (e.g., Ackerman, 1973 and 1975; Ackerman & Bauer, 1976) that as the implementation of CSR progresses, CSR managers become increasingly peripheral (for an
overview, see Acquier et al., 2011). However, this body of literature does not explain the asymmetry between the institutionalization of CSR in large firms and the simultaneous peripheralization of CSR managers.

This chapter is structured as follows: Section 5.2 problematizes the central assumptions of the institutionalist perspective on professional work. Section 5.3 outlines the research context and method. Section 5.4 presents the results. On this basis, section 5.5 develops a conceptual model and a set of propositions on the institutionalization–professionalization relationship. Section 5.6 discusses the implications of the findings for the literature, the limitations of the study, and avenues for further research.

5.2 Background

5.2.1 An Institutionalist Perspective on Professional Work

At the heart of the institutionalist perspective on professional work lies the relationship between professionalization and institutionalization. Suddaby and Viale (2011: 423) argued that professionalization and institutionalization are concomitant because “professional projects carry with them projects of institutionalization” (see also Muzio et al., 2013) and “occur simultaneously” (Suddaby & Viale, 2011: 426). The term “professional project” encapsulates the idea that by achieving market power and social standing within and beyond their institutional field, professionals ensure that their professions become institutions (Larson, 1977; cited by Muzio et al., 2013: 704). According to Scott (2008: 223), “professions function as institutional agents—as definers, interpreters, and appliers of institutional elements. Professionals are not the only, but [...] the most influential, contemporary crafters of institutions.”

Professionalization stimulates institutionalization as professionals trigger “systemic repercussions and affect the structure of the broader institutional field they inhabit” (Muzio et al., 2013: 705). Indeed, many works focus on how professional groups engage in institutional work and what actions they take to create, maintain, and disrupt institutions (Lawrence, Suddaby, & Leca, 2009). Suddaby and Viale (2011) and Løsrud and Suddaby (2012), for instance, examined how professional groups engage in institutional work and bring about institutional change by “linking changes in professional practice and organization to broader societal transformations” (Muzio et al., 2013: 707).

One way in which professionals achieve this objective is by creating or opening up new spaces for their expertise and thus restructuring the respective institution. For example, DiMaggio (1991) showed how museum curators reconfigured the structures and practices of their employing organization to their advantage and, redefining its logic, turned the national
museum into an institution. Studies on the development of practices related to health and safety management (Daudigeos, 2013) and environmental audits (Hoffman, 1999) provide similar examples.

Helping create new corporate structures, such as large corporatized international law firms (Empson et al., 2013) and IT-based management consulting firms (Kipping & Kirkpatrick, 2013), and populating them with new actors is a second way in which professionals pursue professionalization through institutionalization. Through this process new professional roles may arise, such as that of “corporate environmental officer” (Hoffman, 1999) or of “health, safety, and sustainability manager” (Daudigeos, 2013). A third way professionals follow is setting boundaries and influencing the rules that govern contiguous fields so that they can advance their professionalization projects (Muzio et al., 2013). For instance, by launching professional service firms, professionals actively reset institutional frameworks and thereby open up a market for their expertise (e.g., Faulconbridge & Muzio, 2012). Fourcade (2006), for example, has shown how lawyers, with the help of the International Monetary Fund, sought to assert their professional authority by transforming local institutions through transnational mechanisms, which in turn allowed them to achieve their jurisdictional claims. A fourth way in which professionals sustain their social capital and organizational standing is by controlling access to key positions in organizations. An example of this tactic is the relatively high number of accountants on the boards of U.S. corporations (Fligstein, 1990).

Most researchers have investigated the relationship between professionalization and institutionalization and the reciprocal reinforcement of these two processes on the basis of those four tactics (e.g. Adamson et al., 2015; Kipping & Kirkpatrick, 2013; Lefsrud & Meyer, 2012; Suddaby, Cooper, & Greenwood, 2007). Table 5.1 summarizes the four ways in which, according to the literature, professional groups can drive institutionalization.
Table 5.1 Four different tactics professional groups use to drive the institutionalization of a practice

<table>
<thead>
<tr>
<th>How professionals drive institutional change</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactic 1</td>
<td>By creating or opening up new spaces for professional expertise.</td>
<td>Through the creation of new institutions such as health and safety (Daudigeos, 2013), national museums, (DiMaggio, 1996) and environmental audits (Hoffman, 1999).</td>
</tr>
<tr>
<td>Tactic 2</td>
<td>By populating existing social spaces with new actors.</td>
<td>Through the establishment of new corporate structures (Empson et al., 2013; Kipping &amp; Kirkpatrick, 2013) or new professional roles (Daudigeos, 2013; Hoffman, 1999).</td>
</tr>
<tr>
<td>Tactic 3</td>
<td>By resetting the boundaries and rules that govern contiguous fields.</td>
<td>By resetting institutional frameworks to open up markets for professional expertise (e.g., Faulconbridge &amp; Muzio, 2012) or to achieve jurisdictional claims (Fourcade, 2006).</td>
</tr>
<tr>
<td>Tactic 4</td>
<td>By controlling access to key positions in organizations.</td>
<td>Accountants securing positions on the boards of U.S. corporations (Fligstein, 1990).</td>
</tr>
</tbody>
</table>

The examples presented above indicate that a central assumption in the literature is that as institutionalization progresses, it ultimately enables professionals to move from the periphery to the center of an institution (Abbott, 1988). In other words, the relationship between the two constructs is presented as mutually supportive or, as we termed it, “symmetric”. However, in the light of our findings, the assumption that professionals are skillful actors who promote certain institutionalization projects so that they can occupy central positions becomes problematic. This is because that assumption is rooted in more traditional and historical forms of “occupational professionalism” (Evetts, 2006), which involve, among other things, discretionary decision-making, occupational control of the work, and collegial authority. However, this profile may no longer apply to contemporary professional groups that may control their professional knowledge by other means (von Nordenflycht, 2010). In contrast to occupational professionalism, the more recent form of “organizational professionalism” is mainly characterized by rational decision-making, the standardization of work, target-setting, and performance reviews (Evetts, 2006). In view of such changes, it is questionable whether
this symmetry between institutionalization and professionalization should be taken for granted and calls for a fresh look at this topic (Evetts, 2006; von Nordenflycht, 2010).

5.2.2 Professionals in the Organizational Context

In contrast to occupational professionals, organizational professionals, such as CSR managers, and even the more established group of HR managers, are relatively “weak” (Caldwell, 2003). This “weakness” may be related to the different ways of professional control of organizational professionals (Evetts, 2006; von Nordenflycht, 2010) that make it difficult for them “to realize the degree of indetermination, monopolization and control of their knowledge base enjoyed by the liberal/independent professions” (Reed, 1996: 584).

There are various reasons for this difference. Organizational professionals apply “professional principles to the solution of problems” (Scott, 2008b: 228) and have a “craft-like” knowledge base” (Reed, 1996: 84). As Daudigeos (2013) explained in his study of health and safety managers, organizational professionals are obliged to apply their knowledge in order to solve organizational problems. Moreover, their status is somewhat ambiguous, because they are permanent members of the established system of norms, beliefs, and routines of the organization to which they belong but are simultaneously supposed to challenge this order (Daudigeos, 2013). The role of HR managers, for example, is inherently ambiguous (Caldwell, 2003): they are peripheral to decision-making processes and struggle to clarify their relevance to business operations or to control their professional knowledge base (Legge, 1978; Tyson & Fell, 1986). At the same time, however, these ambiguities allow HR managers to reinvent and reinterpret their role so that they can maintain their power and professional status in a permanently changing working world (Caldwell, 2003; Legge, 1978).

The focal agents of this study, CSR managers – sometimes also referred to as “sustainability” or “ethics” officers (Chandler, 2014; Strand, 2013; for a systematization see Table 3.1) – are responsible for promoting socially and environmentally sound ethical business practices (Daudigeos, 2013: 723). In the next section, we explain why CSR managers represent an emerging type of organizational professional and how, through their day-to-day work activities, they contribute to the institutionalization of CSR within and beyond their organizational contexts.

5.2.3 The Institutionalization of CSR within Large Firms

From an “integrative theories” of CSR (Garriga & Melé, 2004) perspective (see Chapter 2.4), the role of CSR managers is focal, because they are responsible for managing the compatibility of their organization’s operations with societal demands and for promoting CSR policies (e.g., Acquier et al., 2011; Strand, 2014; Wickert & Risi, 2016). In that respect, the case of CSR is
particularly pertinent to the question of how institutionalization and professionalization interrelate. CSR has now become institutionalized in society (Bondy et al., 2012; Matten & Moon, 2008) and CSR professionals have become well established within large firms (e.g., Chandler, 2014; Strand, 2014).

As already explicated before (see Chapter 2.4.2), the concept of CSR started gaining widespread support in the last few decades, and its popularity can be traced to three key developments – weakening of national governments, increasing social and environmental awareness of civil society, and growing mobility of corporations (Scherer & Palazzo, 2007; Vogel, 2005). Multinational corporations are at the center of these three developments: they have been gaining increasing political power, are frequently targeted by environmental and social activists, and have a strong orientation toward shareholders, potentially at the expense of other stakeholders – relocating facilities to low-wage countries is an example of this orientation (Scherer & Palazzo, 2011). The effects of these three developments have been amplified by the media and information technology. As a result, business firms have been and are under pressure to take on increasing social and environmental responsibilities (Campbell, 2007). The consequence of these pressures is that large firms are highly involved in CSR and that CSR has become institutionalized in many large firms (Bondy et al., 2012; see Chapter 2.4.3).

Like other institutions (e.g., Zilber, 2002), CSR is manifested through relevant organizational structures and practices (Bondy et al., 2012; Graaf & Herkstroter, 2007) that are implemented in various parts of the value chain and in various domains, including strategy, human resources, finance and accounting, marketing, sales, procurement, manufacturing, logistics and so on. On the basis of these arguments, Bondy et al. (2012) have developed a comprehensive six-phase framework that comprises the key stages and components of the CSR institutionalization process within large firms and which reflect the main patterns of practices that characterize each particular phase (Bondy et al., 2012). Table 5.2 summarizes this framework, which we further draw on below in order to measure the level of institutionalization of CSR in the large firms we studied.
Table 5.2 Six phases of CSR institutionalization in large firms

<table>
<thead>
<tr>
<th>Phase</th>
<th>Distinct patterns of practices</th>
</tr>
</thead>
</table>
| Phase 1 – *Research* | • Identifying the possible form of CSR within the business and how it is understood.  
  • Identifying current activities that can be described as CSR and assessing the organization’s relative performance on CSR-related issues. |
| Phase 2 – *Develop a strategy* | • Drafting a CSR strategy (purpose and commitments).  
  • Defining the details and formalizing the strategy. |
| Phase 3 – *Develop a system* | • Defining the scope, structure, and key relationships to stakeholders.  
  • Specifying commitments. |
| Phase 4 – *Roll-out the practice(s)* | • Rolling out CSR within and outside the organization; getting feedback.  
  • Creating local systems and commitments. |
| Phase 5 – *Embed the institution; administration & review* | • Reporting on performance and getting feedback.  
  • Analysing the feedback; responding to stakeholders and communicating achievements. |
| Phase 6 – *Continuous improvement* | • Revising the strategy, improving performance, incorporating feedback into the next phase. |

(Adapted from Bondy et al., 2012)

5.2.5 CSR Managers as Organizational Professionals

We chose to explore our main question in the context of CSR because it allows us to acknowledge

“[…] the roles of corporations, which had previously been largely absent from the relevant literature […], as key sites and vehicles for professionalization projects” (Muzio, Hodgson, Faulconbridge, Beaverstock, & Hall, 2011: 458).

Furthermore, choosing CSR allowed us to gain new insight into the relationship between institutionalization and professionalization and the potential asymmetry between them in relation to a highly topical issue.

More generally, the growing tendency of large firms to appoint CSR managers (Chandler, 2014) enables us to study professionalization “in action” through a currently evolving type of organizational professional. For example, “trained professionals” – whose development is characteristic of the institutionalization of a profession (Meyer & Rowan, 1977: 347) – in CSR
have evolved both in universities offering tailored education programs and, most notably, in large firms employing CSR managers. The evidence that Bondy et al. (2012) and Strand (2013) provide suggests that CSR managers now possess traits that are generally viewed as characteristic of a profession (see also Chapter 2.4.3.

In addition to these developments, the creation of professional associations marks an important step in the process of professionalization (Lounsbury, 2002). In the last two decades, CSR managers have begun to organize themselves collectively by setting up globally oriented professional associations. These associations organize events and conferences, offer certified training, and have been developing their own codes of ethics. Some of the larger international associations are the International Society of Sustainability Professionals (ISSP), the Institute of Corporate Responsibility and Sustainability (ICRS), and the Corporate Responsibility Officer Association (CROA). The latter, for instance, aims to be “the professional society for the corporate responsibility community” and their mission “is to promote the practice and profession of corporate responsibility in service of good business” (www.croassociation.org).

The increasing professionalization of CSR managers is also manifested in the rise of conferences for specialized practitioners, or “CSR roundtables”, and in the increasing popularity of trainings for CSR standards such as ISO 26000, which is commonly offered by chambers of commerce. The emergence of executive education courses and academic courses in CSR and the growing body of professional literature are further signs of increasing professionalization (Moon & Orlitzky, 2010). These developments have been shaping and reproducing the professional identity of CSR managers and laying down the specialist knowledge base that they share, enabling them to band together as a professional group (Evetts, 2006; von Nordenflycht, 2010). The emergence of studies that describe the job profile, functions, organizational position, and responsibilities of CSR managers (e.g., Izraeli & Barnir, 1998; Strand, 2013) and the traits, skills, and expertise that employers commonly expect of them (e.g., Hoffman, Neill, & Stovall, 2008a) are also indicative of this trend.

Our review of the literature shows that CSR and the role of CSR managers as an emerging type of organizational professional in large firms offer an empirically rich context for studying institutionalization and professionalization. However, the literature does not explain why the gradual institutionalization of CSR in large firms does not necessarily reinforce the function of CSR managers and counterintuitively may even lead to their peripheralization. For example, corporate social responsiveness researchers (e.g., Ackerman, 1973 and 1975; Ackerman & Bauer, 1976; for a recent overview see Acquier et al., 2011) have argued that full institutionalization might require CSR managers “to agree to relinquish their position as driver and take a more back-seat role supporting division-level action” (Acquier et al., 2011: 233). Our study helps to provide a theoretical answer to this empirical observation.
5.3 Research Design Specifications

Our empirical data comes from Germany and Switzerland. Both countries are characterized by strong societal pressure on companies to implement CSR. In both countries many large firms have established a diverse portfolio of CSR-related organizational practices and can thus be considered particularly advanced in CSR implementation (Baumann-Pauly et al., 2013; Hiss, 2009). Thus, both Swiss and German large firms offer a data-rich empirical context that at the same time allows comparisons with other industrialized economies, such as the United States, the United Kingdom, France, or Spain. The increasing standardization of CSR helps such comparisons: now, many companies tend to adopt global CSR frameworks, such as the guidelines of the Global Reporting Initiative, ISO 26000, or the principles of the United Nations Global Compact (Waddock, 2008).

We pursued a qualitative research approach to examine inductively the relationship between professionalization and institutionalization. In line with the principles of an iterative approach to qualitative research – in particular, grounded theory (Glaser & Strauss, 1967) – we used the “constant comparative method” by constantly moving back and forth between theory and data (Suddaby, 2006: 636). The shift in our research focus, which will become evident when we present our findings, is reflected in the iterative refinement of our theoretical insights.

5.3.1 Data Collection

To capture the evolution of the relationship between institutionalization and professionalization over time, we collected our qualitative data in three phases between November 2012 and September 2014 (phase “a”, “b” and “c”, having a time span of 22 months) in the form of 85 semi-structured interviews. Of the 85 interviews, which were conducted either face-to-face or on the telephone, 67 were with CSR managers and 18 were with other informants from the fields of corporate communications and corporate development, whose functions were closely related to that of a CSR manager (for further information see Appendix A). We used a theoretical sampling approach (Glaser & Strauss, 1967) that involved data gathering “driven by concepts derived from the evolving theory” (Strauss & Corbin, 1998: 201).

We started by searching for companies listed on the German stock index (DAX, MDAX) or the Swiss Market Index (SMI). This allowed us to collect a broad cross-industry sample of representative large firms in each national context, including manufacturing, banking and financial services, software, automotive, construction, chemicals, and utilities. Each large firm had at least 5,000 employees and operations in multiple countries. Following that step, we screened company websites, where the contact details of CSR spokespersons are commonly published. Because the CSR domain includes various job titles and functions, we used the aforementioned categorization of CSR managers and other professionals to sample our
informants (see Table 3.1). This approach enabled us to compile a list of nearly 125 potential candidates that fitted our sampling criteria. Based on publicly available information, we classified the large firms in our sample into categories that reflected different levels of CSR institutionalization on the basis of Bondy et al.’s (2012) six-phase framework that we described earlier (see Table 5.2). In order to compare how changes in the status and role of CSR managers may relate to different levels of CSR institutionalization, we consulted informants from companies that had published their first CSR report in different years. The publication of the first CSR report marks the “reporting” phase. This practice is characteristic of the early fifth phase and thus represents a relatively advanced degree of CSR institutionalization (see Table 5.2). Such reports are particularly useful because they contain details about, e.g., certificates or information about membership in various CSR initiatives, which are indicative of CSR institutionalization (Graffin & Ward, 2010). Our sample included companies that had achieved an advanced, intermediate, or low degree of CSR institutionalization to allow better comparison across cases.

Table 5.3 provides details on the informants we selected and on how many interviews we conducted in which phase. In line with the findings of other studies (e.g., Morf, Schumacher, & Vitell, 1999; Taylor, Burke, Buchan, & Daniels, 2014), the interviewed CSR managers had significant cross-functional experience in their organization because they had previously held other positions within the same firm. Like Taylor et al. (2014), we too found that over one third of the CSR managers we interviewed had no budgetary responsibility and oversaw teams of one to three employees. Approximately ten percent of our interview partners reported directly to the CEO, chairman, and/or the board of directors. The degree of access to top management is higher than in previous studies. For example, Taylor et al. (2014) found that less than 5 percent had direct access to the highest organizational level. However, most of the interviewed CSR managers reported to executives below the top management.
Table 5.3 Overview of the 85 interviews (58 informants)

<table>
<thead>
<tr>
<th>Phase</th>
<th>CSR Managers</th>
<th>Other Informants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>b</td>
<td>40</td>
<td>13</td>
<td>53</td>
</tr>
<tr>
<td>c</td>
<td>21</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>a–c</td>
<td>67</td>
<td>18</td>
<td>85</td>
</tr>
</tbody>
</table>

Data collection in the first research phase (a) took place between November 2012 and January 2013. We arranged eight face-to-face interviews with CSR managers, each of whom represented a different industry and large firm. These interviews lasted between 40 and 120 minutes, were tape-recorded, and fully transcribed. We opted for open and largely unstructured interviews, as our main objective was to examine how CSR-related practices and procedures were implemented and how CSR managers dealt with obstacles in the course of implementation. We asked questions such as “Can you describe the organizational implementation of CSR practices?” “Who is involved internally in the implementation of CSR?” and “What obstacles and difficulties do you encounter when you seek to put into effect the implementation of CSR internally?” These exploratory interviews provided primary data on which we gradually built our knowledge of the field. On the basis of these first insights, we formulated new open-ended questions for our interviewees that explicitly addressed the institutionalization of CSR and updated our interview manual for the second phase.

We arranged 53 interviews, which we conducted either face-to-face or on the telephone in the second research phase (b). The interviewees were either heads of the CSR department or had a management function that explicitly related to CSR. The interviews took place between March and September 2013 and lasted between 35 and 105 minutes; again, we recorded and fully transcribed them. During this phase, the focus of our research gradually moved to the relationship between professionalization and institutionalization. We asked the interviewees to reflect openly on their internal role and how this had developed and to give us their outlook on the prospects of their profession (see the interview manual for phase b in the Appendix E). Most of the informants repeatedly pointed out that their initially central position in the organization was becoming more peripheral. These initial findings led us to adjust our research focus.

To corroborate the findings gathered in the previous phases and to find support for the insights we derived in the second phase, we contacted about half of the respondents to conduct follow-up interviews approximately one year after the initial interview in a third research phase (c). During this lapse of time, various changes that had been prefigured in the previous interviews...
materialized. In this phase, we selected the interviewees according to whether any of their previous statements indicated that their role had been changing and their influence might be shrinking. On the basis of a new interview manual (see the interview manual for phase c in the Appendix E), we conducted 24 follow-up interviews between June and August 2014. We asked the informants to describe the developments that had taken place in the meantime, to specify – with evidence – how CSR had been implemented in their organization, and to explain how this had affected their organizational position.

To capture empirically the organizational position of each CSR manager as it is reflected in the data we collected in the second and third phases and to classify it as rather central or rather peripheral, we followed Chandler’s suggestion and examined the “access to valuable resources” that CSR managers had (Chandler, 2014: 1728). These include tangible resources, such as staff (Lounsbury, 2001) and the budget they were allocated (Covaleski & Dirsmith, 1983), and intangible resources, such as “influential others” (Sparrowe & Liden, 1997). More specifically, access to the top management is critical for CSR managers, because the implementation of CSR requires political competencies and persuasiveness (Daudigeos & Valiorgue, 2011; for a further discussion on resources see Chapter 4.2.1).

We asked our interviewees to provide evidence of how their overall influence in their organization had developed since the first interview and to what extent they felt that CSR-related structures and practices had become accepted in the meantime. To measure changes in the interviewees influence, we enquired about their position in the corporate hierarchy, about the number of staff they supervised, and about the degree to which they were involved in functional processes and participated in high-level meetings. Asking our interviewees to present “facts & figures” was critical, because interviewees may adopt rhetorical strategies that allows them to present themselves in a favorable light, concealing that their formerly central position is becoming or has become peripheral (Jacobsson, 2000).

In the second and third phases, we included additional secondary data. More specifically, we analyzed publicly available material either published by or about the selected companies to get a better picture of the level of CSR institutionalization that they appeared to have reached. Most of this material came from the company websites, press releases, annual reports, reports on CSR or sustainability, and organization charts. We also screened web-based forums in which CSR managers discussed issues related to their work to gather further evidence for the trends that we had identified in our primary data. In one public forum (XING, the German counterpart of LinkedIn), for example, CSR managers discussed the relationship between institutionalization and professionalization directly, under the topic title “CSR managers — CSR experts are losing their importance”. Similarly, at a relevant event we attended in Switzerland in 2014, many CSR managers repeatedly expressed concerns about the future of their influence within their organizations once CSR had been successfully implemented.
5.3.2 Data Analysis

To analyze our data, we applied the “Gioia Methodology”, which comprises three different levels of abstraction and is tailored to inductive inquiry (Gioia et al., 2012). As Tables 5.5-5.9 show, we began by openly coding, grouping and classifying the individual descriptions of the relationship between professionalization and institutionalization that our informants gave us as “interview samples” to perform a first-order analysis. Our next step was to perform a second-order analysis by comparing these categories and examining the patterns that emerged. This analysis provided the basis on which we developed our theoretical propositions and conceptual model. We assigned “sample activity codes” to the descriptions of the relationship between professionalization and institutionalization and classified them accordingly. These codes represented “a slightly higher level of abstraction—higher than the data itself” (Martin & Turner, 1986: 147).

At this point, we also used the literature to facilitate the comparison of emergent categories by iterating between theory and data, a procedure common in qualitative research (e.g., Rouleau & Balogun, 2011). While the theoretical constructs we devised supported the research process, they did not determine our interpretation of the empirical data. To measure the degree of CSR institutionalization, we looked for specific patterns of practices that played a role in this process in the selected large firms, based on the six-phase framework we described above (Bondy et al., 2012). These patterns helped us derive keywords that guided the analysis of the interview data and identify the specific phase that the institutionalization process had reached at various points (see Table 5.2). We also compared the secondary data with the interview statements to triangulate and validate our theoretical constructs (Miles & Huberman, 1994).

To measure the degree of professionalization that our interviewees had reached, we noted how the relative budget each large firm allocated to the CSR department had changed between interviews (Covaleski & Dirsmith, 1983), as well as changes in the number of staff in the CSR department in each large firm (Chandler, 2014) and changes in the degree of access each interviewee had to people at the highest corporate level (Sparrowe & Liden, 1997). This data served as indicators of the organizational position that the CSR professionals in our sample occupied.

The criteria for characterizing a CSR manager’s position as “central” were close ties between the CSR department and the top management team or board of directors, increases in the involvement of staff whose role related to CSR in strategic decision-making processes, and a relatively high budget for the realization of CSR projects and initiatives. In contrast, decreases in the number of staff working in the CSR department and in the department’s budget, an increase in the operational rather than strategic tasks CSR staff had to deal with (e.g., compiling
data for and crafting the yearly sustainability report), less involvement of CSR staff in strategic meetings, and more involvement in mere consulting were all signs of peripheralization.

During the second phase of interviews, we identified several abstract categories into which we classified our data on the relationship between the organizational position of CSR professionals and the institutionalization of CSR. Gradually factoring in more data, which we gathered during the third phase of our research, allowed us to develop more robust theoretical concepts and discern and clarify this relationship at the highest level of analysis until the emergent theoretical model crystallized. Appendix D condenses the second-order themes that were used to model the relationship between professionalization and institutionalization in the context of CSR in the style of Corley and Gioia (2004).

5.4 Findings

Our data enabled us to identify a number of conditions under which the relationship between institutionalization and professionalization becomes asymmetric. This finding challenges the prevalent assumption in the literature we reviewed above that this relationship is largely symmetric.

5.4.1 Are CSR Managers Working toward Obsolescence?

In some cases, we found that as CSR became increasingly institutionalized in an organization, the relative position of the respective CSR manager shifted from the organizational center to the periphery (for a similar finding see Chapter IV). To investigate this shift, we asked our interviewees what their ultimate objective was. The following response is typical of the answers we were given: “The ultimate aim is to get rid of [the] sustainability function by ensuring it’s all embedded in business processes, thinking, and performance” (INS-B1-c). Echoing that statement, another respondent hinted at her prospects: “My job will become obsolete. Because, if done rightly, this would mean that CSR is part of the company’s DNA” (AUTO-E1-b).

When the second informant (AUTO-E1) was interviewed again over a year later, she was asked to describe to what extent that aim had been realized in the meantime. This informant replied that in the areas of human resources, diversity management, and procurement, for example, she no longer participated in meetings and had retreated from daily business activities pertaining to these areas. This suggests that, although her input had led these departments to incorporate CSR issues into their agendas and activities, they no longer needed to draw on a CSR manager’s expertise to the same extent and, consequently, her influence in these functional processes had decreased. This example illustrates why as the institutionalization of CSR progresses, the CSR manager’s position may become peripheral: once “CSR is part of the company’s DNA” (AUTO-E1-c), CSR managers become obsolete.
Several other informants revealed this kind of asymmetric relationship between the organizational position of CSR managers and specific levels of CSR institutionalization while talking about their access to resources (see Table 5.4). For example, a construction company in our sample increased its CSR budget and staff continuously until 2014. After 2014, in the midst of the transition from the fourth to the fifth phase of CSR institutionalization (see Table 5.2), the CSR function was reduced in terms of budget and staff. Thus, once CSR had become highly institutionalized in that organization, for instance by evidence of comprehensive reporting systems that reached through various divisions and sub-units, the influence of its CSR managers became peripheral.

In the case of a utilities provider, the budget of the CSR function increased in 2012, but then started to shrink steadily until our last observation in 2015. At the same time, CSR staff was downsized from 9 to 6 employees. Although the CSR management ended up with less access to tangible resources, the level of CSR institutionalization remained high as the firm moved from the fifth to the sixth phase, as the increasing involvement of the firm’s CSR managers in auditing reveals (see Table 5.4). In another company, in the transportation sector, the progress of CSR institutionalization is evident in the increasingly closer cooperation between the CSR department and the company’s business units – for instance, through the establishment of a company-wide working group for environmental controlling. While the creation of this working group is typical of a pattern we observe in the fourth phase of institutionalization, i.e., the creation of local systems and commitments to roll out CSR, the CSR manager now reports to the line management instead of the top management, which indicates that this position has become more peripheral.

These cases suggest that as the institutionalization of CSR in a particular organizational context advances, the role and participation of the CSR managers in this process may shrink and their position may shift from the center to the periphery of the organization. Table 5.4 provides additional data supporting interpretations of how institutionalization may harm professionalization.
Table 5.4 Institutionalization harms professionalization

<table>
<thead>
<tr>
<th>Theme</th>
<th>Representative Quotations</th>
</tr>
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</table>
| Full institutionalization renders the CSR manager obsolete            | • “What do I wish? That my job would become obsolete. Because, if done rightly, this would mean that CSR is part of the company’s DNA.” (AUTO-E1-c)  
• “Our mission is fulfilled if we are no longer needed. This is the case once the organization addresses and engages with these issues of its own accord and external pushing becomes obsolete.” (BAN-C2-c)  
• “Well, if you see it that way, then the end goal—and this is not a joke—the end goal, then, is that the function [of the CSR manager] ceases to exist once sustainability becomes fully implemented in a company.” (BAN-C2-c)  
• “My job will become obsolete. Because, if done rightly, this would mean that CSR is part of the company’s DNA” (AUTO-E1-b). |
| CSR manager is important for institutionalizing CSR                   | • “Ideally, CSR managers become unnecessary. This is what we want and therefore we try to confer CSR upon the business units. […] We have not achieved that yet; so, I believe that we still need the function of the CSR manager, because CSR is still a fragile plant and therefore it needs to be further nurtured and supported.” (INS-A2-c) |
| Aim is to make CSR taken-for-granted (and independent of the CSR function) | • “That is our key objective: to mainstream CSR and sustainability in the DNA of the company.” (AUTO-D1-b)  
• “The ultimate aim is to get rid of [the] sustainability function by ensuring it’s all embedded in business processes, thinking, and performance” (INS-B1-c). |

Having less access to tangible and intangible resources is a strong indicator of these parallel changes. In the next section, we refine this initial insight into the potential asymmetry between professionalization and institutionalization.

5.4.2 Externalizing Knowledge to Other Business Functions

The CSR managers we interviewed consistently emphasized that a key task of their job was to “explain” to organizational members in other departments, such as HR, accounting, and procurement, which CSR practices were relevant to their functions and how these should be handled. The CSR managers’ ultimate aim was to pass sufficient CSR-related knowledge to other managers so that they could handle relevant issues independently. For example, in one company, responsibility for CSR “that had been with the CSR manager was passed to the procurement department, where these CSR issues are now handled” (BAN-F1-c).
Likewise, another informant described how the CSR department she had been head of had been shut down with the justification that most of the jobs, such as environmental controlling, “can be more efficiently done when combined with the respective functional units” (WARE-B1-c). Another CSR manager explained how the institutionalization of CSR impacted the professionalization project of CSR managers in general:

“The tendency is that the CSR function will become less operative, because CSR should be taken over by the business units where it becomes increasingly self-supporting. People [in these business units] integrate CSR into their daily decisions that relate to clients or business partners. Therefore, our function [as CSR managers] becomes less operative, and we only have an advisory function.” (INS-A2-c)

A possible explanation for the CSR managers’ shift towards the organizational periphery in the course of CSR institutionalization is that these professionals handle the control of their professional knowledge base – i.e., what CSR means and how it should be practiced – to other job functions. The aim of CSR managers is that other functional managers (e.g., in procurement or HR) increasingly execute CSR-related tasks independently. To that end, they transfer specific CSR knowledge to other professional groups, which can then manage CSR-related tasks as part of their own expanding organizational function. As a consequence, the process through which the institutionalization of CSR practices progresses may render CSR managers less important and affect their relative organizational positions.

While the CSR managers we interviewed seemed to move steadily towards the periphery as the institutionalization of CSR advanced, mainly due to what we describe as the “externalization” of CSR-related knowledge to other professional groups. Table 5.5 provides additional data supporting interpretations of CSR managers’ externalizing control over their knowledge base.

Table 5.5 Externalizing control over the knowledge base

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<th>Representative Quotations</th>
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| The CSR function externalizes CSR to other departments | • “The [CSR] team has not changed, but more and more we draw on resources from other departments [...] For instance, in the case of communication management, we increasingly use colleagues from the communication department. Also, in the case of our “ecology month”, the environmental and social risk department or people from the internal environmental management are strongly involved. This is the approach.” (BAN-C2-c).  
• “[As a CSR manager], you give away the control of certain things. For instance, the HR department now organizes the “bike to work” program. Although I was the one who started auditing the energy consumption of the...” (BAN-C2-c). |
company’s buildings, this job is now done by the real estate department. Another example is purchasing, where I don’t do much anymore. Only from time to time I talk to the purchasing manager.” (TELE-A1-c)

- “My job is to tell the different departments where their opportunities lie in terms of sustainability. And then, it’s up to [these] departments to find a solution.” (DRINK-A1-b)

| Other departments handle CSR | • “It is important that the departments are those that put different sustainability topics into practice, and we only consult them.” (BAN-F1-b) • “Once sustainability issues have been integrated into incentive schemes and other objective functions, people successively consider [them] a daily routine.” (ELEC-D1-b) • “There is no “sustainability function” in the strict sense, as there is an HR function. Rather, sustainability is part of every function, and that is the difference from most other issues.” (ELEC-H1-b) |
| Other departments take over CSR at the expense of the CSR function | • “We have to demonstrate that sustainability is not created by the sustainability department, but that every department needs to tackle it! The fewer people I have here, the clearer it is that everyone else needs to take care of sustainability.” (DRINK-A1-b) • “CSR managers are indeed losing influence. But they just get another function. It is less about running a certain project from A to Z. The line managers now organize that and are responsible for implementation. For instance, in product development, sustainability is important from the outset, and if the product manager has assimilated [it into the department’s tasks], then we don’t need the CSR manager anymore.” (PUBL-B1-c) |

Another possible reason for this asymmetry emerged from our data, which we discuss next.

5.4.3 Shifts in the Organizational Positions of CSR Professionals

A second factor that potentially determines whether the institutionalization–professionalization relationship is symmetric or asymmetric is the phase of the institutionalization process. At the beginning of the CSR institutionalization project, most of our informants seemed to be able to secure a central organizational position. As the institutionalization progressed beyond the early phases, however, they were pushed to the periphery. The following excerpt illustrates this process:

“First of all, [we] need someone who triggers [the process of CSR institutionalization]. But once it has become understood and is part of decision-making in the business strategy, etc., and if this is implemented, then the [CSR] department does not need to exist anymore.” (BAN-C1-b)
One year after the first interview, the same informant confirmed his previous account: “Yes, the ownership of many topics migrated to the functional unit [...] The usual path is that topics are identified together with us and then operationalized, but then they are handled independently by the functional units. A few years ago, this was different; [then] we used to have more operational responsibility in the CSR department. This has happened with procurement, HR, and diversity management for instance.” (BAN-C1-c)

The trend this informant describes was evident in several other cases too, where several companies at early phases of CSR institutionalization reported expanding CSR departments, while others at later phases reporting decreasing staff at their CSR departments. Overall, at the beginning of the institutionalization process, the organizational position of CSR managers is more central because these managers function as the key drivers of CSR and are the main carriers of relevant knowledge. Their position remains central until a “tipping point”, at which the other organizational members have understood CSR practices, fully absorbed the relevant knowledge, and accepted these practices as a legitimate component of managerial strategies (for a similar argument see also Green, 2004). It seems like a natural consequence of this process that after this point the CSR manager’s role is no longer as essential and gradually becomes more peripheral as CSR becomes taken for granted. Downsizing the CSR department, excluding CSR managers from important meetings on strategy, etc., are all signs of this kind of peripheralization. At that stage, the need for CSR managers to further externalize knowledge to other organizational groups is reduced because these groups already possess sufficient amounts of relevant knowledge (see Table 5.6).

This trend may have to do with the fact that the expertise of CSR managers is viewed as generalist with a focus on CSR (Hoffmann et al., 2008a). Possessing broad strategic and cross-functional expertise is important in the initial phase of CSR institutionalization, because initiating organizational change demands a holistic perspective. However, aligning organizational practices and processes with CSR objectives demands narrower, more technical expertise. Thus, as the institutionalization and implementation of CSR in the different business units increases, the importance of the generalist expertise of CSR managers decreases. Functional managers in large firms have such expertise and consequently take over the ownership of CSR (see quote INS-A2-c above). Table 5.6 provides additional data supporting interpretations of CSR managers’ shifts in organizational positions.
Table 5.6 From symmetry to asymmetry: Shifts in a professional’s organizational position

<table>
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<th>Theme</th>
<th>Representative Quotations</th>
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<td>Initial trigger function of CSR management</td>
<td>“The functional departments are those which are responsible for [CSR issues] and they have to integrate them in their daily job routines. And our role is to trigger that process, to moderate the process, and to make sure they make progress.” (FOOD-A1-b)</td>
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<td>“CSR in such a huge company flourishes if each department supports it individually. We, as the central CSR unit, can trigger initiatives; we help the other departments launch new projects, etc.” (TELE-B1-b)</td>
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<td>“The key point is that sustainability becomes part of the company’s DNA. Other companies with a huge CSR department are simply in an early stage, they still need to do missionary work on CSR.” (PUBL-A1-b)</td>
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<td>“Of course, there are many employees, directors, and managers who can identify with CSR and who try to implement [CSR] practices in their departments. But, basically, the CSR department is where it all begins.” (TRADE-C1-b)</td>
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<td>Dynamic evolution of CSR function</td>
<td>“So far as the successful integration of CSR into the business is concerned, our influence [as CSR managers] decreases if [CSR] comes closer to the business. But our role also changed parallel to the life cycle of the topic. And I’d say, [...] that we [CSR managers], just became sparring partners on another level. Not less important, just different. But related to the business, respectively if it goes closer to the business, our influence decreases.” (BAN-D1-c)</td>
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<td>“CSR management does not vanish completely, but it certainly loses its significance. For instance, in the case of quality management, they initially had a huge department in order to get it going. For CSR this is also important – that there are more human resources in the initial phase.” (INS-B1-b)</td>
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<td>“They [other CSR managers] often say that [...] if a company has already done a lot [in terms of CSR], they shrink the CSR departments.” (BAN-D1-c)</td>
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<td>“In the context of sustainable investment products, we can see that the topic has shifted to the specialist departments because we are no more the only one who triggers that. The business case for CSR or sustainable investing is recognized in certain departments, and there we [the CSR department] are only consulted when expert knowledge is needed.” (BAN-C2-c)</td>
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<td>“It depends on the level of maturity of the different CSR issues. Some departments are more advanced [...] others lag behind, and, accordingly, there is a higher or lower need for us to help them.” (BAN-F1-b)</td>
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</table>
Although slipping towards obsolescence seems unavoidable for CSR managers, according to these data, we found that not all of our informants were silently accepting their peripheralization; on the contrary, some actively worked against it.

5.4.4 Expanding the Scope of CSR: How CSR Managers Counteract Their Peripheralization

Although our data largely indicates that CSR managers steadily lose their centrality, in a few cases we also found that the capacity of CSR managers to identify new issues that they can add to their professional knowledge base has an important moderating effect on the relationship between institutionalization and professionalization that we described.

The historical development of CSR provides various instances of new issues that emerge every so often as the concept of CSR becomes reconfigured (De Bakker, Groenewegen, & Den Hond, 2005): for example, while toward the end of the twentieth century CSR was largely viewed as a mix of philanthropy and community involvement, in the current business environment popular CSR definitions commonly reflect a strong focus on an organization’s core business operations and extend to accepting responsibility for social and environmental harm throughout the organization’s global supply chains. In the last decade for instance, issues such as climate change, human rights and labor rights became very relevant to most large firms (Scherer & Palazzo, 2011). Identifying new issues that “make them important experts again” is a strategy some of the interviewed CSR managers have used to counteract their peripheralization (see Table 5.7). As one informant explained, “If I want to be visible in this [CSR] area, then I have to think about what the innovations, what the new issues are with regard to sustainability” (ELEC-D1-c). This means that those CSR managers who put new CSR-related issues on the agenda and expand their professional knowledge base with unique expert knowledge about issues of strategic importance for their organization can reclaim or sustain a position closer to the center of their organization.

In the case of a consumer products and retail company in our sample (TRADE-D), the CSR budget and staff remained stable and the CSR management still reported to the CEO by the end of our data collection. The fact that the CSR department maintained a stable access to resources is surprising against the background of company-wide budget cuts. Although two employees of the CSR department migrated to the marketing department in 2014, our informant reported that he was able to secure two new CSR manager positions who had responsibility for issues that were new to the company and thus expanded the scope of CSR: “detox” (i.e., avoiding hazardous chemicals in textiles) and data privacy. Identifying these new fields and successfully asserting their strategic relevance thus allowed the CSR department to remain at the organizational center.
Two other companies in our sample reflected this pattern (ELEC-C and BAN-C). One, a software company (COMP-A), was able to increase its budget and even install a “Chief Sustainability Officer” who had very close access to the board of directors. This was accompanied by the introduction of new topics, such as electrifying 20 per cent of the company’s car fleet. A similar pattern emerged at an engineering and electronics company (ELEC-C): in 2014, the CSR management increased its budget by 10 per cent compared to 2013. Before the increase, the CSR managers had prioritized new issues, including diversity management, CO2 reduction, and supply chain responsibility. These new issues had to be strategized in a more general manner before technical aspects became important. The CSR management is fully in charge of these new issues. Interestingly, these two companies were at different stages in the institutionalization process, which suggests that the identification and inclusion of new issues on the agenda can take place at any stage. Table 5.7 provides additional data supporting interpretations of how CSR managers counteract their peripheralization.

Table 5.7 Counteracting peripheralization by expanding the scope of the knowledge base

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| New CSR issues require the guidance of CSR managers| • “The human rights landscape is continuously changing. New legislation on human rights comes out. Either governmental national action plans to operationalize the UN Guiding Principle or things like conflict minerals, which is a human rights related order. All that needs specialists to interpret how that can be integrated into the business. So, yes, in the best of all possible worlds it would be wonderful to have human rights driven solely by the business, but you need some CSR specialists to understand the changing landscape and also to train others.” (ELEC-A1-b)  
• “The CSR department has increased its acceptance and importance. This is because there are new CSR-related opportunities emerging.” (TELE-A1-b) |
| New CSR issues help CSR managers to retain their importance | • “We therefore do not become less important because in certain new issue areas we are still the only ones who trigger that, and there are also not yet specialist departments which can take over our work. And in cases where other departments have taken over [certain subject areas], we still have the know-how and the exchange with NGOs that help us identify new issues […]. But we can generate new ideas and point out new potential risks.” (BAN-C2-c)  
• “Our role is more about ascertaining whether the stated objectives have been attained, adjusting these objectives, and looking out for trends. But this is a dynamic process characterized by ups and downs. It’s probable that there’ll come a phase when we are more engaged in operating activities. Then, we will withdraw again from the business because [CSR] is a moving target.” (TELE-A1-c) |
• “While we retreat from daily business in many areas, [...] there’s still a need for someone who identifies new issues relevant to CSR, who has the up-and-coming issues on the radar.” (BAN-C1-b)

Our intermediate conclusion from these observations is that externalizing control over the professional knowledge base of CSR displaces the CSR managers to the organizational periphery. In the early stages, when the CSR topic is new, CSR managers have an important “trigger” function. The shift to the periphery only materializes in the later stages of the CSR institutionalization process, when a sufficient amount of knowledge had been externalized to functional units and CSR managers have become relatively obsolete. However, CSR managers can counteract their peripheralization to the extent they are able to expand their knowledge base by identifying and putting on the agenda new relevant CSR-related issues.

5.4.5 Maintaining the Institution by Strengthening Other Professionals

As we emphasized earlier, the symmetric relationship between professionalization and institutionalization seems to hold until a point after which the profession starts losing its relevance, while the institutionalization project continues. Our data enable us to refine this process of divergence. While the institutionalization of CSR pushes CSR managers to the organizational periphery, that same process pushes towards the center of the organization other groups to which the CSR-related knowledge has been externalized and enables them to gain control over the further institutionalization of CSR. The “asymmetry” we described springs from this mechanism. The rise of groups that have “inherited” the control of the institutionalization process can be observed, for example, in the case of accounting professionals, who increasingly occupy important roles in relation to environmental reporting.

This finding suggests that while professionals are important drivers as well as carriers of institutionalization, other professional groups can take over this role when the relevant knowledge has been externalized to them. In one case in our sample, for instance, the CSR department was downsized by half and its tasks were transferred to other business units:

“However, these tasks [have not been] taken over by a junior CSR manager; instead, they have been integrated in the business unit. These fifty per cent are now taken over by people working in the business units.” (BAN-D1-c)

At the same time, the management of CSR in the company was increasingly handled by other departments:

“This means that operations now gather data on key performance indicators, HR is now responsible for the awareness-raising campaigns for employees, and in the investment
business, the responsibility now rests with the financial analysts. This is for sure something that has changed dramatically in recent years.” (BAN-D1-c)

The increasing centrality of other professionals with regard to CSR and the simultaneously increasing peripherality of CSR managers reflect what we described as a “compensation effect”: the decrease in one professional group’s influence is compensated by the rise of another professional group’s influence.

The informants generally emphasized that the cross-functional nature of the CSR institutionalization project made it necessary to involve other professionals and organizational groups in order to promote or maintain the institutionalization of CSR (see Table 5.8). The following comment illustrates this trend:

“There is a general trend to downsize [the CSR manager position], […] but the topic of CSR per se is not suffering at all. On the contrary, there is an impressive number of initiatives and groups that are pushing [CSR] forward and are specializing in certain topics. CSR is diversifying: for instance, building managers have their own platform as well as investment specialists or people in the procurement or logistics. CSR is gaining substance because it is becoming broader and better implemented in the business units.” (BAN-D1-c)

In summary, the compensation effect supports the observation that as the institutionalization of CSR progresses, the professional group that initially triggered this process may be displaced to the organizational periphery while other professional groups advance to the organizational center. This shift results from the transfer of relevant knowledge from the “initiators” of CSR to other groups, which increasingly participate in related decision-making processes and thus gradually replace the CSR managers. Table 5.8 provides additional data supporting interpretations of the compensation effect.

Table 5.8 Compensation effect

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| Business functions take over the institution of CSR within firms | • “We managed it so that the environmental data [report] now has to be signed by the Chief Financial Officer.” (INS-A2-c)  
• “Basically, I have a contact person in every department with whom I trigger these CSR themes.” (ELEC-C1-b)  
• “For us, it is important to succeed in making CSR issues as self-evident for the procurement manager as all those classic issues like price, quality, reliability, etc.” (TELE-B1-b)  
“He [the CSR manager] is responsible for some of these issues, but for specific issues, such as environmental protection, human resources, law,
Business functions increasingly replace the CSR management

- “We have successfully transferred CSR-related knowledge to the procurement function; CSR is now part of their job. [...] What the procurement people, say, for instance, is that they don’t do CSR on top of what they have been doing already, but that it’s just a normal part of procurement.” (ELEC-F1-c)
- “One day companies will say, no, we don’t need a CSR department because we actually got health and safety people working in the business, for the business, with the business. We’ve got our environmental specialists attached to this and that unit.” (INS-B1-c)
- “Why do they need someone like me, if there are specialists for environmental sustainability, who know every law and detail? I have an idea about most things, but I don’t know most of the details.” (PHARM-B1-b)

“Every director in the company is responsible for his or her department and for translating [CSR] into operative functions within the company – and we give them advice on how to do that.” (ELEC-D1-b)

Business functions can expand their sphere of influence (in the CSR context, and at the expanse of the CSR function)

- “I don’t have to tell them anything about new sustainability standards, like ISO 26000. They can do that themselves. What I do is, consolidate information and gather data.” (ELEC-F1-b)
- “In the beginning, a CSR department is highly relevant because these “ambassadors” need to have their information. You need to activate [the “ambassadors”]. You need to provide […] an information and meeting platform. […] To keep to the goal of making the CSR department obsolete, we first need a strong CSR department. The bigger the community of “ambassadors” gets, the less important the CSR department becomes, because [CSR] becomes self-sustained. It becomes a self-selling item.” (BAN-C2-c)
- “And this is the reason why we then get rid of [CSR managers] and instead have more people who make sure that all the different [departments] are working [in line with CSR].” (BAN-C2-c)

Overall, we identified several activities which show that the institutionalization-professionalization relationship is much more dynamic and less symmetric than previously thought. In the next section we will consolidate these findings into a conceptual model from which we will derive our propositions.
5.5. Theoretical Insights: A Conceptual Model for the Relationship between Institutionalization and Professionalization

The conceptual model we propose provides a new perspective on the relationship between institutionalization and professionalization (see Figure 5.1). Our data challenge the common assumption that institutionalization and professionalization are mutually supportive and that their relationship is thus symmetric. More specifically, they show that institutionalization and professionalization do not necessarily follow the same trajectory and reveal the key factors that determine when their relationship becomes asymmetric. In the following, we explain these factors in greater detail and build corresponding propositions that model the institutionalization–professionalization relationship.

Figure 5.1 A conceptual model of the relationship between institutionalization and professionalization

5.5.1 Externalizing Control Versus Maintaining Control over the Professional Knowledge Base

Professionals that drive the institutionalization of a particular concept, standard, or set of practices can be divided into two categories: those who maintain and those who externalize
control over their knowledge base. Several scholars argue that the “strong control over the application of their knowledge base via a range of institutions, such as training and licensing” (von Nordenflycht, 2010: 156) distinguishes professional from occupational groups (see also Starbuck, 1992; Torres, 1991) – however this clear-cut distinction has also been questioned (Evetts, 2006). In the literature it is widely assumed that maintaining control over expert knowledge helps a group occupy a central organizational position and that the relationship between institutionalization and professionalization is therefore symmetric (e.g., Adler & Kwon, 2013; Empson et al., 2013; Suddaby & Viale, 2011). For example, Faulconbridge and Muzio (2008) showed that in globalizing law firms lawyers design organizational strategies and structures that help them preserve their professional and occupational principles and objectives. Through this strategy, “even in the largest firms studied, partners retained control over the planning and execution of their work” (Faulconbridge & Muzio, 2008: 19).

However, not all professional groups may be able to maintain such control. We found that, in fact, some of our interviewees actively promoted the externalization of their knowledge base to other professional groups to promote CSR. Another complication therefore arises from the finding that different professional groups have a different degree of control over their knowledge base, as von Nordenflycht (2010) argued in his study of professional service firms. In the case of CSR professionals, the externalization of expert knowledge bears the characteristics of organizational professionalism, which, compared to occupational professionalism (e.g., lawyers, physicians), is more closely linked to occupational training and certification and is characterized by rational decision making, the standardization of work, target setting, and performance reviews. In contrast, having the power of discretionary decision making, occupational control of the work, and collegial authority (Evetts, 2006), which point to what we have described as “maintaining control”, are more closely associated with the practitioners of the (more traditional) occupational professionalism.

In view of these associations, the nature of a professional group could be classified as mainly organizational or mainly occupational depending on whether its aim is to externalize or maintain control of its common knowledge base. We emphasize “mainly” to acknowledge that the analytical distinction between externalizing and maintaining control marks two ends of a continuum. In practice, many professionals aim both to externalize and maintain control to different degrees. This is described as “hybridized professionalism”, whose aim is “not just about content and strict control” but “primarily about attempts to link work to organizational and outside realities and about establishing sociosymbolic legitimacy in changing times” (Noordegraaf, 2007: 780).

Using this continuum to differentiate between maintaining and externalizing control over a professional knowledge base enables us to explain why the relationship between institutionalization and professionalization can be either symmetric or asymmetric, or even a
combination of both, depending on the level of institutionalization. We summarize this idea in the following two propositions:

Proposition 1a: The greater the extent to which a professional group externalizes control over its knowledge base to other professional groups, the more asymmetric the relationship between institutionalization and professionalization.

Proposition 1b: The greater the extent to which a professional group maintains control over its knowledge base, the more symmetric the relationship between institutionalization and professionalization.

5.5.2 From Symmetry to Asymmetry

As we noted earlier, our data showed that the externalization of expert knowledge was not the only cause of the CSR managers’ displacement to the organizational periphery: we found that the relationship between institutionalization and professionalization becomes asymmetric only in the later (advanced) phases of institutionalization (see Table 5.2). At the beginning of the institutionalization process, the relationship between institutionalization and professionalization in the large firms in our sample was symmetric, because the “trigger function” of CSR managers was vital to the introduction of CSR and they were regarded as important carriers of new and relevant knowledge. However, once other groups (e.g., managers in functional departments such as procurement or manufacturing) had absorbed sufficient amounts of CSR-related knowledge from the CSR managers, they no longer needed to rely on the CSR managers’ expertise in order to maintain the institution and to carry out CSR-related activities. This weakened gradually the CSR managers’ role as agents of change and they were pushed towards the organizational periphery. In the Swiss and German large firms we studied, we observed repeatedly the emergence of this asymmetric relationship between the organizational position of CSR professionals and the institutionalization of CSR.

Proposition 2: The early phases of an institutionalization project are characterized by a symmetric relationship between institutionalization and professionalization because organizational professionals fulfil important “trigger” functions, while the advanced phases are characterized by an asymmetric relationship because other professional groups have absorbed relevant knowledge.

5.5.3 Counteracting Peripheralization: Expanding the Scope of the Professional Knowledge Base

Some of the CSR managers we interviewed fought actively against their peripheralization by identifying new issues to incorporate into the CSR agenda of their organization and the
institution of CSR. These CSR managers identified emerging salient CSR issues and used their “contingent and localized knowledge” (Reed, 1996: 585) to expand the scope of their knowledge base and become once more important carriers of knowledge that was new and relevant to the organization.

The new issues that emerge intensify sporadically the influence of particular field-level forces on the organization in “institutional waves” (Chandler, 2014). These forces are “characterized by peaks and troughs of varying intensity that are driven by societal attention to critical events that occur across industries and fields” where “societal pressure on firms to act ethically is ever-present, but, rather than a static constant, it ebbs and flows over time” (Chandler, 2014: 3). Usually, it is CSR managers who identify emerging issues that are not yet on the corporate radar, such as modern forms of slavery or climate change, and, because of heightened societal pressure, corporations are urged to respond. As “mature” issues, such as recycling, waste management, or energy-efficiency, become assimilated into an organization’s normal day-to-day business, CSR managers who identify emerging, strategically relevant issues and take ownership of the new knowledge manage to counteract their otherwise probably inevitable peripheralization. From these observations we derive our third proposition.

Proposition 3: The greater the extent to which a professional group can incorporate new issues into their knowledge base and into the institution to which it is professionally linked, the more this group is able to counteract its peripheralization.

While on a first view the strategy of identifying new CSR-related issues reminds us of the classic issue of professional competition over jurisdiction (Abbott, 1988), the CSR context suggests a conclusion different from the commonly assumed “conflict lens” that focuses on power and persuasive rhetoric applied by a profession to ensure and strengthen their own position relative to and at the expense of others (e.g., Faulconbridge & Muzio, 2008; Johnson, 1972; Larson, 1977). In contrast to the latter cases, CSR managers who counteract their peripheralization by expanding their knowledge base do not seem to do so at the expense of other organizational members. On the contrary, as CSR managers actively externalize their expert knowledge, they support other professionals, potentially at the expense of their own professionalization project. As our data suggests, this is because the main concern of CSR managers is to integrate CSR into their company, i.e. to institutionalize it. This priority reflects their often intrinsic motivation to promote sustainability and ethics in business – a characteristic of CSR managers as “moral agents” that has been widely discussed elsewhere (e.g., Hemingway & Maclagan, 2004).
5.5.4 The “Compensation Effect”

We have seen that the aim of strengthening the CSR institution leads CSR managers to externalize their expert knowledge in order to “populate” CSR “with people, their work activities, social interactions, and meaning-making processes” (Hallett, 2010: 53). As other groups take over the project of CSR institutionalization, the declining influence of CSR managers is “compensated” by the rising influence of these successors, who may be accountants, procurement, and other functional officers. In our sample, we saw this process in action: while the CSR managers who pioneered the institutionalization of CSR were often peripheralized, the process continued or materialized in the later phases of our model (see Table 5.2).

This observation matches the findings of Reed (1996), who argued that as organizational professions formalize and standardize various operations, they tend to lose their influence in the area that they have opened up to others. Similarly, Green (2004: 656) argued that justifications for a practice increase at the beginning of a diffusion process and are then followed by a decrease of justifications, “without a corresponding decrease in diffusion”, which “indicates a process through which the taken-for-grantedness […] emerges.” In other words, CSR managers may lose their centrality because the more CSR becomes a taken-for-granted component of organizational life, “the less the justification needs to be repeated or sustained [by them] in order to maintain the practice” (Green, 2004: 656). As researchers who studied corporate social responsiveness (e.g., Ackerman, 1973 and 1975; Ackerman & Bauer, 1976) have observed, when the implementation of CSR reaches higher levels, CSR managers may become functionally redundant (for an overview see Acquier et al., 2011). On the basis of these observations, we derive our final proposition:

Proposition 4: As a professional group externalizes the control of its institution-specific knowledge base to other professional groups that take over the maintenance of this institution, the former’s position becomes more peripheral while the latter’s position becomes more central.

5.6 Discussion and Conclusion

Our study contributes to the institutionalist perspective on professional work. We question the common assumption that the relationship between institutionalization and professionalization is symmetric (e.g., Ackroyd, 1996; Adler & Kwon, 2013; Daudigeos, 2013; Empson et al., 2013; Faulconbridge & Muzio, 2008) and argue that it can become asymmetric when the organizational professionals who drive the institutionalization process externalize control over their knowledge base. In the context of CSR, our findings indicate that the externalization of expert knowledge triggers a shift in the relative position of CSR managers from the center to
the periphery of the organization. Although we found that some CSR managers counteract their peripheralization, on the whole, the more they succeed in institutionalizing CSR, the more they “saw off the branches they are sitting on”, so to speak. This finding reflects the idea that organizational professionals are “weaker” than more traditional occupational professionals, as previous research suggests (Caldwell, 2003; Reed, 1996). It also theoretically supports previous observations of corporate social responsiveness researchers that as the institutionalization of CSR advances, the importance of the CSR manager’s function diminishes (Ackerman, 1973, 1975; Ackerman & Bauer, 1976; Acquier et al., 2011).

We add to these literatures by explaining theoretically the mechanisms that might lead to this outcome. Drawing on a sample of CSR managers in large firms, we found that professionals who externalize their expert knowledge on CSR are unable “to realize the degree of indetermination, monopolization and control of their knowledge base enjoyed by the liberal/independent professions” (Reed, 1996: 584). This finding helps explain why the relationship between professionalization and institutionalization can be asymmetric, as we observed, and why some professional groups are able to secure central positions when the corresponding institution flourishes, while others fail to do so. Being at the periphery makes it increasingly difficult for CSR managers to sustain their organizational standing, to secure access to key positions in the hierarchy, and to maintain their professional authority more generally (Abbott, 1988).

Our data indicate that although CSR managers do not become completely “obsolete” once CSR has been fully institutionalized, they tend to be reduced to more peripheral roles as administrators of CSR-related routines (e.g., to compile the annual sustainability report), while other professional groups take over the daily tasks of strategizing and executing CSR. This observation has important practical implications for large firms that aim to push the organizational implementation of CSR and have to make strategic decisions on how to position the CSR manager in their organizational context. Our study suggests that at the early stages of CSR implementation, the organization should provide CSR managers with ample resources, which it may reallocate to other functional units that take over CSR activities later on. Future research should track this process and examine the effectiveness of such decisions in depth.

Our model also supports the argument of recent research on the adoption and diffusion of practices that as a practice becomes institutionalized, the actors who pioneered its promotion become less influential (e.g., Gondo & Amis, 2013). This change occurs, as Green (2004: 656) explains, because “the more compelling and convincing a justification supporting a managerial practice is, the less the justification needs to be repeated or sustained in order to maintain the practice.” Research on total quality management (TQM) further supports this argument. Green, Li, and Nohria (2009) for instance showed that as the legitimacy of TQM grew, the arguments its practitioners used to justify it became simpler.
Our data also showed that the centrality of CSR managers is closely tied to the degree of control they have over their expert knowledge. Once they externalize this knowledge to other professional groups and CSR practices become widely understood and accepted within the organization (Strang & Soule, 1998), CSR managers lose their centrality. This finding is echoed in studies on other groups of organizational professionals, such as HR managers (Caldwell, 2003; Legge, 1978; Tyson & Fell, 1986). Organizational professionals can however actively counter their peripheralization by incorporating into and thus expanding their firm-specific and local knowledge (Reed, 1996). This strategy allows CSR managers to reduce “the haziness surrounding [their] mission and focus-points, and [...] to reel in and embrace emerging issues that had originated from within the organization” (Acquier et al., 2011: 238). Other organizational professionals may use similar tactics. For example, HR managers depend on the ambiguity of their role, which allows them to adapt to changes and attain and hold central positions in their institutional environment.

Previous studies have indicated that whether a professional group externalizes or maintains the control of its knowledge base is a key characteristic of the respective profession (von Nordenflycht, 2010). For example, the relative “weakness” of organizational professionals in comparison to the practitioners of occupational professions (such as law and medicine) has been linked to their inability to control their knowledge base (Caldwell, 2003; Reed, 1996). However, to the best of our knowledge, this distinction has not been used in previous analyses. We applied this distinction to gain clearer insights into why the practitioners of different – both new and established – professional groups are better or worse at maintaining their centrality. We argued that whether a professional group primarily externalizes or primarily maintains its control over its knowledge base influences the degree of its centrality and can explain such differences. At the same time, we acknowledge that there are “hybrid” professional groups (von Nordenflycht, 2010), which research should explore further.

Future studies should also examine how the nature of the institution that forms the core of a professional group’s knowledge base influences the extent to which these professionals can monopolize their expertise and how either maintaining or externalizing control of this knowledge contributes to the institutionalization of a practice. These processes and the propositions we derived should be examined empirically and among different professional groups. Collecting data from different groups may provide a basis for triangulation, which would increase the robustness of our conceptual model. In concrete terms, such research would help to address the inherent limitation of our findings, which is their limitation to the context of CSR (professionals), and potentially add more generalizability to our model. In addition to organizational professionals and CSR managers, prospective studies should explore how other professionals, such as diversity managers, social workers, and development consultants, who also externalize their knowledge base to some extent, match our propositions. Our general
prediction is that the institutionalization–professionalization relationship is more likely to be asymmetric when the professionals involved can envision an ideal state related to a particular practice or behavioral pattern, such as a socially and environmentally responsible organization, in which they can consider their job to have been “fulfilled”.

An institutionalization project, from a firm’s first steps toward CSR to the full institutionalization of CSR, is a lengthy process. For that reason, it is necessary to conduct longitudinal studies in order to track how the importance of CSR managers changes during this transition. In that regard, it would be interesting to interview CSR managers who fully institutionalized CSR and thereby made themselves obsolete. As our sample was reduced to CSR managers who are still in office, talking to such interview partners would allow gaining additional insight into the relationship between CSR institutionalization and CSR professionalization and how this relationship further evolves over time. Future studies could also investigate which tactics CSR managers may employ to influence these changes and maintain their centrality, and also address the relatively neglected aspect of de-professionalization (Abbott & Meerabeau, 1998).
Chapter VI – An Institutional Logics Perspective on Socially Responsible Investing (SRI): Positive and Negative Influences on SRI within Banks and Insurance Companies

Abstract. In order to restore their societal acceptance, financial institutions have expanded activities in the area of Socially Responsible Investing (SRI). So far, scholars have mainly focused on SRI’s financial performance resulting in its under-theorization. Therefore, this research applies an institutional logics perspective that conceptualizes SRI as underpinned by an economic as well as a social logic. This study qualitatively investigates the positive and negative influences on the interplay of these two logics at the core of SRI within banks and insurance companies. First, the findings contribute to SRI research by going beyond the study of financial performance and providing insights into a thus far neglected topic, i.e. the reasons why investment intermediaries support or hamper SRI. Second, identifying normative cultures as the central barriers and enablers of SRI within these firms responds to the call for carving out the normative pillar of institutional logics and institutions at large.

6.1 Introduction

Business organizations have increasingly been asked to provide solutions to resolve social problems (Margolis & Walsh, 2003). One response from financial institutions is Socially Responsible Investing (SRI), which integrates non-financial considerations into investment practice. SRI stands for

“[…] ethical investments, responsible investments, sustainable investments, and any other investment process that combines investors’ financial objectives with their concerns about environmental, social and governance (ESG) issues” (Eurosif, 2008: 6).

Over the last two decades, the SRI market has experienced substantial growth (Déjean, Gond, & Leca, 2004). Research has addressed topics such as SRI’s historical development (e.g., Bengtsson, 2008; Scholtens & Sievänen, 2013), the responsible investment movement (Crifo & Forget, 2013), and how SRI indices influence corporate behavior (Slager, Gond, & Moon, 2012; Slager, 2015; Slager & Chapple, 2016). However, and as illustrated by several literature reviews, most research has focused on the financial performance of SRI, mostly in comparison with conventional investments (e.g., Capelle-Blancard & Monjon, 2012; Revelli & Viviani, 2015; Vivers & Eccles, 2012).

According to Capelle-Blancard and Monjon (2012: 245), SRI research is “under-theorized”. The under-theorization is related to a lack of consideration of ethical and moral aspects (e.g., Revelli & Viviani, 2015; Vivers & Eccles, 2012), a one-sided focus on econometric tests
(Capelle-Blancard & Monjon, 2012) and the neglect of other perspectives, such as the intra-
organizational level of analysis (Slager et al., 2012). Furthermore, in this respect, SRI research
has disregarded important topics, such as “investment intermediaries’ attitudes towards
responsible investment” (Hoepner & McMillan, 2009: 66). Financial intermediaries, such as
banks and insurance companies, are among the most important players in the SRI market
(Eurosif, 2014) and they considerably influence the growth in responsible investments
(Hoepner & McMillan, 2009). In summary, the reasons banks and insurance companies support
or hamper SRI is of theoretical and practical relevance.

Institutional theory provides a useful lens for examining a practice in a particular context
(Powell & DiMaggio, 1991), such as SRI within banks and insurance companies. The starting
point is the analysis of institutions, defined as powerful patterns of social action that influence
how individuals and organizations think and act (Meyer & Rowan, 1977). Institutions, in turn,
are guided by broader belief systems or logics that shape practices and interaction patterns (e.g.,
Friedland & Alford, 1991; Reay & Hinings, 2009; Lounsbury, 2007; Thornton, 2002). For
example, in a business context the dominant logic tends to be the market logic (Glynn &
Lounsbury, 2005), which can be distinguished from a social logic (Smith et al., 2013; Pache &
Santos, 2013). SRI aims to combine a market logic with a social logic. Studying SRI from an
institutional logics perspective thus takes into account economic aspirations, and ethical and
moral aspects.

Based on interviews with representatives from both banking and insurance, this study
addresses positive and negative influences on the interplay of a financial and a social logic at
the core of SRI within these companies. This research makes two main contributions: First, the
study conceptualizes SRI as underpinned by different social spheres, i.e. financial aspirations,
amd moral and ethical aspects. This approach addresses the call for SRI research that goes
beyond the study of financial performance (Capelle-Blancard & Monjon, 2012; Revelli &
Viviani, 2015; Viviers & Eccles, 2012). In addition, the study tackles the overlooked topic of
why investment intermediaries support or hamper responsible investment (Hoepner &
McMillan, 2009) at the intra-organizational level, which has so far received limited attention
(Slager et al., 2012). Analyzing different effects on SRI within banks and insurance companies
also has practical implications because they are among the most important players in the SRI
market (Eurosif, 2014; Hoepner & McMillan, 2009). Second, the study explains the critical role
of the normative institutional pillar that is “morally governed” (Scott, 2014: 60). By identifying
normative cultures as central barriers and enablers of SRI, the research answers calls to consider
normative aspects in the study of institutional logics (Friedland, 2013; Klein, 2015; Thornton,
Ocasio, & Lounsbury, 2012), and institutional theory in general (e.g., Kraatz & Flores, 2015).

The chapter proceeds as follows: Section 6.2 presents SRI from an institutional theory
perspective. The methods section 6.3 illustrates the research context, the unit of analysis, data
collection and analysis. The findings section 6.4 elucidates different effects on SRI within Swiss banks and insurance companies. Section 6.5 performs an industry comparison of negative and positive influences on SRI. Section 6.6 discusses contributions to the literature, limitations, and avenues for future research.

6.2 Background

6.2.1 Socially Responsible Investing (SRI)

“Unlike conventional types of investments, SRI applies a set of investment screens to select or exclude assets based on ecological, social, corporate governance or ethical criteria, and often engages in local communities and in shareholder activism to further corporate strategies towards the above aims” (Renneboog, Ter Horst, & Zhang, 2008: 1723).

As explained before, SRI integrates ESG issues into the investment process (Eurosif, 2008). In that regard, SRI is very close to the triple bottom line, i.e. the alignment of the social, environmental and economic responsibilities of business (e.g., Elkington, 1997). In practice, SRI generally avoids “sin stocks”, such as alcohol, gambling, tobacco and weapons, and invests instead in firms engaged in best practices with respect to ESG aspects.

SRI is a long-term investment strategy. Evaluating its effectiveness must be done on the basis of a long-term (10-year) horizon (Shank, Manullang, & Hill, 2005). Consequently, long and short-term analyses of the financial performance of SRI might arrive at different results (Garcia-Castro, Ariño, & Canela, 2010). SRI thus requires a long-term perspective, in the same way that any other sustainable business practice does (e.g., Hoffman et al., 2010; Olsen & Boxenbaum, 2009; Smith et al., 2013).

Over the last two decades, the SRI market has experienced substantial growth (Déjean et al., 2004). According to Eurosif (2012 and 2014), this growth will continue, as SRI holds the potential for conceptualizing new market opportunities in the form of financial products, such as sustainability funds. Today, there is a broad consensus that SRI allows for the merger of finance and sustainable development. Slager et al. (2012), for example, indicate that “RI [responsible investment] indices might be attractive to senior executives because of their analogy with traditional indices” (Slager et al., 2012: 785). Similarly, Barnett (2007) argues that sustainable business practices may be perceived as a way to generate financial returns and, more generally, that the emphasis on the economic orientation is compatible with acts of corporate responsibility (Swanson, 1995). However, others are more skeptical about SRI. Richardson and Cragg (2010: 35) highlight the “unresolved tension between the financial and
ethical aspirations of SRI”. Juravle and Lewis (2008: 288) show that “the mainstream finance community believes that incorporating ESG criteria into investment decisions comes at the cost of portfolio performance”. Likewise, while Capelle-Blancard and Monjon (2012: 140) describe the intention to consider financial and ethical aspects as admirable, they underline that this will remain “wishful thinking”.

Until today, research has addressed, inter alia, SRI’s historical development and national varieties (e.g., Bengtsson, 2008; Scholtens & Sievänen, 2013), the investors’ point of view (e.g., Berry & Junkus, 2013), investors’ decision-making (e.g., Barreda-Tarrazona, Matallin-Saez, & Balaguer-Franch, 2011), the responsible investment movement in Private Equity (Crifo & Forget, 2013), and how SRI indices have emerged as a standard and have influenced corporate behavior (Slager et al., 2012; Slager, 2015; Slager & Chapple, 2016). As illustrated by several literature reviews, such studies are an exception, as most research has focused on the financial performance of SRI, mostly in comparison with that of conventional investments (e.g., Capelle-Blancard & Monjon, 2012; Revelli & Viviani, 2015; Viviers & Eccles, 2012).

According to Capelle-Blancard and Monjon (2012: 245), the major focus on financial performance has meant that SRI research is “under-theorized”. Mainly addressing the financial performance of SRI has led to a one-sided focus on econometric tests (Capelle-Blancard & Monjon, 2012) and a related neglect of other important topics, especially ethical and moral aspects (e.g., Revelli & Viviani, 2015; Viviers & Eccles, 2012). For that reason, Revelli and Viviani (2015: 117) demand that “the debate must now focus beyond SRI financial performance”. In that regard, Hoepner and McMillan (2009: 66) recommend future research, for example, on “investment intermediaries’ attitudes towards responsible investment”. Financial intermediaries, such as banks and insurance companies, are among the most important players in the SRI market (Eurosif, 2014) and they considerably affect the growth of responsible investments (Hoepner & McMillan, 2009). Understanding why banks and insurance companies support or hamper SRI requires an insight into the different influences on SRI within financial institutions. This endeavor is associated with an intra-organizational perspective, i.e. a level of analysis that has only received limited attention (Slager et al., 2012).

6.2.2 SRI and the Underlying Institutional Logics

As indicated above, SRI aims to blur the boundaries between previously distinct social spheres: the financial sector driven by maximizing profits, and on the other hand, the social sector guided by ethical and moral aspects. Therefore, institutional theory is helpful, as it provides “a promising avenue to explore how the boundaries between business and society are constructed” (Brammer et al., 2012: 3). Institutional theorists (e.g., Friedland & Alford, 1991; Reay & Hinings, 2009; Lounsbury, 2007; Thornton, 2002) assume that every social context is guided
by broader belief systems or logics. Institutional logics have been conceived as “practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio, 1999: 804).

SRI is underpinned by two different logics. One is a financial or market logic with its notions of self-interest and the profit-motive (Glynn & Lounsbury, 2005), its emphasis on the competitive position and on an increase in profit margins, executives’ attention to counteracting problems of resource competition, and an investment strategy designed to commit capital to its highest market return (Thornton, 2002). This can be compared with a social logic, which bases on moral beliefs and values, marked by altruism, and the fulfillment of local social needs (e.g., Pache & Santos, 2013; Smith et al., 2013). However, combining the financial and social logics is very challenging (Battilana & Dorado, 2010; Pache & Santos, 2013), because of the tensions between different logics and the resulting difficulty in managing internal conflict. Such conflicts arise, for example, because of the incompatibility between the short-term logics of investment and social wellbeing, which often requires a long-term horizon (Hoffman et al., 2010; Smith et al., 2013).

How the two distinct and potentially opposing logics at the core of SRI manifest themselves within a particular type of financial institution depends on three types of institutional carriers (Scott, 1995, 2001, 2003 and 2014):

- Cultures – symbolic systems consisting of various schemata types, into which meaningful information is coded and transferred
- Social structures – consisting of interpersonal and inter-organizational relations
- Routines – habitualized behavior; structured actions standing for tacit knowledge held and transferred by actors

The three carriers can convey regulative, normative, and cognitive elements, or different combinations of them (see Table 6.1). This is because carriers are mutually reinforcing and have a high degree of interplay (Scott, 2014). Institutional carriers are “fundamental mechanisms” (Scott, 2014: 95) that facilitate the analysis of SRI’s underlying institutional logics, whether they are conflicting or co-existing, and how they affect SRI within a specific organization. Table 6.1 provides an overview of the three carriers. In order to gain a better sense of these carriers, it is useful to address each in more detail.
Table 6.1 Institutional pillars and carriers

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<thead>
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<th>Carriers</th>
<th>Pillars</th>
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<tr>
<td></td>
<td>Regulative</td>
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<tr>
<td>Cultures</td>
<td>Rules, laws</td>
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<td></td>
<td></td>
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<tr>
<td>Social</td>
<td>Governance systems,</td>
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<tr>
<td>structures</td>
<td>power systems</td>
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<tr>
<td>Routines</td>
<td>Protocols, standard</td>
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<tr>
<td></td>
<td>operating procedures</td>
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(Adapted from Scott, 1995 and 2001)

* Cultures are based on interpretative structures, which in turn inform and guide behavior (Scott, 1995) that either furthers (Duarte, 2010) or undermines (Olsen & Boxenbaum, 2009) sustainable business practices within organizations. Cultural-cognitive systems predetermine how actors interpret, and react to, their environment (Scott, 2014). Cultures thus have an effect on people’s attitudes towards responsible investments and how they deal with SRI. Cultural beliefs are organization-specific and give rise, for example, to a distinct corporate culture (Frost, Moore, Louis, Lundberg, & Martin, 1991). This organization-level specificity helps us to determine and compare the different influences on SRI within banks and insurance companies.

More recently, institutional logics theorists have emphasized cultures belonging to the normative institutional pillar. They particularly stress values, defined as “conceptions of the preferred or the desirable together” (Scott, 2014: 64). Klein (2015: 328) indicates that this type of institutional carrier is “the key to identify and qualify institutional logics”. Similarly, Friedland (2013: 8-9) argues for considering values, as they constitute institutional logics and go beyond “the ritual practices by which they [institutional logics] are recognized”. The renewed focus on values further makes the institutional logics perspective an interesting candidate for addressing the gap in SRI research in terms of ethical and moral aspects (e.g., Capelle-Blancard & Monjon, 2012). However, the great importance of values does not undermine the role of other institutional carriers, such as structures (Kraatz & Flores, 2015; Selznick, 1996).

* Social structures constrain and enable behavior (Scott, 1995), and have different effects on SRI. For example, organizational structures, such as compensation systems that include ESG-related criteria, further sustainable business practices (Paine, 2007). Finally, theorists
emphasizing the regulative pillar, such as Williamson (1981), regard structures as governance systems that create and enforce norms and rules, and monitor and sanction behavior. In concrete terms, organizational structures that incentivize the integration of ESG aspects into the investment process are critical for a consistent implementation of SRI.

*Routines* may manifest themselves as cognitive scripts governed by tacit knowledge (Polanyi, 1966), and are driven by rules that actors are not conscious of, or about which they have only limited knowledge. Further, they convey normative systems through jobs or roles, such as the demand made on investment bankers to invest money as profitably as possible. As protocols or standard operating procedures, routines have a stabilizing function (Williamson, 1981; Winter, 1990). In that regard, the conventional investment practice of merely considering economic aspects may hinder the integration of ESG issues. However, besides their stabilizing function, routines also have the potential for change (Feldman & Pentland, 2004).

In sum, analyzing SRI from an institutional logics perspective opens up its underlying social spheres, i.e. finance and social wellbeing. This perspective thus allows a focus on not only SRI’s financial performance, but also moral and ethical aspects (e.g., Capelle-Blancard & Monjon, 2012; Revelli & Viviani, 2015). An exploration along industry-specific institutional carriers provides a comprehensive insight into the different influences on the interplay of a financial and a social logic at the core of SRI within banks and insurance companies. Investigating these carriers from the thus far neglected intra-organizational perspective (Slager et al., 2012) helps to tackle the neglected topic of why investment intermediaries support or hamper SRI (Capelle-Blancard & Monjon, 2012; Hoepner & McMillan, 2009). This question also has practical relevance as financial intermediaries, such as banks and insurance companies, are among the most important players in the SRI market (Eurosif, 2014; Hoepner & McMillan, 2009).

### 6.3 Research Design Specifications

A qualitative inductive research approach (Nag & Gioia, 2012) was applied, as up to now SRI studies have mainly used the methodology of econometric tests, resulting in a tendency to overanalyze data, a neglect of important topics and an associated under-theorization (Capelle-Blancard & Monjon, 2012). Qualitative research enables the tackling of a disregarded issue, i.e. positive and negative influences on SRI within banks and insurance companies (Capelle-Blancard & Monjon, 2012; Hoepner & McMillan, 2009), from the much-neglected intra-organizational perspective (Slager et al., 2012). In addition, a qualitative methodology allows inductive theory building by the constant comparative method, characterized by the permanent interplay between data collection and analysis (Miles & Huberman, 1998; Strauss & Corbin, 1998; Suddaby, 2006).
6.3.1 Research Context

Switzerland was chosen as a research context because it is one of Europe’s leading countries in terms of SRI, as Swiss companies were among the first to offer SRI products, to develop expertise, and to initiate the first sustainability index (Eurosif, 2010). Swiss SRI assets under management have been constantly growing since 2007 (Eurosif, 2010 and 2014), and a market growth in SRI of up to double the average growth rate experienced by the Swiss investment market is generally expected (Eurosif, 2012 and 2014). In view of Switzerland’s leading international position in this area and the typical local character of global sustainability practices (Jennings & Zandbergen, 1995), Switzerland is an appropriate context for studying SRI.

6.3.2 Unit of Analysis

The financial sector includes “products and services offered by financial institutions, such as loans, payment services, asset management and insurance” (OECD, 2013: 5). By definition, financial institutions or intermediaries are “banking, investment and insurance institutions that provide lending, investment, insurance or other financial products and services” (OECD, 2013: 5). From the perspective of SRI, it is relevant that financial institutions follow ESG criteria in order to invest capital, either their own capital resources or clients’ funds.

In Switzerland, the financial sector is of great importance, reflected in its relatively high contribution to the gross domestic product. This is 10.7 percent (OECD, 2013b). Besides the economic weight of the sector, financial institutions have social significance as employers, training institutions, credit providers, contracting entities, taxpayers and sponsors of cultural institutions and events (EDA, 2014).

The most important players in the Swiss financial market are the banks. One of their core businesses is wealth management. Their importance reaches beyond the national borders, as three Swiss banks rank among the ten largest wealth managers in the world. The second most important market players are the insurance companies (EDA, 2014). In 2011, almost 70 percent of their global premium income was earned overseas. This highlights their high level of internationalization. Swiss insurers have incrementally specialized in re-insurance and made Switzerland the fourth largest reinsurer in the world (EDA, 2014). The importance of Swiss financial institutions in a national and a global context makes them interesting when studying SRI. In order to guarantee the anonymity of the companies it is merely noted that some of the banks and insurance companies analyzed are among the market leaders.
6.3.3 Sampling Strategy and Data Collection

The study inductively analyzes “the actual production of meanings and concepts used by social actors in real settings” (Gephart, 2004: 457). Therefore, this research mainly utilizes the knowledge of 19 respondents to examine SRI within banks and insurance companies. The process of data collection took place in two main points (phase “a” and “b”). Interviews lasted between 40 and 120 minutes, were tape-recorded (except in one case detailed notes were taken), listened to again in their entirety, and then partially transcribed. In line with inductive reasoning, “theoretical sampling” (Glaser & Strauss, 1967) was used with its waiver of a pre-determined selection plan in favor of an incremental development of the sample. Table 6.2 provides an overview of the respondents (Appendix A provides additional information on the informants like their job titles and their belonging to an industry).

Table 6.2 Overview of the 19 interviews (19 informants)

<table>
<thead>
<tr>
<th></th>
<th>CSR Managers</th>
<th>Other Informants</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Phase a</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Phase b</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Phases a–b</td>
<td>12</td>
<td>7</td>
<td>19</td>
</tr>
</tbody>
</table>

In a *first research phase* (a), an exploratory study, starting mid-2013, focused on responsible business practices within large Swiss companies. The aim was to collect primary data and to develop my knowledge of the area gradually (Strauss & Corbin, 1990). To prepare the interviews and support interview data, all publicly available documents related to a firm’s business practices, such as their company reports, press releases, website, codes of conduct, performance indicators, case studies, etc., were read (Bondy et al., 2012). Special attention was given to corporate responsibility reports, which contain information on initiatives and certificates that signal the adoption of sustainable business practices (Graffin & Ward, 2010). I started by contacting companies from various sectors to ensure a broad coverage of corporate responsibility in Switzerland, and managed to conduct 9 interviews with heads or team members of departments in charge of sustainable business practices (see Table 6.2; see the interview manual for phase a in the Appendix G).

In a *second research phase* (b), I used a snowball sampling technique based on further recommendations from interviewees in the first wave (Bryman & Bell, 2007). This procedure renders it possible to contact actors with desired characteristics, who fit the focus of the study, in a similar way to theoretical sampling (Strauss & Corbin, 1998). At this point, the interview manual was updated before starting with the next interview round (see the interview manual for
this phase in the *Appendix G*. To explore positive and negative influences on SRI within Swiss banks and insurance companies, I interviewed 10 experts in charge of SRI in the firms. These interviews allowed me to examine respondents’ experiences and interpretations closely (Denzin & Lincoln, 2011) and facilitated a rich and nuanced description (Weick, 2007) of SRI-relevant cultures, structures and routines. Frost and Tischer (2014) highlighted the possibility of examining routines through interviews. In addition, after each interview I asked informants for access to internal documents.

### 6.3.4 Data Analysis

To analyze the data, I applied the “Gioia Methodology”, which is tailored to inductive inquiry and comprises three levels of abstraction (Gioia et al., 2012). By grouping descriptions from respondents in a *first-order* analysis, a range of difficulties in implementing responsible business practices was detected. These primary results suggested focusing on a specific responsible business practice in an industry comparison, i.e. SRI within banks and insurance companies: First, all informants indicated the industry-specific dimension of sustainable business practices. While this manifests itself in the data as different activities (e.g., the launch of a fair phone by the telecom company or promoting alternatives to animal testing in the pharmaceutical firm), respondents from insurance companies and banks reported similarities by pointing out the importance of SRI. Second, staff members engaged in the implementation of SRI repeatedly stressed conflicts they were experiencing. Such conflicts particularly attracted my attention as their occurrence contradicts with the assumption that SRI (Slager et al., 2012) and sustainable business practices more generally (e.g., Barnett, 2007; Swanson, 1995) have the potential to substitute conventional business activities. Third, respondents often highlighted differences between the banking and insurance industries, and noted the lack of awareness of these differences in the public and professional discourse. For example, in reply to the question of how an insurance company might foster sustainable investments, a head of corporate responsibility describes her dissatisfaction with SRI-related initiatives as follows: “*At the end of the day insurance companies are bundled together with the banks although the two are not equal*” (INS-B1).

Against this backdrop, I consulted additional literature to make a comparison between various empirical descriptions and to allow patterns to emerge in a *second-order* of analysis (Gioia et al., 2012). In accordance with the principles of inductive research, the interviews enabled me to allow industry-specific influences on SRI emerge from the data rather than from existing literature or from previously developed ideas about SRI. However, the theoretical construct of the three institutional carriers (Scott, 1995 and 2001) was particularly helpful in order to derive
keywords, which guided the interpretation of the empirical data. However, although these carriers served as guides, they never had a deterministic function.

I gradually added further data for developing more robust theoretical concepts and detecting and clarifying relations in a highest-level of analysis (Gioia et al., 2012). The interview data were compared with secondary sources, such as all publicly available documents related to the companies’ SRI activities. Such methodological triangulation enhances reliability (Lincoln & Guba, 1985) and illustrates the experiences of the actors involved and the context in which actors are operating (Bryman & Bell, 2007). By the end of the final level of analysis, a range of industry-specific cultures, structures and routines that affect SRI within Swiss banks and insurance companies was identified. As the interviews with the last informants fitted very well into the categories, I had the impression that including more data was not needed, as category saturation seemed to have occurred (Strauss & Corbin, 1998). Appendix F condenses the second-order themes that were used to identify the influences of different cultures, structures and routines on SRI within banks and insurance companies in the style of Corley and Gioia (2004).

6.4 Findings

This findings section elucidates the different effects of institutional carriers on the interplay of the economic and the social logic at the core of SRI within Swiss banks and insurance companies. The industry-specific findings lay the basis for an industry comparison in the following major section.

6.4.1 Industry-Specific Cultures

I begin by presenting different cultures and explain their effects on SRI within banks and insurance companies.

Different cultural influences on SRI within banks. Within the banks analyzed, people tend to have short-term investment mindsets ruled by quarterly figures. This undermines SRI. Such mindsets are characterized by an investment strategy that aims to commit capital to its highest market return. Although after the financial crisis, for example, clients have been curious about banks’ investment strategies, the dominant mindsets of employees remained unchanged as illustrated by a head of investment services: “Number one is how much money we can make with it.” (BAN-E1-b)

In that regard, doubting the positive relationship between companies’ social initiatives and financial performance is a serious obstacle for SRI. This is related to the point that as long as employees regard SRI practices as non-profitable and inefficient for the company, they are unlikely to undertake SRI and to allow it to become an element of their daily work. Against this
background, a manager responsible for environmental and social risks in wealth management describes his main goal as “[…] eliminating the prejudice that sustainable investments bring a weaker financial return than traditional investments” (BAN-C1-b).

A head of corporate social responsibility management from a different bank outlines the same difficulty using the example of the top managers who ignore the positive relationship between SRI and financial performance. According to him, putting SRI into practice is particularly challenging in the case of “decision-makers [who] have entered their position not because they pursued sustainability strategies but rather because they did business as usual” (BAN-B1-b).

The negative effects of these cultures are evident in all banks analyzed. Nevertheless, the struggle to implement SRI is ongoing and all respondents are convinced that the day will come when SRI will be the mainstream investment practice. One interview partner, responsible for risk management, illustrates that hope with the example of a new generation of business leaders “[…] which is more familiar with ideas such as corporate social responsibility or sustainability and which is more open than the generation of X and Y [names the previous and current CEOs of the bank]” (BAN-F1-b).

Different cultural influences on SRI within insurance companies. Similarly, people within insurance companies tend to have short-term investment mindsets, which undermine SRI. This dominant cultural belief manifests itself as doubting the positive relationship between social and environmental responsibility and financial performance. Such a cultural context requires business case arguments and therefore carries the permanent danger of overemphasizing financial performance at the expense of social and environmental aspects. A head of a corporate responsibility department explains this problem as follows: “one has to watch out that the ‘business case fetishism’ does not become a self-purpose” (INS-A2-b).

Dominant mindsets that have an emphasis on shareholder value prevent the anchoring of new sustainable practices within insurance companies. A corporate responsibility manager explains this problem in terms of investment managers’ values that undermine SRI. He describes them as “traditional bankers” who

“[…] have not yet understood [the concept of SRI]. These people have not been waiting for me, my team, and for ESG and sustainability. I think it is probably because of their mentality. […] [for them] sustainable investments are equal to less financial return” (INS-C2-b).

There is also another type of mindset prevalent within insurance companies, so-called long-term risk and investment mindsets. These concrete cultural beliefs base on a strong emphasis on long-term risks and have a positive effect on SRI, as they potentially allow for a relationship
between investments and social and environmental issues. A head of responsible investments explains their enabling effect as follows:

“It is really about looking at risk, which insurance companies are really good at, in particular long-term risks […] and this focus [on long-term risks] supports integrating this new idea, which is ESG issues” (INS-A1-b).

An environment dominated by long-term risk mindsets seems to be more open to values associated with social and environmental sustainability. For instance, a head of a corporate responsibility department who worked previously for over a decade in the banking industry stresses the higher awareness of risk in an insurance company. In this context, she particularly elaborates on the social aspect of risk that is jointly carried by the insured party and the insurance company: “All insured persons are building together a shared risk community, a community which has to carry the risk [...] and this solidarity aspect is very, very strong!” (INS-B1-b)

While risk awareness is a key enabling component on the one hand, the data show that overemphasizing risk results in serious obstacles to SRI on the other hand. Long-term risk and investment mindsets thus also have a negative effect on SRI within insurance companies. A head of a corporate responsibility department explains this ambivalent character using the example of the United Nations-supported Principles for Responsible Investment Initiative (2013):

“People are also risk-averse when it comes to corporate responsibility […] We could easily sign the Principles for Responsible Investment […] We always postpone it […] we could commit ourselves to them with a clear conscience in our situation or even in another, less comfortable situation. There I see how seriously it is sometimes taken […] but it is in part an obstacle.” (INS-B1-a)

Table 6.3 provides additional data supporting interpretations of different effects of industry-specific cultures on SRI within banks and insurance companies.

Table 6.3 Different effects of industry-specific cultures on SRI

<table>
<thead>
<tr>
<th>Theme</th>
<th>Representative Quotations</th>
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<tbody>
<tr>
<td>Short-term investment mindsets: Cultures that undermine SRI within banks</td>
<td>• “Customers want to know that the company does not take over great short-term risks just to improve the quarterly figures […] Nevertheless, [SRI] is not a priority. Number one is how much money we can make with it.” (BAN-E1-b)</td>
</tr>
</tbody>
</table>


| Short-term investment mindsets: Cultures that undermine SRI within insurance companies | • “Our people, management and senior management, function the way they do […] always business case, what is the rationale behind that decision, what is it good for, until when […] corporate responsibility cannot escape from that […] but one has to watch out that the “business case fetishism” does not become a self-purpose […]” (INS-A2-b)  

• “Investment managers are bankers who are not very famous for sustainable behavior. Before they were employed by banks and have been doing ‘traditional banking’. Now, they are doing ‘traditional banking’ at our company: investments and assets. However, most of the investment bankers and asset managers have not yet understood [the concept of SRI]. These people have not been waiting for me, my team, and for ESG and sustainability. I think it is probably because of their mentality. […] [for them] sustainable investments are equal to less financial return” (INS-C2-b) |
| Long-term risk and investment mindsets: Cultures that support SRI within insurance companies | • “An insurance company has to ensure that ESG factors are incorporated […] It is really about looking at risk, which insurance companies are really good at, in particular long-term risks […] and this focus [on long-term risks] supports integrating this new idea, which is ESG issues.” (INS-A1-b)  

• “ESG integration in insurance companies with their long-term focus is easier compared to banks?” [Question stated by the interviewer] “I think that this is probably true. It does not have to be true […] Think about long-term investments in the case of banks […] they do not only have short-term investment work. But it is true that insurance companies tend to have a rather long-term orientation.” (INS-A1-b)  

• “In contrast to the banking industry, where I originally come from, insurance companies are a solidarity group. All insured persons are building together a shared risk community respectively a community
which has to carry the risk […] and this solidarity aspect is very, very strong!” (INS-B1-a)

| Long-term risk and investment mindsets: Cultures that undermine SRI within insurance companies | “People within insurance companies are very risk-averse and I very much welcome that. However, this means that people are also risk-averse when it comes to corporate responsibility. This is very typical. We could easily sign the Principles for Responsible Investment and we would be for sure better than some other financial service providers […] Nevertheless, we are not signing it. We always postpone it […] and even the most “harmless” things. For instance, socially responsible investments, there are six principles and we could commit ourselves to them with a clear conscience in our situation or even in another, less comfortable situation. There I see how seriously it is sometimes taken […] but it is in part an obstacle.” (INS-B1-a) |

6.4.2 Industry-Specific Social Structures

This section presents different industry-specific social structures and illustrates their different effects on SRI within banks and insurance companies.

The various effects of social structures on SRI within banks. Sustainable and long-term incentive structures are not included in a bank’s line management. This becomes manifest, for example, in a bank’s investment area where managers are not rewarded for practices with a long-term orientation. According to a head of corporate responsibility, the short-term oriented incentive structures tend to undermine SRI, as they make investment managers unwilling to integrate ESG criteria into their investment strategy:

“Sustainable objectives have to be included in [business] lines, SRI in the assets area […] this is not the case at the moment […] objectives have to be anchored in order to better implement the [SRI] practice.” (BAN-B1-b)

All interview partners drew a similar picture. In each bank, employees are rewarded for short-term action, rather than for long-range investment decisions. In turn, short-term investment decisions tend to emphasize financial return at the expense of ESG aspects. In other words, incentive structures based on the publication of quarterly figures promote behavior that exerts a negative effect on SRI within banks. Meanwhile, these incentive structures are reinforced by short-term investment behavior purely oriented toward financial return.

In addition, contradictory reward and incentive systems have a negative effect on the organization-wide expansion of SRI. For instance, a bank’s sustainability team has incentives that further SRI, while the investment area is rewarded for behavior that tends to undermine
SRI. In other words, while the sustainability department has its focus on the entire bank, and its employees receive regular salaries, the investment bankers specialize in individual financial transactions and are rewarded for return on investment in the form of bonus payments. A risk manager explains this problem using the following vivid case:

“For example, an investment banking team in Hong Kong. We indicate to them that our retail and private banking customers here in Switzerland would have a problem with the transaction – endangered animal species or rain forest – and there is the resistance. We think about the entire bank and in that case we have to argue against the interests of the bank to earn money […] and if they [the investment bankers in (Hong Kong)] get the transaction executed, they will earn a part of the transaction in form of a bonus and, because of that, they are interested in executing the transaction.” (BAN-F1-b)

The example of the bank operating internationally also illustrates the strong risk component of SRI. Compliance with SRI is ensured by the potential threat of an immediate negative effect on the bank’s private and retail business in Switzerland. Thus, the financial transaction is blocked not by ethical considerations, but instead, primarily by short-term risk calculations leading to the conclusion that taking on too much risk is bad for business. The emphasis on risk is thereby incorporated into the organizational structures of the bank that tend to promote behavior that, in turn, may exert a positive effect on SRI. However, the focus on short-term risks creates organizational structures that mainly enable one type of SRI-related behavior in particular: so-called negative and exclusionary screening “that excludes specific investments or classes of investment from the investible universe such as companies, sectors or countries” (Eurosif, 2014: 67).

*The positive effects of social structures on SRI within insurance companies.* Repeatedly, respondents illustrated a sector-specific pattern of long-standing interconnection and interdependence between an insurance company and its clients. This social structure may be described as long-term relationships with customers, and manifests itself in industry-specific services and products, such as life insurance. The consequence of the long-term customer relationship is that people tend to assume rather moderate risks and undertake their actions with a long-term perspective in mind. In this sense, long-term relationships enable behavior that promotes SRI. A head of corporate responsibility illustrates this using the example of promises that define reciprocal expectations and characterize the enduring relationships between insurance companies and their customers:

“It is because of the insurance business. If you make a promise, you have to keep your promise. And even if a person does not state a promise, everyone thinks about a potential promise which could be related to it.” (INS-B1-a)
Another characteristic of this long-term relationship is the importance of trust. Trust, similar to promises, functions as an element of, and as a lubricant for, long-term customer relationships. A head of sustainability explains the importance of trust by means of transparency for the client:

“It is important that the framework is very transparent. Especially in our business which is strongly based on trust. We collect insurance premiums and probably pay for the damage 20 years later. And for over 20 years our client must believe in us and we have to believe in him.” (INS-D1-a)

In contrast to the situation in the banking industry, within insurance companies, where fixed remuneration is the most common incentive structure, the variable salary component is rather low. A head of corporate responsibility explains this using the example of insurance brokers: “Insurance agents can easily survive with their fixed salary. Variable components are very small or non-existent in relation with the selling of insurances” (INS-B1-a). Brokers’ fixed salaries thus promote SRI, as they allow for long-term planning and action.

Within one insurance company the management is also evaluated using social and environmental criteria. As the triple bottom line (Elkington, 1997) defines the company’s incentive structure, the management acts with a sense of corporate responsibility, because it is rewarded for it. Such a structure fosters behavior that promotes SRI, as illustrated by the head of corporate responsibility:

“The management is also evaluated on the basis of corporate responsibility and in this way it [corporate responsibility] influences the strategy and receives a middle and long-term character and is not arbitrary. For that reason, people are ready to engage in supporting it.” (INS-A2-b)

The data also indicate another social structure incorporating long-term risk awareness, and influencing the evaluation criteria applied in assessing market opportunities. In concrete terms, an IT-supported long-term risk framework enables behavior that promotes SRI. The head of sustainability and co-developer of the tool stresses its importance for the company’s overall sustainable business performance:

“A risk framework, or a sustainability risk framework, and we are operating it, so to say. In the end, all critical cases come into my group [sustainability group] […] Those are business cases, which come onto the table because they are financially attractive […] Therefore, these cases are absolutely legal. But there are just thematic areas, aspects of a transaction where the company because of its guiding principles cannot stand behind it and says: no, we don’t do that.” (INS-D1-a)
Table 6.4 provides additional data supporting interpretations of different effects of industry-specific social structures on SRI within banks and insurance companies.

Table 6.4 Different effects of industry-specific social structures on SRI

<table>
<thead>
<tr>
<th>Theme</th>
<th>Representative Quotations</th>
</tr>
</thead>
</table>
| Short-term oriented incentive structures: Social structures that undermine SRI within banks | • “[…] sustainable objectives have to be included in [business] lines, SRI in the assets area […] this is not the case at the moment […] objectives have to be anchored in order to better implement the [SRI] practice.” (BAN-B1-b)  
• “People in the departments are not paid for being sustainable. In some departments, it is even the opposite. For example, investment bankers receive their bonuses on the basis of short-term return on investments.” (BAN-E1-b) |
| Contradictory reward and incentive systems: Social structures that undermine SRI within banks | • “[…] in the risk management we regard a transaction very critically because the bank could take harm of it and it should therefore not be executed. For example, an investment banking team in Hong Kong and we indicate that our retail and private banking customers here in Switzerland would have a problem with the transaction – endangered animal species or rain forest – and there is the resistance. We think about the entire bank and in that case we have to argue against the interests of the bank to earn money […] and if they [the investment bankers in (Hong Kong)] get the transaction executed, they will earn a part of the transaction in form of a bonus and, in front of that, they are interested in executing the transaction.” (BAN-F1-b)  
• “[…] one obstacle or problem is that we [corporate responsibility department] are often focusing on the benefit for the bank as such and are talking to someone respectively our counterpart is only focusing on one part of the bank and to a certain extent for the own benefit […]” (BAN-C2-a) |
<p>| Short-term risk calculations: Social structures that support SRI within banks | • “[…] in the risk management we regard a transaction very critically because the bank could take harm of it and it should therefore not be executed. For example, an investment banking team in Hong Kong and we indicate that our retail and private banking customers here in Switzerland would have a problem with the transaction – endangered animal species or rain forest – and there is the resistance. We think about the entire bank and in that case we have to argue against the interests of the bank to earn money […] and if they [the investment bankers in (Hong Kong)] get the transaction executed, they will earn a part of the transaction in form of a bonus and, in front of that, they are interested in executing the transaction.” (BAN-F1-b) |</p>
<table>
<thead>
<tr>
<th>Topic</th>
<th>Quote</th>
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</table>
| Long-term relationships with customers: Social structures that support SRI within insurance companies | • “[…] specific trainings which address the issue of risk. Such as a relation to a bank customer in Indonesia who works in coal mining. There we have to be aware of the questions we are posing […] do we want this customer or not.” (BAN-C1-b)  
• “It is because of the insurance business. If you make a promise, you have to keep your promise. And even if a person does not state a promise, everyone thinks about a potential promise which could be related to it.” (INS-B1-a)  
• “It is important that the framework is very transparent. Especially in our business which is strongly based on trust. We collect insurance premiums and probably pay for the damage 20 years later. And for over 20 years our client must believe in us and we have to believe in him.” (INS-D1-a)  
• “[Implementing] SRI is not that difficult within an insurance company because we invest the money of our clients in a particular way because we have to pay it back to them at a later point in time and provide guarantees for that money […] we tell them which return they will receive or which interest rate they can expect […] For example, if I go there, I know that I will earn between 4.6 and 6.3 percent profit with my life insurance and I will get that profit for sure […] Therefore our refinancing is more solid.” (INS-C2-b) |
| Fixed remuneration: Social structures that support SRI within insurance companies | • “Insurance agents can easily survive with their fixed salary. Variable components are very small respectively not existing in relation with the selling of insurances.” (INS-B1-a)  
• “Corporate responsibility targets are part of the company’s strategy. Financial objectives as well as corporate responsibility targets and the management is also evaluated on the basis of corporate responsibility and in this way it [corporate responsibility] finds influence into the strategy and receives a middle- and long-term character and is not arbitrary. For that reason, people are ready to engage in supporting it.” (INS-A2-b) |
| Long-term risk framework: Social structures that support SRI within insurance companies | • “A risk framework, or a sustainability risk framework, and we are operating it, so to say. In the end, all critical cases come into my group [sustainability group]. In my group, some people take care of the cases and deal with it. Moreover, what is really special about it is that we are the only company within the whole industry where the sustainability team has a veto over a transaction. […] and then it was really stated, that the company does not conduct the transaction. Those are business cases, which come onto the table because they are financially attractive; in those cases, one can provide an insurance service. One may earn a good premium, which is legally compliant. Therefore, these cases are absolutely legal. But there are just thematic areas, aspects of a transaction where the company because of its guiding principles cannot stand behind it and says: no, we don’t do that.” (INS-D1-a) |
6.4.3 Industry-Specific Routines

This section presents industry-specific routines and explains their various effects on SRI.

*The various influences of routines on SRI within banks.* In the banking industry, *routines targeting short-term financial goals* are prevalent. These routines are not consistent with SRI-related work procedures, such as the inclusion of ESG factors into financial analysis. Short-term oriented routines interplay with industry-specific mindsets ruled by quarterly results and short-term investments and mutually reinforce them. A corporate head of investment services, also in charge of sustainable investments, explains the routines’ negative effect on SRI by “business as usual at the top”:

> “People at the top of the company, have been doing business as usual for the last 25 years. For that reason change will not come immediately because it is still not an urgent need.” (BAN-E1-b)

These routines stabilize behavior that impedes the inclusion of ESG criteria into investment decisions. This stabilizing function manifests itself as opposition to new organizational behavior that would foster SRI. For instance, introducing such behavior is regarded as resource consuming and its legitimization is particularly difficult in banks, where “*barriers are always costs and lack of time*” (BAN-D1-b). In such a context, introducing behavior that furthers SRI is regarded as an additional burden. Nevertheless, current routines also have a potential for change, as the opposition to new behavior varies among departments, as further explained by the head of sustainability:

> “In some areas of the company perhaps a little bit less than in others but most of the time it is something that people have to consider and implement in addition to what they are already doing.” (BAN-D1-b)

Varying routines among divisions, departments or teams have a negative effect on SRI. In other words, *different and department-specific work procedures* undermine behavior that would promote the bank-wide institutionalization of SRI. All respondents confirmed their negative effect. One manager responsible for environmental and social risks explains this challenge by highlighting the lack of a company-wide sustainable investment strategy:

> “Today, it is still heterogeneously organized. [...] An investment banker has a totally different idea about commodity trading than someone from the wealth management because we are differently affected and pursue a totally different business strategy.” (BAN-C1-b)

SRI confronts many challenges at the bank level and particularly in departments offering and developing financial products. However, in one bank an SRI-related routine was found:
sustainability analysis. This routine has transformed asset managers into drivers of SRI, as illustrated by the head of sustainability:

“For instance, the team global equity within asset management is conducting sustainability analysis as part of their daily business. They are financial analysts who also conduct sustainability analysis.” (BAN-D1-b)

The new sustainability analysis lays the foundation for assessing longer-term financial products that include ESG aspects, in particular sustainability funds, and allows for the development of a long-term time horizon that supports SRI. The systematic and explicit inclusion by investment managers of ESG factors into traditional financial analysis reflects a common operating procedure to promote SRI (Eurosif, 2012). The head of sustainability emphasizes the importance of this analysis by considering the routine as “a milestone” (BAN-D1-b).

The various effects of routines on SRI within insurance companies. In the insurance industry, the interplay between routines and cultures becomes apparent. For instance, routines targeting short-term financial goals reinforce short-term investment mindsets. Because of this interplay, the daily business of employees, middle managers, and the top management is, for example, too distant from the company’s mission and vision that emphasize social and environmental aspects. This is clearly illustrated by a head of corporate responsibility: “In their daily business, they are just too far away from our vision and mission, sometimes also the top management.” (INS-A2-b)

I have already described the ambivalent function of long-term risk mindsets and their various effects on SRI. Here, routines governed by risk aversion negatively affect SRI by impeding a change in unsustainable routines. The continuity of these routines reinforces the long-term risk and investment mindsets and their negative effects on SRI. A head of corporate responsibility explains this using the example of sustainability themed investing:

“But the integration of ESG into investment decisions is moving very tediously […]
First, the top management wants to have a strategy for the entire company in the case of such a delicate subject.” (INS-A2-b)

Besides the interplay of cultures and routines, habitual behavior is also highly interlinked with social structures. This is illustrated by risk framework-based routines that promote SRI. For instance, the aforementioned risk framework brings in a new way of looking at underwritings and transactions, as the tool facilitates the inclusion of long-term risks and sustainable financial performance. This framework and the related criteria reinforce routines potentially close to SRI. Information technology here plays a central role, as explained by the head of sustainability:
“We have created a process in order to raise the [SRI-relevant] questions in a more structured manner, execute them in a well-structured way, within the frame of a computer-based system.” (INS-D1-a)

Table 6.5 provides additional data supporting interpretations of different effects of industry-specific social routines on SRI within banks and insurance companies.

Table 6.5 Different effects of industry-specific routines on SRI

<table>
<thead>
<tr>
<th>Theme</th>
<th>Representative Quotations</th>
</tr>
</thead>
</table>
| Routines targeting short-term financial goals: Routines that undermine SRI within banks | • “[…] people who make these decisions [regarding SRI], those people at the top of the company, have been doing business as usual for the last 25 years. For that reason change will not come immediately because it is still not of urgent need.” (BAN-E1-b)  
• “Barriers are always costs and lack of time. There are many support units, which are under a lot of pressure and have a few unused capacities for taking over additional requirements. But yes, in those cases we have to analyze what is realistic at all.” (BAN-D1-b)  
• “Is sustainability therefore an additional burden to the daily business? [Question stated by the interviewer] There might be such a general tendency. In some areas of the company perhaps a little bit less than in others but most of the time it is something that people have to consider and implement in addition to what they are already doing.” (BAN-D1-b) |
| Different and department-specific work procedures: Routines that undermine SRI within banks | • “A connecting element, either virtual or not, is still missing […] aligned with business strategy, put all that together and working together towards the same direction. Today, it is still heterogeneously organized. Moreover, one needs to understand that. An investment banker has a total different idea about commodity trading than someone from the wealth management because we are differently affected and pursue a total different business strategy.” (BAN-C1-b)  
• “People in other departments regard our work and the related topic of corporate responsibility as very distant from their daily business. For example, investment bankers and financial analysts direct their actions towards financial profits. Our topics [corporate responsibility] plays no role in their day-to-day work.” (BAN-C2-b) |
<table>
<thead>
<tr>
<th>Sustainability analysis: Routines that support SRI within banks</th>
<th>• “Difficulties [I confront] rather on the financial product side! However, there are also areas where it has been integrated. For instance, the team global equity within asset management is conducting sustainability analysis as part of their daily business. They are financial analysts who also conduct sustainability analysis. We have developed that together [sustainability team together with asset managers]. At that time, I was part of the asset management. Now, it is their duty to get that done. And some of them [asset managers] are doing it out of inner conviction and are making it accurately and others are doing it only because they have to.” (BAN-D1-b) • “[…] launching specific product lines. If I start at the product side, a milestone was for sure the integration concept which means that our financial analysts are conducting the sustainability analysis.” (BAN-D1-b)</th>
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<tbody>
<tr>
<td>Work procedures targeting short-term financial goals: Routines that undermine SRI within insurance companies</td>
<td>• “I notice that our employees do not see that [relationship between corporate responsibility and insurance business]. In their daily business, they are just too far away from our vision and mission, sometimes also the top management. Nevertheless, they have other worries. That is our job to show them this relationship and they understand it pretty well. But we have to coach them, inform them […]” (INS-A2-b) • “Our financial analysts focus on financial return when they are looking for investment opportunities. They consider the other aspects [i.e. ESG criteria] as irrelevant.” (INS-B1-a) • “We are not far enough for integrating such a body of thought [sustainability] into the practice of every department. This is because our management regards it as too far away from our usual business practice. There are just too many green aspects in it, too much of an alternative mood [here: in the sense of hippy-like mood].” (INS-B1-a)</td>
</tr>
<tr>
<td>Routines governed by risk aversion: Routines that undermine SRI within insurance companies</td>
<td>• “But the integration of ESG into investment decisions is moving very tediously! A couple of years ago we [corporate responsibility team] went ahead but then were kept back. However, I also understand that. First the top management wants to have a strategy for the entire company in the case of such a delicate subject.” (INS-A2-b) • “Although we can see a clear trend towards SRI, more traditional ways of investing are preferred in our company. The main reason is the uncertainty regarding how sustainable investing pays off.” (INS-B1-a)</td>
</tr>
<tr>
<td>Risk framework-based routines: Routines that promote SRI within insurance companies</td>
<td>• “We have created a process in order to raise the [SRI-relevant] questions in a more structured manner, execute them in a well-structured way, within the frame of a computer-based system. Afterwards, the entire process is documented, also auditable – not only yes and no. There is an argumentation. There are facts. A process is provoked by underwriting a risk respectively by the person who gets a risk on the table and has to assess it.” (INS-D1-a)</td>
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6.5 Theoretical Insights: Influences of Cultures, Structures and Routines on SRI in Industry Comparison

Table 6.6 provides an overview of the different effects of cultures, structures and routines on SRI within banks and insurance companies. The following sections discuss them in more detail.

Table 6.6 Influences of cultures, structures and routines on SRI in industry comparison

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<th>Influence on SRI</th>
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<td><strong>Insurance companies</strong></td>
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<td>Long-term risk and investment mindsets</td>
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6.5.1 Cultural Influences on SRI within Banks and Insurance Companies

In both industries, short-term investment mindsets are prevalent. Although, for instance, customers of a bank are skeptical about taking higher risks to improve quarterly figures, these mindsets give rise to a specific organizational culture (Frost et al., 1991), emphasizing shareholder value. Such an emphasis prevents SRI as it fosters behavior undermining the hybridization of a market logic (Glynn & Lounsbury, 2005) and a social logic (Smith et al., 2013; Pache & Santos, 2013). Within insurance companies, short-term investment mindsets manifest themselves, for example, in the use of business case arguments about how social and
environmental concerns promote a company’s financial performance. However, such an approach does not place ESG criteria and economic aspirations on the same level.

Besides considering the dominant market logic, the analysis also opens up the existence of the social logic. How prevalent this alternative logic is differs between the banking and insurance industries. Within insurance companies, the social logic provides a serious alternative, as the fulfillment of social needs is regarded as important. In such a context, the interplay of a financial and a social logic is more likely. For example, long-term risk and investment mindsets potentially allow for a connection between investments and ESG issues. These mindsets are based on the industry-specific aspect of risk, which is jointly carried by the insured party and the insurance company. They might work as a “ready-to-wear” model (Battilana & Dorado, 2010: 1419) for handling the potential conflict between a social and a financial logic, as they allow for combining financial aspirations with environmental and social aspects. In this sense, these beliefs give rise to a distinct corporate culture (Frost et al., 1991), which has a positive effect on SRI. However, the emphasis on risk is ambivalent, because it might also have a negative effect on SRI. This was illustrated by the example of the Principles for Responsible Investment Initiative and an insurance company that refuses to become a member and commit itself publicly to SRI. In this case, long-term risk mindsets lead to organizational hesitance, undermining SRI.

6.5.2 Structural Influences on SRI within Banks and Insurance Companies

The industry-specific study directs attention towards social structures that negatively affect SRI. In the banking industry, contradictory reward and incentive systems lead to conflicting behaviors that hinder the organization-wide expansion of SRI. For instance, while the sustainability team has its focus on the entire bank, investment bankers specialize in financial transactions and are rewarded for return on investment. These different incentives may lead to conflicts as shown by the case of the investment banking team in Hong Kong and the sustainability team at the Swiss headquarters.

A second undermining social structure in the banking industry, so-called short-term oriented incentive structures, remunerates employees for short-term behavior instead of a long-term orientation. Reinforced by the quarterly mindsets of the stock market, this reward system prevents actors from shifting their mindsets and learning new SRI practices, as employees gear their actions towards short-term profit, because they are rewarded for it (Scott, 1987).

Within banks, there are also short-term risk calculations that enable the interplay of a social and an economic logic. These social structures can be compared with the long-term risk framework of insurers. Both incorporate industry-specific beliefs. Within insurance companies, the dominant long-term risk mindsets are included in the evaluation criteria applied to assess
market opportunities, and within banks, short-term risk calculations incorporate the dominant short-term investment mindsets. While the positive effect of the first structure seems obvious, because of its long time horizon, the positive effect of the second appears counterintuitive, because of the incompatibility of a short-term horizon with social and environmental aspects (Hoffman et al., 2010; Olsen & Boxenbaum, 2009; Smith et al., 2013). However, it becomes more plausible when comparing the two structures in qualitative terms. While the first, with its long-term emphasis, furthers the systematic inclusion of ESG into investment analysis, banks’ short-term risk calculations follow the idea of negative and exclusionary screening (Eurosif, 2012 and 2014) and prevent a transaction only because of potential immediate financial loss.

In both industries, the emphasis on risk is incorporated in evaluation criteria that potentially promote assessing financial products using ESG aspects, in particular in the case of sustainability funds. These evaluation criteria allow for the overcoming of “tensions between social missions and business ventures” (Smith et al., 2013: 410) emerging from divergent time horizons between short-term costs and long-term social progress (Hoffman et al., 2010). The long-term risk frameworks applied by insurance companies suggest a turning away from the hitherto assumed dominance of short-term metrics (Smith et al., 2013). At least in this industry, the trend is going in the direction of evaluation criteria that allow for capturing a long-term time horizon, which, in turn, promotes SRI.

Two further industry-specific enabling structures within Swiss insurance companies were found. First, long-term relationships with customers may create an environment in which people tend to assume rather moderate risks and undertake their actions over a longer period. Enduring relationships are constituted by mutual trust and promises that provide the basis for reciprocal expectations between insurance companies and their customers over time. Such relationships become manifest in industry-specific services and products, for example life insurance, with a long-term orientation.

Second, fixed remuneration has a positive effect on learning new practices associated with SRI. In other words, a fixed salary may function as an enabler by laying the basis for long-term planning and action. I identified the most influential incentives in one insurance company in which the management is also evaluated based on social and environmental criteria. In this organization, managers actually gear their actions towards the triple bottom line (Elkington, 1997), because they are rewarded for it (Scott, 1987).

6.5.3 Effects of Routines on SRI within Banks and Insurance Companies

In the banking industry, routines targeting short-term financial goals undermine SRI-related behaviors, such as the systematic inclusion of ESG factors. The dominant short-term investment mindsets thereby function as tacit knowledge (Polanyi, 1966) governing these work procedures.
At the same time, these procedures further the cultural belief in shareholder value. In that sense, these routines have a stabilizing function (e.g., Williamson, 1981; Winter, 1990), as they secure the current short-term oriented investment practice and impede the new practice of including ESG criteria.

A second type of undermining routines is different and department-specific work procedures. There are various approaches to commodity trading among investment bankers and wealth managers. Different work procedures require specific adjustments in each area of the bank. The challenge of aligning different routines with new organizational behaviors that promote SRI is amplified in an industry in which cost savings dictate the corporate agenda. As introducing new behaviors is regarded as resource consuming, the adjustments required in order to promote SRI are rather unlikely.

Finally, within banks, sustainability analysis is the basis for assessing longer-term financial products that include ESG aspects. Sustainability analysis strengthens mindsets within a bank, assuming a positive relationship between a company’s social initiatives and financial return. Nonetheless, the development is at a very early stage, as I found this SRI-related routine in only one bank.

The study identified three types of habitualized behaviors within insurance companies. One undermining type is routines targeting short-term financial goals. These procedures equate to the eponymous routines within the banking industry and were explained, for example, by the circumstance that individuals within an insurance company are too distant from an insurer’s mission and vision, particularly their social and environmental aspects. Reinforced by short-term investment mindsets, these routines have a primarily shareholder value orientation and are incompatible with SRI-related routines.

A second undermining routine is driven by risk aversion, which ensures the continuity of existing behavior dedicated to long-term risk and investment mindsets. This is amplified by the interpretative structures of overemphasizing long-term risks in investment decision-making. Therefore, a change in current and unsustainable routines is made more difficult. The slow integration of ESG criteria into investment decisions and resistance from top management has exemplified this negative effect on SRI.

Lastly, risk framework-based routines reinforce SRI-related behaviors within insurance companies. These routines are strongly interlinked with the IT-based risk framework, which assesses long-term risks and sustainable financial performance. The risk framework serves as a “ready-to-wear” model (Battilana & Dorado, 2010: 1419) by forming the basis of handling the opposing social and financial logics at the core of SRI.
6.6 Discussion

The study of positive and negative influences on SRI within banks and insurance companies has exposed cross-sectoral similarities and differences. With regard to similarities, quarterly oriented and short-term investment mindsets influence both industries. While the short-term logic of investment drives managers’ attitudes towards “business as usual”, their behavior is largely incompatible with a social logic requiring a long-term horizon (Hoffman et al., 2010; Smith et al., 2013).

On the other hand, the investigation moves industry-specific differences into the foreground. While banks have more of a short-term view, insurance companies show signs of a sustainability-oriented focus. These differences become apparent in the industry-specific ratio between positive and negative influences on SRI within a particular type of business organization, either a bank or an insurance company. The variety of industry-specific influences on SRI ensures that one comes up with a differentiated picture of logics in play. For example, in both industries short-term investment mindsets correspond with a market logic that tends to be dominant in a business context (Glynn & Lounsbury, 2005). Nonetheless, long-term risk and investment mindsets within insurance companies represent a cultural belief that potentially allows for the combining of a market logic with a social logic (Smith et al., 2013; Pache & Santos, 2013).

This research provides two main contributions. First, the study contributes to SRI research by answering the call to go beyond the study of SRI’s financial performance and to consider ethical and moral aspects (Capelle-Blancard & Monjon, 2012; Revelli & Viviani, 2015). The chosen institutional logics perspective takes into account SRI’s underlying distinct social spheres, i.e. the financial sector driven by maximizing profit and social wellbeing guided by ethical and moral considerations. By analyzing industry-specific institutional carriers, this research explains positive and negative influences on SRI within banks and insurance companies, investigated from the hitherto widely neglected intra-organizational perspective (Slager et al., 2012). By doing so, this research tackles the neglected topic of why investment intermediaries support or hamper SRI (Capelle-Blancard & Monjon, 2012; Hoepner & McMillan, 2009). The findings also have practical relevance, as financial intermediaries, such as banks and insurance companies, are among the most important players in the SRI market (Eurosif, 2014; Hoepner & McMillan, 2009). Knowing about industry-specific factors and their different effects on SRI within financial institutions can prove very helpful in mainstreaming responsible investing.

Cross-sectoral challenges mean that managers regard SRI as inferior to conventional investment activities within banks and insurance companies. Actually, the social logic continues to play a subordinate role, while the financial logic remains dominant at the core of SRI. This is in line with researchers’ highlighting the “unresolved tension” (Richardson &
Cragg, 2010: 35), describing the reconciling of the two as “wishful thinking” (Capelle-Blancard & Monjon, 2012: 140), and indicating that “the mainstream finance community believes that incorporating ESG criteria into investment decisions comes at the cost of portfolio performance” (Juravle & Lewis, 2008: 288). This may also explain the dominance of reactive SRI approaches, such as negative and exclusionary screening in Switzerland (Eurosif, 2012 and 2014).

On the other hand, these challenges question the observation that managers regard SRI as an attractive alternative to traditional investments (Slager et al., 2012). They also make problematic assumptions, such as that sustainable business practices are perceived as profitable (Barnett, 2007) and that economic aspirations are compatible with acts of corporate responsibility (Swanson, 1995). However, the findings do not fundamentally contradict these assumptions, but rather refine them. The industry-specific ratio between positive and negative influences on SRI suggests that the hybridization of the financial and social logic is more likely in a specific context, i.e. within insurance companies. SRI-enabling industry-specific factors, such as the long-term relationships between insured parties and an insurance company, have illustrated this. Similarly, long-term risk frameworks applied by insurance companies show a trend away from the dominant short-term metrics. This trend enables the combination of ESG and economic aspects.

A second contribution revolves around giving insight into the normative institutional pillar. As illustrated by short-term investment mindsets, normative cultures inhibit SRI in both industries. This relates to a previous study on a new sustainability practice that identified mindsets as the “most fundamental barrier to implementation” (Olsen & Boxenbaum, 2009: 109). On the other hand, normative conceptions are important drivers of SRI. An environment dominated, for example, by long-term risk and investment mindsets reminds us of “corporate social responsibility cultures” (Duarte, 2010), i.e. organizational cultures underpinned by values associated with social and environmental sustainability.

This research thereby took up a recent call to consider normative cultures, i.e. values, in the study of institutional logics (Friedland, 2013; Klein, 2015) and institutional theory in general (Kraatz & Flores, 2015). By highlighting the role of values, the study relates to the institutional logics perspective, which puts them at the center of societal institutions (Thornton et al., 2012). This research took into account cultures, routines and structures, analyzed their interplay, and identified their effects on SRI in an industry comparison. Shedding light on the interlinking and mutually reinforcing nature of the three institutional carriers and determining the different resulting effects on the two logics at the core of SRI is in line with the proposal “for work that gives detailed attention to both values and other institutional influences and considers their conjoint and competing effects” (Kraatz & Flores, 2015: 366).
This research also has some limitations. The study mentioned particular strategies for sustainable investing, such as negative and exclusionary screening, and the systematic integration of ESG. However, SRI actually brings together further sustainable investment strategies, such as positive and best-in-class screening, impact and community investment, corporate engagement and shareholder action (Eurosif, 2012). These strategies also fall under the term “SRI”. By comparing negative and exclusionary screening with the integration of ESG into traditional financial analysis, this study only touched the diverse potentials of these different strategies concerning the promotion of sustainable development. Future research may systematically investigate the potential of each investment strategy and address organizational challenges and enablers to its implementation.

Further limitations of this study are those common to qualitative-inductive research. This concerns most of all a limited ability to generalize to other contexts that, for instance, do not relate to the specifics of SRI and the two industries analyzed. However, at least for SRI within Swiss banks and insurance companies, it is argued that the number of interviews, the sampling of the main players, and the confirmation of the results by the experts interviewed allow for the drawing of a consistent picture of different industry-specific influences on SRI.

This research illustrated that the normative culture of risk informs and guides behavior with different effects on SRI. However, how such an ambivalent culture develops goes beyond the scope of this investigation. Future research may focus on this particular system or other belief systems, address their development and their influence on, and interplay with, organizational structures and routines over time. In that regard, semi-structured interviews provide a useful tool to investigate industry-specific influences on SRI, as the method also allows for the collecting of data on routines (Frost & Tischer, 2014). However, researchers may include ethnographic methods, such as participant observation, which is particularly helpful for studying routines, including tacit knowledge that cannot be easily articulated, communicated or documented (Polanyi, 1966). In that sense, in order to capture the developmental dynamic interplay of cultures, structures and routines, future research could apply a longitudinal approach with multiple methods of data collection. Such a research approach also takes into account that the hybridization of different institutional logics always comes as a reconfiguration of the existing context and history (Padgett & Powell, 2012).

Because of the dynamic and interlinking nature of institutional carriers (Scott, 1995 and 2001; Zilber, 2002), the findings only provide a snapshot of SRI. Nonetheless, the analysis indicates where the journey can go from here, as the various industry-specific influences have implications for fostering SRI within banks and insurance companies. Further, the findings may lay the foundation for governments to shape policy in the course of regulating the financial sector. While banks and insurance companies often fall under the definition of the term “financial institution” (e.g., OECD, 2013), this research illustrates the differences between the
two industries and thus offers a more nuanced understanding. For example, an industry-specific understanding of SRI sheds a different light on a recently observed trend towards the integration of ESG factors into financial analysis (Eurosif, 2014), as this development may have different effects on the insurance and banking industries.
Chapter VII – Toward a Morally Reflective Institutional Theory: Insights from CSR Implementation

Abstract. While the normative pillar of institutions has always been important, several scholars have problematized that institutional theory has insufficiently theorized moral aspects. A conceivable way to morally expand institutional theory is to carve out the role of values in all three contexts of institutional analysis, namely investigation, justification and utilization. By means of the case of Corporate Social Responsibility (CSR) implementation, this conceptual chapter develops a morally reflective institutional theory. The developed theory systematically examines existing values on a descriptive level, normatively assesses previously identified moral beliefs and guides (management) practice that considers its moral consequences. A morally reflective institutional theory takes into account issues previously raised with regard to the three contexts of institutional analysis, systematically theorizes moral aspects and explicates institutional theory’s inherent underlying normativity. Finally, the institutional analysis of CSR and the related descriptive and normative use of morality allow for the merging of previously separated paradigms of CSR research, i.e. normative and social scientist approaches.

7.1 Introduction

As illustrated by the normative pillar of institutions where “the basis of legitimacy” is “morally governed” (Scott, 2014: 60), moral issues have always been central for institutional theory. DiMaggio & Powell (1983), for example, stressed normative isomorphic change aside coercive and mimetic types of institutional isomorphism. However, several scholars have problematized that institutional theory has not sufficiently theorized and rationalized moral aspects. For example, Cloutier and Langley (2013: 363) noted that overlooking moral issues reduces the theory’s explanatory potential as it results in “moral myopia” that “effectively withholds an important explanatory mechanism for deepening our understanding of institutional dynamics”. Heugens and Scherer (2010: 663) indicated that focusing on social phenomena rather than on their moral dimension has led to institutional theory’s “normative vagueness”. Scott (2014: 274) ascertained that institutionalism provides hardly any information about “what might be done” and Thacher (2015) explained that this lack of practical relevance is due to missing moral reflection. Against this background, Munir (2015: 91) warned that the tendency to ignore moral issues has “an unfortunate negative externality for the theoretical basis of institutional theory”.

A conceivable way for morally expanding institutional theory is to carve out the role of values that “opens a door for institutional scholarship that is more deeply normative and/or critical in its orientation” (Kraatz & Flores, 2015: 373). Values are “conceptions of the preferred or the desirable together” (Scott, 2014: 64). They are “human beliefs about the things that are worth
having, doing, and being (i.e., normative goods or ‘ends’)” (Kraatz & Flores, 2015: 356). Values thus have an intrinsic quality, as they are the very nature of organizational and social life more generally. Considering values corresponds with later efforts of institutional theorists who place values at the core of institutions (e.g., Friedland, 2012; Klein, 2015; Kraatz & Flores, 2015; Suddaby, Elsbach, Greenwood, Meyer, & Zilber, 2010; Thacher, 2015). It is similarly in line with early institutionalists, like Philip Selznick (e.g., 1957, 1969 and 1992) and Arthur Stinchcombe (e.g., 1997), who described values as the main drivers of social processes and understood institutional analysis as an “inherently normative enterprise” (Thacher, 2015: 319).

How values as historically and socially located moral norms and beliefs about what is worthy and unworthy, good and bad, right and wrong influence practices becomes particularly evident in situations in which different moral views clash. Moral struggles arise in connection with specific business practices considered immoral, such as practices with regard to production under exploitative conditions or greed. A result of these struggles is the emergence of alternative business practices with explicit moral goals (Balsiger & Schiller-Merkens, 2016). One of the most prominent alternatives is CSR (see, for instance, Chapter 2.4.2). Values are thereby the main reasons why firms engage in CSR (e.g., Aguinis & Glavas, 2012). This suggests that the implementation of CSR within firms provides a good case for elucidating a morally reflective institutional theory that considers values in each context of investigation – discovery, justification and utilization (Schnell, Hill, & Esser, 2008). The central question is thus, how we can theorize values in institutional analysis’s context of discovery, justification and utilization.

Based on the case of CSR implementation, this final chapter elaborates a morally reflective institutional theory that examines values on a descriptive level, normatively assesses previously identified moral beliefs and guides (management) practice that considers its moral consequences. While discovering social phenomena is reduced to a descriptive use of morality, morality receives a normative dimension in the other two contexts, namely with regard to the potential utilization of findings and, in particular, the justification of how to study a specific phenomenon, both involving a determination of what qualifies as moral (Gert & Gert, 2016).

The developed theory with its descriptive and normative use of morality along the three contexts of investigation contributes to the further theorizing of moral aspects (e.g., Friedland, 2012; Suddaby et al., 2010 Klein, 2015; Kraatz & Flores, 2015) and elucidates institutional theory’s inherent underlying normativity (e.g., Selznick, 1969; Thacher, 2015). The developed theory also takes into account specific issues raised with regard to the context of discovery (e.g., Cloutier & Langley, 2013), justification (e.g., Heugens & Scherer, 2010) and utilization (e.g., Kraatz, 2009; Scott, 2015; Thacher, 2015). Finally, the institutional analysis of CSR and the related descriptive and normative use of morality allow for merging hitherto separated
paradigms of CSR research, namely normative and social scientist approaches (e.g., Garriga & Melé, 2004; Gond & Matten, 2007; Treviño, 1992).

This chapter proceeds as follows: Section 7.2 provides a brief review of the debate on values and the aims of social sciences. Section 7.3 critically assesses the status of values in institutional theory. By means of the case of CSR implementation within firms, section 7.4 illustrates the importance of values for each context of investigation. Based on this case, section 7.5 outlines a morally reflective institutional theory that systematically considers values in the context of discovery, justification and utilization. Finally, section 7.6 concludes and discusses the main insights.

7.2 Background

I begin with a brief review of the debate on values and the aims of social sciences, in particular the value judgement dispute (Werturteilsstreit) and the later positivist dispute (Positivismusstreit). This may help to understand the role of values in the three contexts of an investigation.

7.2.1 The Problem of “Value Neutrality” in Social Sciences

The Werturteilsstreit (value judgment dispute) was dominating the scholarly debate in the late nineteenth and the early twentieth century, particularly in Germany. The dispute was not limited to the methodology of social science but rather addressed the aims of the social sciences as such (Frisby, 1976). The main issue was whether social sciences have the legitimacy and potential to give universally valid value judgments (Werturteile) based on empirical findings (Weiss, 2005). The dispute thus boiled down to the question of what influence values, like personal opinion, political views or ideological purposes, have and should have on scholarly work. In the light of this dispute, the position of the most prominent representative, Max Weber (1949: 1-47), can be summarized as follows:

- Description and explanation of social phenomena has to be objective, i.e. unbiased and intersubjectively understandable. Research findings thus should not be influenced by researchers’ wishful thinking.
- Any description and explanation of social reality is judgmental. This is because personal values always drive the selecting of a subject of interest and the related formulation of a research question.
- While values are the primary motifs of an investigation, they are also subject of the inquiry. For example, an evaluative statement can be checked for its consistency, namely personal values (of political, ethical or practical issues) may be described and explained.
Findings serve to achieve aims and objectives, such as in the political and economic domain. However, scientific descriptions and explanations give no indication of how to use them in practice. It is thus impossible to derive conclusions about what should be done based on statements concerning the Sein.

While Weber, as illustrated by the first point, argued for value-free (Wertfreiheit) research, he recognized, as explicated by the following two points, the value relevance (Wertbeziehung) of any research activity (Weiss, 2006). However, despite the relevance of values, he argued that research should focus on the existence of values and not on their validity. This becomes further manifest in the fourth point where he reflects on the usefulness of social sciences. Grounded on the belief in a clear distinction between moral inquiry and factual discovery, social scientists shall only concentrate on the latter as this allows deriving useful practical implications (Thacher, 2015). The Weberian position also becomes evident in the definition of sociology as “the scientific investigation of the general cultural meaning of the socio-economic structure of human communal life” (Weber, 1949: 67).

The debate on values and the aims of social sciences flares up again in the so-called positivist dispute (Positivismusstreit) in the mid-twenty-first century, particularly in Germany. The dispute was between critical rationalists, such as Hans Albert and Karl Popper, and representatives of the critical theory of the Frankfurt school, such as Theodor W. Adorno and Jürgen Habermas. Baier (1969) argues that the debate took place at three levels. First, it is about the role of social sciences, namely whether it is concerned with the replication of social reality or with its transformation; second, if social sciences take part in their empirical world historically or unhistorically; third, if developed theories have a universalistic or individualistic tendency. In short, the debate focused on the relationship between theory and practice, whereby both camps agreed that social sciences can and should have practical implications (Frisby, 1976).

The debate whether value neutrality is possible and reasonable is still ongoing (e.g., Gouldner, 1962; Harris & Freeman, 2008; Miller, 1979; Nagel, 1957; Sen, 1987; Sandberg, 2008). Most recently and directly related to the debate on values and the aims of social sciences, Thacher (2015: 320) problematizes Weber’s postulation that “social scientists should distinguish the moral components of practical deliberation from the scientific components and focus their own attention entirely on the latter”. In the Weberian tradition, moral inquiry is thus unnecessary because a value-free study still has the potential to elaborate useful implications for practice. In line with Selznick who rejected such a distinction and underlined that scholars have to focus on practical problems instead of internal debates (Krygier, 2012; Selznick, 1980, 1996), Thacher (2015) illustrates the “perils of value neutrality” that lie in disconnecting research from the
practical motifs that initially triggered it. This disconnection dilutes the understanding of these initial motifs, which in turn may negatively affect insight.

In line with the opponents of the so-called separation thesis (e.g., Harris & Freeman, 2008; Sen, 1987; Thacher, 2015), this chapter continues by illustrating how the separation between descriptive and normative elements is an impossible endeavor. Based on these considerations, I further discuss the issue of value neutrality in one of the most prominent social theories in the field of organization and management studies, institutional theory (Sahlin-Andersson, Greenwood, Oliver, & Suddaby, 2012).

7.2.2 The Three Different Contexts of Institutional Analysis: From a Descriptive to a Normative Use of Morality

The role of values and the overall aims of social sciences can be further clarified by three different aspects of an investigation, namely the context of justification, discovery and utilization (Schnell et al., 2008). The distinction between the first two contexts goes back to Reichenbach (1938; see also Siegel, 1980). Justification focuses on how social reality may be studied. Meanwhile the aspect of discovery addresses the question of what needs to be studied. Finally, the context of utilization takes into account the social function of research. It thus revolves around the question of what is and may be done with the findings. The three contexts provide a systematic framework for theorizing moral aspects in institutional analysis and facilitate reflection on the underlying normativity of such an analysis in general.

The first context of discovery focuses on examining values in a particular social context. This context thus mainly aims at describing different moral concepts. Such an approach is in line with a descriptive use of morality, i.e. morality understood “as certain codes of conduct put forward by a society or a group (such as a religion), or accepted by an individual for her own behavior” (Gert & Gert, 2016: 1).

However, as indicated by Gert and Gert (2016), defining moral concepts requires determining which codes that are put forward by a society or a group qualify as moral. Such normative examination may take place in the second context of justification. From a normative standpoint, “morality refers to a code of conduct that would be accepted by anyone who meets certain intellectual and volitional conditions, almost always including the condition of being rational” (Gert & Gert, 2016: 2). In that regard, a person that meets these conditions can be described as a moral agent. Thereby, natural persons, such as employees (Blanc, 2014), as well as legal entities like firms (List & Pettit, 2011) have the potential to be a moral agent.

At this point, it is important to note that these first two contexts are in accordance with the classical distinction in philosophy between morality (in a descriptive sense) and ethics. While morality descriptively refers to specific codes of conduct such as habits, mores and attitudes to
virtue put forward by a society or group, ethics stands for the (normative) reflection about morality and thus aims “to improve our lives, and therefore its principal concern is the nature of human well-being” (Kraut, 2016: 1). In relation to this, determining which codes qualify as moral is the basic prerequisite for a morally reflective institutional theory.

The third context of utilization also requires such a normative expansion. In concrete terms, it is about defining which problems of social and organizational life qualify as reasonable, respectively moral motifs for undertaking a research project. Thereby, the distinction between facts and ideals becomes particularly vague in the case of applied fields such as management or social policy (Thacher, 2015). In this context also falls Davis’s (2014: 315) normative claim for addressing “problems that face society, and to whose solution organizational scholars might contribute”.

Finally, it is important to note that the distinction between the three contexts is only analytical as they are closely linked in research practice. In concrete terms, while the examination of a specific problem falls into the context of discovery, choosing this research issue is however inseparable from the context of utilization, namely the question of what can be done with the findings. Thus, practical considerations are important motifs for an investigation. At the same time, justification, namely the question of how this specific problem may be studied, has implications for the other contexts. In concrete terms, the choice of a methodological approach, for example quantitative or qualitative, defines what can and cannot be studied, and implies different types of findings with respective different implications for practice.

7. 3 The Status of Values in Institutional Theory

Along with the three interrelated contexts, this section critically addresses the status of values in institutionalism and illuminates the underlying cause for under-theorizing moral aspects. Examining the context of discovery illustrates a tendency to subordinate the normative pillar of institutions to the regulative and cognitive pillar, illustrated by giving little attention to values. The context of justification explicates that institutionalists tend to fade out normative examination by giving the impression of an objective, value-free research. Finally, the context of utilization exemplifies how institutionalists refrain from making any statements about how their findings serve to achieve practical aims and objectives. In order to sharpen the analysis, the discussion of the three contexts builds on early institutionalists such as Selznick and Stinchcombe.
7.3.1 Context of Discovery: Values as Critical and Often Neglected Objects of Investigation

Selznick (1996) unmasks the claim to exclude values from institutional analysis as a rhetorical strategy by new institutionalists in order to uphold the dichotomy between “old” and “new”. He illustrates this by the following quote where the authors explicitly distance themselves from earlier theorists by emphasizing that new institutionalism explicitly excludes norms and values:

“‘Organizational forms, structural components, and rules, […] are institutionalized’; and ‘not norms and values but taken-for-granted scripts, rules and classifications are the stuff of which institutions are made’ (DiMaggio & Powell, 1991: 14-15)” (emphasis supplied by Selznick, 1996: 276).

With regard to Scott’s (2014) three pillars of institutions, the quote emphasizes the regulative, explicated by organizational forms, structural components and rules, as well as the cognitive, namely taken-for-granted scripts and classifications, at the expense of the normative pillar, i.e. the analysis of values. DiMaggio and Powell (1991) as well as others, for example Phillips and Malhotra (2008) who particularly stress cognitive elements, thereby seek to dissociate from early institutionalists, like Selznick and Stinchcombe, who emphasize the analysis of values and assign a rather secondary role to the examination of the regulative and cognitive pillars. We can thereby understand Stinchcombe’s (1997: 17) concern as a response to these later efforts: “In short, the trouble with the new institutionalism is that it does not have the guts of institutions in it”. In other words, the neglect of the normative dimension is problematic as, for example, according to Scott (2014) institutions always contain all three institutional pillars (see also Chapter 2.2.1).

This new theoretical focus (i.e., DiMaggio & Powell, 1991) further illustrates the shift from an early stage of institutionalism rooted in phenomenology (Schütz, 1967) towards a stage characterized by “a high amount of structural determinism” (Suddaby, 2015: 93). While the phenomenological approach examines how “individuals’ shared meanings create institutions, organizations, and social reality” (Gill, 2014: 132), later studies focus on how macro-institutional structures determine the way actors behave (Suddaby, 2010). The latter have thereby at best addressed values as a source of legitimacy in order to explain or predict behaviors (Friedland, 2012 and 2013).

Respective conceptualizations of institutions further explicate this theoretical shift. While in the old institutionalism people built and executed institutions, later theorists comprehend institutions as collective representations that operate on their own (Stinchcombe, 1997), namely in the form of cognitive mechanisms that condition thinking (Phillips & Malhotra, 2008). Due to the focus on how people build and execute institutions, earlier institutionalists grant only a
subordinated status to formal structures and taken-for-granted cognitive mechanisms as values are understood as ends in themselves. Stinchcombe (1997: 8), for example, indicates that while “reason and good sense are values”, formality serves as “a means to reason and good sense”. Similarly, Selznick (1996: 271) points out “that perhaps the most significant aspect of institutionalization is infusion with value beyond the technical requirements of the task at hand”. Consequently, neither formal structures nor cognitive mechanisms but rather values lay the foundation for the functioning of organizations as “organizations that work well do so by paying people to serve values, to try to be competent, to conduct their business with integrity” (Stinchcombe, 1997: 16). Thus, focusing on values not only shifts the attention towards moral aspects of organizational life, such as integrity, but makes them the central point of institutional analysis as well.

With regard to the claim for further theorizing moral aspects (e.g., Cloutier & Langley, 2013; Heugens & Scherer, 2010; Munir, 2015; Suddaby, 2015), it was argued for looking back at the conception of institutions proposed by early institutionalists. For example, Munir (2015: 90) indicates that institutions “are not external to us” but instead that “we enact institutions in everyday life”. Similarly, Suddaby (2010: 16) suggests a return to the phenomenological roots when he proposes to “pay serious attention to the subjective ways in which actors experience institutions”.

A few newer studies address values and move them to the center of institutional analysis. Friedland (2012 and 2013), for example, understands values as the core of institutions and describes their non-consideration as the most critical failure of institutional theorists. In that regard, he integrates values into the concept of institutional substances (Friedland, 2009, 2012 and 2013). Substances provide identity of subjects as well as ontology of objects applied in institutional practices. Practices are in turn enactments of substances, such as property in the institution of capitalism. According to that, Klein (2015: 328) insists that “values-substances are the key to identify and qualify institutional logics”. By the example of risk management, he explicates how domains of practices enact values. The value-substance of risk thus only exists because of practices that bring it into being. Values thus connect to practices and individuals and, as such, are the constitutive part of social life. Finally, and based on Selznick’s work, Kraatz and Flores (2015) develop a framework that systematically reinfuses values. They describe the features of such a framework as follows (Kraatz & Flores, 2015: 272):

“[…](1) it treats these great human ideals as real phenomena and makes them its central focus, (2) it constitutes organizations and managers as ‘moral actors’ who face choices and can (thus) be held responsible for their decisions and, (3) it encourages empirical inquiry into the ‘conditions and processes’ that drive these choices and thereby determine the fate of ‘ideals in the world’.”
7.3.2 Context of Justification: Contemporary Waiving of Normative Examination

Much of institutional theory uses Weber’s work as a starting point. For example, DiMaggio and Powell (1983: 147) begin their influential article as follows:

“In The Protestant Ethic and the Spirit of Capitalism, Max Weber warned that the rationalist spirit ushered in by asceticism had achieved a momentum of its own and that, under capitalism, the rationalist order had become an iron cage in which humanity was, save for the possibility of prophetic revival, imprisoned ‘perhaps until the last ton of fossilized coal is burnt’ (Weber, 1952: 181-182).”

This citation illustrates how Weber undertakes a normative examination of the status quo by describing the progressing rationalization as a prison-like condition increasingly enslaving humankind. In Weber’s eyes, bureaucracy promotes oligarchy and its unstoppable extension is “combined with the strict avoidance of all spontaneous enjoyment of life” (Weber (2005 [1930]: 18). Similarly, other classical theorists, such as Veblen (1904, 1912[1899]) and Selznick (1957), describe the “iron cage” of bureaucracy as being morally bad. However, their analysis is also susceptible to potentially positive aspects of bureaucracy. Selznick (1969), for example, concludes that the bureaucratic character of large firms promotes managerial self-restraint and the acknowledgement of employee rights.

Since the article by DiMaggio and Powell (1983), institutional theorists have tended to refrain from normative examination. The following two studies illustrate this particularly well. Haverman and Rao (1997) studied the coevolution of organizational and industry ethics in the development of the thrift industry. However, their research goes without any normative assessment of these emergent ethics and leaves the judgement up to the reader. By doing so, the study addresses normative variables merely in a predictive, descriptive way. In a similar manner, in the “competing logics in health care” Scott (2004) analyzed how general access to healthcare came into conflict with the pursuit of financial profit. Access to healthcare for all citizens is undeniably a moral issue for public policy. However, the analysis excludes a discussion on whether the equity of access is morally justifiable.

These two studies are mapping the fact that “the vast majority of contemporary social scientists have distanced themselves from moral reflection” (Thacher, 2015: 317). While the above-mentioned studies (Haverman & Rao, 1997; Scott, 2004) explicated how institutionalists use morality in its descriptive sense, the two are representative for a number of studies that similarly go without normative examination “in spite of having the data to do so” (Nielsen & Massa, 2013: 137). Similarly, Baur and Arenas (2014: 163) note for research on business-society interactions, namely CSR, that “by deriving its rationale from exploring and explaining these phenomena rather than justifying them, the contribution of institutional theory is largely
descriptive rather than normative”. CSR research that applies an institutional lens refrains from normatively assessing firms’ role with regard to conflicts, risks and benefits in the context of business and civil society interactions (e.g., Argenti, 2004; Doh & Guay, 2006).

Concerning the widespread study of CSR from the institutional theory perspective (Wang et al, 2016), the weakening of this perspective’s theoretical basis is not due to a lack of problem-driven research. Instead, the main reason lies in the fact that most institutional literature waives normative examination (Baur & Arenas, 2014; Nielsen & Massa, 2013). While such a value-neutral rhetoric may have helped institutional theory to “become hegemonic”, it simultaneously “has, as a result, lost its theoretical reflexivity” (Suddaby, 2015: 94). A notable exception therefore is Thacher’s (2015) work that addresses the current lack of moral reflection in institutional theory. By drawing on Selznick’s work, he elaborates an alternative approach that involves a normative examination of the moral content of applied concepts. Practical issues thus become the central topic of institutional analysis.

7.3.3 Context of Utilization: Missing Practical Implications

Thacher (2015: 317) points out that the distinction between moral reflection and factual discovery has a negative effect on institutional theory’s exploitation:

“Value neutrality in social research can fatally sever inquiry’s connection to the practical concerns that originally motivated it, and it can distort our understanding of those concerns by recasting them in a scientific mold”.

Similarly, Scott (2014) problematizes the utilization of institutional theory by noting that sociological work on institutions – his own work and that of his colleagues – has missed deriving management or policy prescriptions from their findings.

“If we examine the bulk of scholarship amassed by institutional theorists over the past half-century, I think it is accurate to say that this work tells us far more about how and why contemporary organizations fail to work than it does about what might be done to strengthen them.” (Scott, 2014: 274)

Kraatz (2009: 85-86) is even more critical when he declares that institutional theory “says very little about how to govern, reform, or productively improve any given existing social institution”. For this reason, Kraatz, Ventresca and Deng (2010: 1521) recommend that institutional scholars should study the creation and maintenance of “mundane administrative systems” that retain “precarious organizational values”. Similarly, Heclo (2002: 296) emphasizes that we “ought to think through the problem of maintaining ideals amid grubby organizational realities”. In accordance with these authors, Scott (2014: 274) points out “that our organizations require thoughtful care and feeding”.

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However, a small number of studies addresses the question of what may be done with the findings. For example, Misangyi, Weaver and Elms (2008) studied “the interplay among institutional logics, resources, and institutional entrepreneurs” in the context of corruption. They describe corruption as a normatively bad thing and use institutional theory to elaborate countermeasures. Their study demonstrates how reformers may enact changes in order to eliminate systemic corruption. Another exception is the work by Nielsen and Massa (2013) that focuses on the Great Recession of 2008–2009. With the help of this case, they illustrate how their findings can have direct practical implications. The study shows that the “understanding of institutional influences on structural organizational ethics issues can suggest different types of intervention strategies” (Nielsen & Massa, 2013: 142).

7.4 Toward a Morally Reflective Institutional Theory: The Case of CSR Implementation

In order to develop a morally reflective institutional theory, the focus lies on CSR implementation. As illustrated by a recent literature review, CSR provides a fruitful case for morally expanding institutional theory as “firms also engage in CSR due to normative reasons that lie in the firm’s values (i.e., doing the right thing)” (Aguinis & Glavas, 2012: 943). Similarly, for instance, chapter IV (i.e., Chapter 4.6.3) suggested a focus on values because of resource’s limited explanatory potential, and chapter VI identified normative cultures as the central drivers and barriers of a specific CSR practice, namely SRI. In that regard, CSR implementation is useful to explicate the three elements of a more reflective institutional theory, whereby each element corresponds with a specific context of inquiry (Schnell et al., 2008). Regarding the context of discovery, this organizational process mainly relies on interactions and conflicts between different beliefs concerning firms’ (moral) responsibility towards society. The plurality of beliefs again requires normative examination, namely justifying which beliefs qualify as moral. As each belief, namely CSR conception, implies a specific way to address social issues, such examination closely relates to practical implications. The following sections describe each element in more detail.

7.4.1 Values and Their Critical Role for CSR Implementation

In line with the tradition of new institutionalists (e.g., DiMaggio & Powell, 1991), research on CSR tends to focus on the cognitive and regulative pillars of institutions. For example, in order to determine CSR implementation, researchers focus on the CSR management function’s formal structure respectively its access to tangible (e.g., Chandler, 2014; Weaver et al., 1999b) and intangible resources (e.g., Joseph, 2002; Weber & Wasieleski, 2013). However, research that merely focuses on the regulative pillar, such as the CSR function’s size in terms of staff, will reach its limits when describing the process from symbolic to substantive CSR. Chapter
Illustrated this by means of the temporal dimension of the relationship between the CSR function’s resource access and the different levels of CSR implementation. Similarly, Ackerman (1973 and 1975), and Ackerman and Bauer (1976) concluded that the more CSR is implemented, the more peripheral becomes the CSR function. In addition, Strand (2014: 703) notes that the “removal [of the CSR function] can have multiple meanings”, ranging from lacking organizational commitment to full CSR implementation. It follows from this that the CSR function’s formal structure, such as the size of the workforce, does not allow to draw reliable conclusions about a specific level of CSR. As implementation is an implicit organizational commitment to specific policies and practices (e.g., Kraatz et al., 2010; Suddaby, 2010), its investigation cannot be reduced to the regulative pillar.

Apart from formal structures’ limited explanatory potential, the simultaneous downplaying of the normative pillar, i.e. values (DiMaggio & Powell, 1991), is problematic as CSR managers’ practices are basically enactments of their normative conceptions of how a firm should contribute to a sustainable, just, and good society, namely their own CSR-related values. Chapter V, for instance, illustrated how CSR managers engage in externalizing their professional knowledge base in order to institutionalize CSR. Similarly, Hemingway and Maclagan (2004) describe CSR managers as “moral agents” that promote implementation of social, environmental and ethical issues primarily due to intrinsic motivation. By living up to their values, CSR managers may create organizational commitment to CSR. Their successful leadership in implementing CSR thus mainly consists of “infusion with value” (Selznick, 1996: 271). Such infusion is important as people only support CSR when they believe that CSR managers, as institutional enforcers of CSR, themselves believe the values that they propagate (Stinchcombe, 1997). Creating and maintaining this belief is the basis for substantive CSR as only if people treat these values as if they were real, they can become real in their consequences (Thomas & Thomas, 1928). In other words, the cognitive taken-for-grantedness of CSR within a firm is inseparably intertwined with and, in principle, fundamentally driven by the normative institutional pillar.

From this follows that CSR managers have to enact particular values to implement CSR although this very same activity has a negative impact on their organizational standing in the longer term, i.e. they become increasingly peripheral (Ackerman, 1973 and 1975; Ackerman & Bauer, 1976; see Chapter IV and V). This circumstance highlights not only that values are the driving force behind social processes (Selznick, 1957; Stinchcombe, 1997) but also that they provide “social life with a prescriptive, evaluative and obligatory dimension” (Scott, 2003: 880).

Furthermore, studying values is important as it provides a good understanding of the feasibility of CSR implementation. In a particular social context, such as an organization or an industry, we can find distinct sets of often conflicting and complementary value conceptions,
as well as a dominant one (Lounsbury, 2002) that mainly influences how people think and act in a particular setting (e.g., Friedland & Alford, 1991; Reay & Hinings, 2009). Based on these insights, and as shown by chapter VI for the case of SRI, values are critical as they either hinder or promote CSR. Other studies also document the importance of values. For example, Olsen and Boxenbaum (2009: 109) illustrate that market-related values are the “most fundamental barrier” against CSR. Duarte (2010) and Collier and Esteban (2007) show, on the contrary, that values related to a social logic support the enactment of ethical frameworks within firms.

In conclusion, reducing institutional analysis to the regulative and cognitive institutional pillars misguides researchers in their search for “real” organizational change. This suggests the insight that extrapolating from the structure of the CSR function to a particular level of CSR implementation is highly limited and even misleading. Similarly, the cognitive taken-for-grantedness of CSR is inseparably linked with and fundamentally underpinned by the normative pillar. Against this background, an institutional analysis in the phenomenological tradition seems promising that is more susceptible to values. Such a susceptibility allows us to detect and analyze the main drivers and obstacles of CSR implementation.

7.4.2 The Inherent Normative Dimension of CSR Analysis

CSR combines different and mutually conflicting values, best reflected in the triple bottom line of economic, social and environmental aspects (Elkington, 1997). CSR involves a market logic with its corresponding characteristics of self-interest and profit-motive (Glynn & Lounsbury, 2005; Thornton, 2002). At the same time, CSR includes a social logic that bases on moral beliefs and values, marked by altruism, and the fulfillment of local social needs (e.g., Pache & Santos, 2013; Smith et al., 2013). Contrasting a market logic with such an alternative logic permits to “highlight fundamental differences in the philosophy underpinning relevant values and practices” (Bondy et al., 2012: 285).

Acknowledging the different underlying values and the related tensions and conflicts between financial and ethical aspirations (Richardson & Cragg, 2010) closely relates to a normative examination of CSR. In concrete terms, determining whether a firm has implemented CSR requires defining what qualifies as CSR. In that regard, Garriga and Melé (2004) classify four main CSR theories: First, financial performance is the only responsibility of a firm and CSR an

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9 While researchers such as Glynn and Lounsbury (2005), Thornton (2002), Pache and Santos (2013), and Smith, Gonin and Besharov (2013) refer to institutional logics, they are talking about values. This is because values are “the key to identify and qualify institutional logics” (Klein, 2015: 328) as they constitute institutional logics and thus go beyond “the ritual practices by which they [institutional logics] are recognized” (Friedland, 2013: 8-9; see also Chapter 6.2.2).
instrument to maximize profits. Second, firms engage in CSR due to their increased social power, which leads to greater responsibility in the political arena and for society in general. Third, firms integrate CSR as it is socially expected and because their performance depends on societal recognition. Fourth, firms have to engage in CSR because it is their ethical obligation.

The four CSR conceptions move along a spectrum from an instrumental approach with a pure market orientation toward an ethical understanding underpinned by a social logic. The two ends of the spectrum stand for the two main paradigms in CSR research, a normative approach rooted in philosophy and a descriptive approach influenced by the social sciences (Fleming, 1987; Kahn, 1990; Treviño, 1992). Each of the four CSR conceptions has its own idea about the form of the business-society relationship. In that regard, the analysis of CSR always involves a normative assessment of defining what qualifies as CSR. This assessment depends on rationalizing what aspect of social reality matters most – economics, politics, social integration or ethics (Garriga & Melé, 2004; see also Parsons, 1961). Finally, such rationalization and the related decision for one approach has direct implications as each conception suggests a specific way of researching CSR (Gond & Matten, 2007; for further discussion on the different CSR theories see Chapter 2.4).

### 7.4.3 Specific Practical Implications of CSR Concepts

Defining what qualifies as CSR implies connections to practical concerns. This is because each CSR concept suggests different approaches to address social issues. While an instrumental CSR approach promotes, for example, strategies for competitive advantage and cause-related marketing, integrative theories emphasize issue or stakeholder management (Garriga & Melé, 2004). Against this background, Brejning (2012: 163) requests that researchers

“[…] should have an interest in participating in current debates about the appropriate way of interpreting CSR, because different CSR conceptions imply different approaches to addressing social issues such as social exclusion.”

While studying different values provides us with the analytical foundations to systematize different CSR concepts and helps us to elucidate their underlying desired ends and ideals, only the normative examination of CSR concepts allows for judging these ends and ideals. For that reason, a descriptive use of morality falls too short. Instead, a normative use of morality is required if we want, for example, to unmask a firm’s CSR approach or a theoretical concept as instrumental and provide well-founded counter-arguments with reference to practical concerns.

Finally, applying morality in a normative sense has the potential to illuminate what actors can do under certain circumstances as it lays the basis for revealing interventions. For example, knowing about the dominance of market-oriented values in business organizations and their
negative influences on implementing responsible business practices (e.g., Olsen & Boxenbaum, 2009) allows deriving suggestions for actors in charge of CSR. Research thus can support CSR managers, for example, by empirically elaborating “a set of creative and informal tactics that promise to facilitate a more effective implementation of CSR” (Wickert, Risi, & Sayah, 2014: 9).

7.5 Outline of a Morally Reflective Institutional Theory

Based on the case of CSR implementation, this section conceptually develops a morally reflective institutional theory. As explained above, values are central to this undertaking in all three contexts of inquiry. It is important to note that these three contexts are primarily analytical. In fact, the three elements do not follow a strict chronological format but rather occur concurrently and are tightly coupled with each other. Only such an approach takes into account that organizational processes, such as CSR implementation, “involve opposing forces, nonlinear relationships, and feedback loops” (Langley, 1999: 964). Figure 7.1 provides an overview of a morally reflective institutional theory that examines existing values on a descriptive level, normatively assesses the previously identified moral beliefs, and finally guides (management) practice that considers moral consequences. The following sections explain each element in more detail.

Figure 7.1 Outline of a morally reflective institutional theory

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7.5.1 Values as Objects of Investigation

Understanding values as objects of investigation goes together with acknowledging that business contexts, like all other social situations, are pluralistic environments characterized by
conflicts between competing moral beliefs. For example, in the case of a takeover offer, individual investors pursue their own interests and they do so in line with their belief in the shareholder value model, namely the market logic. However, what is rational to the individual investor may not be rational to the organization as a whole. Because of the takeover, the firm can get into debt or even go bankrupt (Selznick, 1992). Due to these potential conflicts between individual, organizational and general interests, the main task of institutional analysis is to identify the moral concerns of different actors.

Examining different moral beliefs builds the basis for comprehending the reasons for why people, such as a company’s different stakeholders, think and act in particular ways. In concrete terms, studying how people create (shared) values and how they associate with them sheds light on desired ends and underlying ideals. Having insight into these ends and ideals improves our knowledge of social phenomena. For example, understanding different moral beliefs, their conflicts and interplay within a particular firm informs about the course and causes of CSR implementation. This insight allows identifying, for example, the most important barriers (Olsen & Boxenbaum, 2009) and enablers (Collier & Estebar, 2007; Duarte, 2010) of implementing responsible business practices.

Examining moral beliefs of actors involved in a particular social context shifts the attention toward human agency. On the one hand, such an approach investigates how people, as carriers of values, build and execute institutions (Stinchcombe, 1997). On the other hand, it goes beyond the study of regulative institutional elements and taken-for-granted cognitive structures (e.g., DiMaggio & Powell, 1991; Phillips & Malhotra, 2008). However, the emphasis on the normative pillar of institutions and, in particular, values does not understate other institutional processes such as the development of formal norms and the diffusion of cognitive structures (Selznick, 1996). In concrete terms, “to say that values are real and consequential is not to say that they are the only things that matter” (Kraatz & Flores, 2015: 356).

In sum, institutional analysis that considers values in the context of investigation is aware of the plurality of different and competing moral beliefs, reveals people’s desired ends and their underlying ideals, and takes into account other institutional processes, such as the establishment of formal structures and the taken-for-grantedness of cognitive mechanisms. Understanding values as objects of investigation thereby conceptualizes morality in a descriptive sense (Gert & Gert, 2016). It namely focuses on which codes are socially accepted as moral. However, and as illustrated by the takeover offer above that is underpinned by the shareholder value model, a descriptive use of morality remains limited as it hampers moral judgement, respectively tackling the question whether a guide to behavior averts harm to others (Frankena, 1980), such as employees and other sufferers of a potential bankruptcy. In short, social acceptance is no sufficient basis for defining if a code counts as moral (Gert & Gert, 2016).
7.5.2 Normative Examination of Encountered Values

Investigating moral beliefs thus goes beyond a descriptive use of morality as it requires defining which codes put forward by a particular group or society qualify as moral (Gert & Gert, 2016). While normativity is evident when studying moral beliefs and values, namely the normative institutional pillar, a normative sense of morality is however inherent in institutional theory as “in most empirically observed institutional forms, we observe not one, single element at work but varying combinations of elements” (Scott, 2014: 70). This means that investigating regulative and cognitive elements of institutions also always involves studying normative elements, and thus the determination of which identified codes of conduct count as moral. Actively addressing institutional theory’s inherent normativity raises again the awareness for possibilities and limits of the own way of gaining knowledge. In concrete terms, it runs counter to considering empirical findings as objective and unquestionable reality.

In the normative sense of morality, not all socially accepted moral codes actually qualify as moral. In contrast to a descriptive use of morality, normative morality “commits one to regarding some behavior as immoral, perhaps even behavior that one is tempted to perform” (Gert & Gert, 2016: 4). Such use of morality thus suggests taking position, namely rationalizing what is moral and immoral. With regard to CSR, the normative approach suggests finding solid arguments against the assumption that a firm’s only responsibility is to maximize shareholder returns (Friedman, 1970) and related instrumental concepts (Garriga & Melé, 2004).

However, defining what counts as moral and immoral follows certain rules. In concrete terms, determining what qualifies as CSR, i.e. as morally acceptable business conduct, corresponds with rationalizing which aspect of social reality matters most – economics, politics, social integration or ethics (Garriga & Melé, 2004; see also Parsons, 1961). Taking into account theses different aspects, namely the spectrum from a pure market orientation toward an ethical understanding of CSR, is critical as from a normative perspective a code has to make sure that “all rational persons, under certain specified conditions, would endorse it” (Gert & Gert, 2016: 14).

As normative morality depends on the acceptance of others with certain intellectual and volitional capacities (Gert & Gert, 2016), distinguishing between morality and immorality requires justification to others. This strong social dimension is in line with Scanlon (1982 and 1998) and Darwall (2006) who conceptualize normative morality as a general agreement among rational and deliberating beings. Similarly, classical theorists, such as Weber (1949: 107), have highlighted the need for such transparent justification as the lack thereof “always

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endangers the security of the reader’s orientation, and often that of the author himself concerning the content and scope of his judgments”. In addition, Veblen (1919) warned that missing transparency poses a risk of a hidden agenda where researchers give the impression of objectivity by simultaneously obscuring their own normative biases. In view of the increased significance of theoretical and scientific knowledge (e.g., Drucker, 1969), the enforcement of academic standards, like revealing assumptions, research questions and methods, is essential as they promote justification to others by increasing transparency and comprehensibility. However, in the normative sense of morality and the associated combination of moral considerations and factual discovery, transparent justification to others goes beyond such standards as it calls for making explicit normative biases.

In a nutshell, and with regard to the context of discovery, a morally reflective institutional theory is aware of possibilities and limits of the own way of gaining knowledge. This is because a normative use of morality requires position taking, namely defining what is moral and immoral. However, normatively distinguishing between morality and immorality has a strong social nature and thus requires justification to rational others. It may be due to these characteristics that makes practical deliberation a core issue (e.g., Thacher, 2015).

7.5.3 Management Practice that Considers its Moral Consequences

Normatively assessing different socially accepted beliefs within a particular context allows for defining which qualify as moral and immoral. Thereby, investigating how moral and immoral beliefs become manifest in practice, for example as particular organizational practices or systems, relates to the question of how they may be either enhanced or modified. Practical concerns thus are a main issue of a morally reflective institutional theory. Selznick (1996: 217) illustrates and explains how the combination of factual discovery and moral commitment can and has to serve practical ends:

“We need to know which values matter in the context at hand; how to build them into the organization’s culture and social structure; and in what ways they are weakened or subverted.”

As explicated earlier, defining what counts as CSR is connected to practical deliberations because each CSR concept has specific managerial implications. However, moral reflection thereby not only furthers the thoughtful attention to the practical problems of organizational life but also lays the basis for improving the policy relevance of institutional theory as a whole. In concrete terms, it furthers the critical examination of conventional organizational models and the premises of management as well as aims at developing morally more justifiable models and premises (Selznick, 1996).
An institutional theory that normatively assesses morality can judge practices and potential courses of action based on the gathered empirical knowledge, namely its underlying “empirical approach to moral inquiry” (Thacher, 2015: 346). It thereby also has the potential to illuminate what actors may morally do under certain circumstances. A morally reflective institutional theory, and as illustrated before by the social sense of normative morality (Darwall, 2006; Scanlon, 1982 and 1998), thereby always tries to engage with free and rational beings as morality grounds on its justification to others. This is in stark contrast to the positivist position that elaborates general laws of cause and effects to predict and control social phenomena, and which in turn tend to impose emancipatory theories on subjects who perhaps have a very different self-understanding (e.g., Frisby, 1976; Heugens & Scherer, 2010). Positivist research thus provokes opposition and has its limits when offering solutions for solving practical problems. A morally reflective institutional theory instead points out alternative courses of action that are different, for example, from the dominant shareholder value model and closer to alternative concepts, such as CSR. However, how a person may decide bases on personal affairs as it requires will and conscience.

A morally reflective institutional theory thus conceptualizes managers and firms as “moral actors” who face different choices and are (consequently) held responsible for their actions (Kraatz & Flores, 2015). A normative sense of morality, defined as a general agreement among rational and deliberating beings, and the related attribution of moral agency to managers and organizations thereby has the potential to trigger moral practice. Such potential is best illustrated by the perils of value neutrality itself. Thacher (2015: 346) has recently explicated these perils by applied fields like management, law and social policy, and draws the following conclusion:

“A value neutral conceptual scheme serves practice badly because it fails to join up with the picture of the world we have to rely on to make intelligent decisions in the end; the moral considerations that demand attention when we go to apply scientific findings cast a shadow back on the conceptual language in which those findings need to be expressed.”

Ghoshal (2005) provided further insights into the perils of value neutrality by showing that theories and academic ideas influence management practice as managers adopt the theorists’ worldviews. For this reason, research that separates facts from values may further management practice that tends to exclude its moral consequences. In other words, when theorists suggest an approach that describes social reality as detached from moral concerns, such as that the function of business organizations is reduced to maximize profit; they provide the basis for actively freeing managers from any sense of moral responsibility to stakeholders other than
shareholders. In line with Ghoshal’s (2005) argument, a morally reflective institutional theory thus can contribute to managers’ moral engagement.

In addition, Kolmar and Beschorner (2016) most recently indicated that moral capabilities, similar to most mental and manual skills, depend on practice. Actors that merely pursue profit maximization will thus have difficulties in understanding the moral consequences of their practices. On the contrary, extending and universalizing the view beyond self-interest requires the engagement with competing moral beliefs and moral dilemmas. An institutional theory that involves such engagement, i.e. a normative examination of morality, thus may further practice that considers its moral consequences. This is because “‘moral literacy’, like others forms of literacy, depends on ‘training’” (Kolmar & Beschorner, 2016: 132). In accordance with this wording, a morally reflective institutional theory can serve as a training tool for enhancing moral literacy.

In conclusion, a morally reflective institutional theory empirically focuses on moral and immoral practices and systems, and aims to understand how they can be enhanced respectively modified in practice. By studying moral codes in the normative sense of morality, institutional analysis can judge practices and systems as well as indicate what actors may do (under certain circumstances) to qualify as moral. However, how managers and organizations decide is left to their own discretion as they always face different choices. Nonetheless, an institutional theory that emphasizes moral components can always promote moral business practices insofar as managers adopt such a body of thought.

7.6 Discussion

As illustrated by the normative institutional pillar (Scott, 2014), moral issues have always occupied a central position in institutional theory. For example, DiMaggio and Powell (1983) emphasized normative isomorphic change aside mimetic and coercive institutional isomorphism. However, a number of researchers have argued that moral issues have not been theorized enough within institutional theory and, in particular, new institutionalism. With regard to discovery, empirically overlooking moral issues weakens, for example, the analysis and understanding of institutional dynamics (Cloutier & Langley, 2013). Studying social phenomena rather than their moral dimension impedes the theory’s potential for normative justification (Heugens & Scherer, 2010). In addition, missing moral reflection leads to a lack of practical relevance (Scott, 2014; Thacher, 2015). In short, the tendency to ignore moral issues along the different contexts of investigation weakens institutional theory as a whole (Munir, 2015). Likewise, Suddaby (2015: 94) indicated that institutionalism “lost its theoretical reflexivity” mainly because institutionalists increasingly neglect moral aspects, such as values.
Against this background, I systematically addressed and worked out the role of values in the context of discovery, justification and utilization, whereby each context is equally relevant (Schnell et al., 2008). For explication purposes, the focus was laid on CSR because, and as illustrated by the previous empirical sub-studies (Chapter IV, V and VI) as well as a recent literature review (Aguinis & Glavas, 2012), normative reasons play a critical role in firms’ engagement in CSR. As values become evident in cases in which different moral views clash (Balsiger & Schiller-Merkens, 2016), CSR implementation is rendered particularly useful to illustrate the role of values in each context of investigation. With regard to discovery, different beliefs concerning firms’ (moral) responsibility toward society are the main drivers and obstacles of CSR implementation. The existence of different ideas about firms’ responsibility requires again justifying whether a particular belief counts as moral or immoral. There is also a direct connection to practical implications because each belief, i.e. CSR conception, implies a specific approach to social issues, including a clearly defined set of strategies (Garriga & Melé, 2004).

On this basis, I have outlined a morally reflective institutional theory that holistically integrates values into all three contexts of investigation. First, such a theory examines existing values on a descriptive level, namely is aware of the plurality of different and competing moral beliefs, reveals people’s desired ends and their underlying ideals and takes into account other regulative and cognitive institutional elements. Second, normatively justifying whether previously identified normative beliefs qualify as moral requires position taking. While this augments the sensitivity towards possibilities and limits of the own way of gaining knowledge, a normative use of morality also has a strong social element as it requires justification to others. Finally, combining scientific and moral components makes practical deliberation a core issue. A normative use of morality suggests judging identified practices as moral or immoral and aims to illustrate how they can be promoted or modified respectively. While actors face different choices and are held responsible for their decisions, a morally reflective institutional theory indicates moral courses of action and may thus promote practice that considers its moral consequences.

A morally reflective institutional theory directly connects to researchers who have suggested (e.g., Friedland, 2012; Suddaby et al., 2010) or have already elaborated institutional approaches that take into account values (e.g., Klein, 2015; Kraatz & Flores, 2015; Thacher, 2015). It also links to early institutionalists, such as Selznick (e.g., 1957, 1969 and 1992) and Stinchcombe (e.g., 1997), who described values as the main drivers of social processes and stressed the normative character of institutional analysis. The systematic theorization of moral aspects thereby sheds light on the inherent normativity of institutional theory, illustrated by the different types of morality (Gert & Gert, 2016). While discovering social phenomena applies a descriptive use of morality, morality receives a normative dimension in the context of justifying.
how to study a particular phenomenon and the practical application of findings, involving both a determination of what qualifies as moral.

Further, a morally reflective institutional theory addresses issues raised with specific regard to institutional analysis’s context of discovery, justification and utilization. First, conceiving values as objects of investigation allows addressing the current “moral myopia” that reduces the theory’s explanatory potential (Cloutier & Langley, 2013: 363). Second, a morally reflective institutional theory refers to concerns expressed in the context of justification, such as that focusing on social phenomena rather than on their moral dimension has led to “normative vagueness” (Heugens & Scherer, 2010: 663). Finally, as normatively assessing encountered values inextricably connects to practical concerns that initially motivated the analysis, a morally reflective institutional theory also responds to criticism expressed in the context of utilization (e.g., Kraatz, 2009; Scott, 2014).

This study also contributes to CSR research. As illustrated by theories along the spectrum from instrumental to ethical (Garriga & Melé, 2004), there are different ways of researching CSR (Gond & Matten, 2007). There is a normative approach rooted in philosophy and a descriptive approach influenced by the social sciences (Fleming, 1987; Kahn, 1990). These two paradigms are kept separate from each other and make their distinctive contributions to the study of CSR (Treviño, 1992; see also Chapter 1.1). Due to this separation, social scientist research is reduced to describing and explaining CSR (Baur & Arenas, 2014) and lacks practical relevance (Nielsen & Massa, 2011). This applies equally to normative approaches such as the integrative economic ethics (Ulrich, 2008) that has not really addressed practical concerns (Beschorner, 2015a and 2015b). A morally reflective institutional theory, taking into account morality in its descriptive and normative sense, can thereby address these issues by merging the hitherto separated paradigms of CSR research. Such an approach is thereby in line with Selznick (1992) who “wanted to revive a more empirical approach to moral inquiry in place of the abstract conceptual analysis that dominates contemporary ethics” (Thacher, 2015: 346). A morally reflective institutional theory similarly connects to newer approaches such as the culturalistic business ethics that aims to bridge descriptive-explanatory and ethical-normative aspects (e.g., Beschorner, 2015a, 2015b and 2013).

This research further connects to the value judgment and the later positivist dispute as well as the ongoing debate whether value neutrality is possible and reasonable (e.g., Gouldner, 1962; Harris & Freeman, 2008; Miller, 1979; Nagel, 1957; Sen, 1987; Sandberg, 2008; Thacher, 2015). A morally reflective institutional theory illustrates the tight coupling of descriptive and normative analysis and thereby supports the opponents of the separation thesis (e.g., Harris & Freeman, 2008; Sen, 1987; Thacher, 2015). In concrete terms, the developed theory takes into account the social scientist approach, in the context of discovery, and the normative paradigm, in the context of justification and utilization, and thereby sets out systematically the need to
merge the two approaches. Revealing that values such as personal opinion, political views or ideological purposes influence findings is of greatest importance in a society where theoretical and scientific knowledge is the critical resource (e.g., Drucker, 1969).

This research has several limitations. A first one connects to the specific characteristics of CSR that may hamper generalizability. CSR is, inter alia, in permanent contest and stands for a highly dynamic phenomenon (Matten & Moon, 2004). The contested and dynamic character also manifests itself in the scholarly discourse on CSR. This was illustrated by a recent debate in the California Management Review and can be further explicated by the ambiguous literature on the financial impact of CSR. As illustrated by Orlitzky (2011), academic studies on the relationship between companies’ social initiatives and financial performance have been shaped by disciplinary preferences, i.e. different and mutually conflicting value conceptions. Because of CSR’s specific characteristics, applying a morally reflective institutional theory to other phenomena may contribute to its further development and consolidation.

Another limitation revolves around the holistic nature of a morally reflective institutional theory. The theory’s attempt to equally consider all three contexts of investigation potentially takes place at the expense of each individual context. Thus, an in-depth study of a specific context provides an opportunity to perform theory development. For example, the categorization of practical relevance by Nicolai and Seidl (2010) provides a fruitful basis for further elaborating the context of utilization. In other words, this categorization provides the basis for specifying how institutional theory can contribute to practice. In an instrumental manner by providing information on the consequences of a specific course of action, more conceptually by improving our understanding of a particular decision-making situation, or in the form of legitimative relevance by developing tools and models that enhance organizational legitimacy (Nicolai & Seidl, 2010). Answering the question whether a morally reflective institutional theory can have instrumental, conceptual and/or legitimative relevance thereby inextricably relates to investigating the other two contexts. In short, specifying an aspect of the theory always takes into account its holistic nature.

Further engagement with a morally reflective institutional theory would be useful as it holds great potential for studying a post-millennium context where meaning and values are of central importance and social actors are increasingly oriented toward moral principles such as human rights, justice and sustainability (Boli & Thomas, 1999). The developed theory may thus further our understanding of modern society in which actors – individuals, organizations, and states – are expected “to act as agents of […] moral law” (Meyer & Jepperson, 2000: 108). However, by also considering the context of justification and utilization, the outlined theory can also serve as a moral compass. In concrete terms, a morally reflective institutional theory allows for questioning the doctrine of profit maximization, offers profound orientation about corporate
responsibility and sustainable economic development, and helps to elaborate practical alternatives to the culture of shortsightedness.
References


Acquier, A., Daudigeos, T., & Valiorgue, B. (2011). Corporate social responsibility as an organizational and managerial challenge: The forgotten legacy of the Corporate Social Responsiveness movement. M@n@gement, 14, 222–250.


APPENDIX A: Overview of informants and some contextual variables

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11 Industries are in accordance with the “International Standard Industrial Classification of All Economic Activities” defined by the United Nations (2008).
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| INS-F1 | INS-F | Insurance, reinsurance and pension funding, except compulsory social security | Germany | Head of Department Corporate Responsibility | X  
| TRADE-C1 | TRADE-C | Retail trade, except of motor vehicles and motorcycles | Germany | Head of Corporate Social Responsibility | X  
| COMP-A1 | COMP-A | Computer programming, consultancy and related activities | Germany | Senior CSR Manager | X  
| ELEC-H1 | ELEC-H | Manufacture of electrical equipment | Germany | Group Environmental Protection Manager | X  
| FOOD-C1 | FOOD-C | Manufacture of food products | Germany | Head of Corporate Communication & CSR | X  
| TRADE-D1 | TRADE-D | Wholesale trade, except of motor vehicles and motorcycles | Germany | Head of Corporate Responsibility | X  
| AUTO-E1 | AUTO-E | Wholesale and retail trade and repair of motor | Germany | Manager CSR & Sustainability | X  

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<table>
<thead>
<tr>
<th>Code</th>
<th>Code</th>
<th>Activity</th>
<th>Country</th>
<th>Position</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELEC-I</td>
<td>I1</td>
<td>Manufacture of electrical equipment</td>
<td>Germany</td>
<td>Senior Vice President CSR</td>
<td>X</td>
</tr>
<tr>
<td>CHEM-C</td>
<td>C1</td>
<td>Manufacture of chemicals and chemical products</td>
<td>Germany</td>
<td>Head of Corporate Sustainability</td>
<td>X</td>
</tr>
<tr>
<td>ELEC-J</td>
<td>J1</td>
<td>Manufacture of electrical equipment</td>
<td>Germany</td>
<td>Head of Corporate Sustainability</td>
<td>X</td>
</tr>
</tbody>
</table>
### APPENDIX B: Data structure (Chapter IV)

<table>
<thead>
<tr>
<th>1st Order Concepts</th>
<th>2nd Order Themes</th>
<th>Aggregate Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Identifying existing CSR meanings and activities</td>
<td>Addressing CSR professionally; identifying existing CSR meanings and activities (Phase 1)</td>
<td>Six phases of symbolic to substantive CSR</td>
</tr>
<tr>
<td>• CSR management function is critical as a trigger for the implementation process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• General unawareness of CSR</td>
<td>Defining, formalizing and communicating CSR commitments (Phase 2)</td>
<td></td>
</tr>
<tr>
<td>• Initiating exchange about CSR</td>
<td>Further developing and adjusting supporting organizational systems and relationships (Phase 3)</td>
<td></td>
</tr>
<tr>
<td>• Bringing CSR on the corporate agenda</td>
<td>Presenting strategy and systems, obtaining feedback; creating local commitments and systems (Phase 4)</td>
<td></td>
</tr>
<tr>
<td>• CSR is far away from the daily business</td>
<td>Communicating performance; getting feedback; responding to the feedback from particular groups (Phase 5)</td>
<td></td>
</tr>
<tr>
<td>• CSR is not a priority</td>
<td>Revising strategy; supporting structures based on previous feedback (Phase 6)</td>
<td></td>
</tr>
<tr>
<td>• CSR as an additional challenge for business units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Considering CSR as hardly beneficial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Aligning current practices and processes with CSR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CSR management function applies a variety of strategies to overcome business case mentality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business units take over CSR</td>
<td>Increased resource access in the initial phases of CSR implementation (Phase 1)</td>
<td></td>
</tr>
<tr>
<td>• CSR manager's withdrawal</td>
<td>Increased resource access in the initial phases of CSR implementation (Phase 2)</td>
<td></td>
</tr>
<tr>
<td>• Not all business units are working in accordance with CSR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Aligning organizational practices of all business units with CSR</td>
<td>More and more business units involved in CSR; partial relief for the CSR function’s resources (Phase 3)</td>
<td></td>
</tr>
<tr>
<td>• CSR entirely diffuses into business units and is taken over by them</td>
<td>Towards an equal commitment to CSR and beyond; CSR shifts towards business units (Phase 4)</td>
<td></td>
</tr>
<tr>
<td>• CSR function remains as a support function</td>
<td>Taken-for-granted involvement of business units; less influence of CSR function and reduced access to influential others (Phase 5)</td>
<td></td>
</tr>
<tr>
<td>• Increase in staff of the CSR function</td>
<td>Resources are increasingly channeled into the business units at the expense of the CSR function (Phase 6)</td>
<td></td>
</tr>
<tr>
<td>• Necessary long-term thinking of board members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Top management commitment as precondition for (initiating) professionally-driven implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reinforcing the CSR function with new hires</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Developing a CSR strategy closely together with the board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business units invest more of their own resources in CSR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CSR function’s resources are partly relieved as it can rely on business units in the case of specific CSR projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business units assume an ownership of CSR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• “Tipping point”, respectively shifting weight from the CSR function to the business units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CSR has proportionally shifted to the business units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Business units' involvement in CSR becomes increasingly taken-for-granted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Less influence of the CSR management function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reducing the staff of the CSR function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fewer resources for the CSR function while CSR has become institutionalized within a firm</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX C: Interview manuals (Chapter IV)

Interview Manual: Phase b\(^{12}\)

**Opening question**
1. Please explain how the implementation of CSR takes place in the company.
   - Additional question: Please describe your role in this process?

**Main questions**
2. Please describe the major challenges that a CSR manager commonly faces.
   - Additional question: Please describe the core competencies a CSR manager needs to possess.
3. Please explain which actors are involved in the implementation of CSR.
   - Additional question: Which goals do they pursue and what are their incentives and motives?
4. Please describe the biggest conflicts and barriers you faced.
   - Additional question: Which aspects complicate interaction and collaboration with other actors?
5. How do you convince other managers of the importance of (implementing) CSR?
6. If you think back, what were the major events and decisions (or milestones) in relation to your company’s stance to CSR?
   - Additional question: How did this affect the implementation of CSR?
7. Please describe the most important tasks that you/the CSR department is involved in.
8. In what way does putting CSR into practice differ from implementing other strategies or management concepts?

**Concluding question**
9. How do you see the future of the CSR management function with regard to the development of the topic of CSR (within your organization)? Please provide some examples.

\(^{12}\) This interview manual is similar to the manual of phase b in chapter V.
Opening question
1. Could you please tell me about the most important changes that took place in the last years with regard to CSR and your particular role?
   - Additional question: Do you think CSR has become more or less relevant for your company?

Main questions
2. Who is responsible for (implementing) CSR in your organization?
   - Additional question: Please elaborate particularly on your own role.
   - Additional question: Did you observe any changes from how it used to be?
3. Please describe what has changed in terms of your job and your responsibilities.
4. Do you have different tasks today than a year ago?
   - Additional question: Does the function of the CSR manager change over time?
   - Additional question: If the CSR function has changed, how does this relate to the function’s access to tangible (e.g., budget, staff) and intangible resources (e.g., influential others such as the board)?

Concluding question
5. How do you see the future of the CSR management function with regard to the development of the topic of CSR (within your organization)? Please provide some examples.
6. Based on what you have just told me, do you observe similar developments in other companies?
APPENDIX D: Data structure (Chapter V)

1st Order Concepts

- Full institutionalization makes the CSR manager obsolete
- Completion of the mission to fully institutionalize CSR renders the CSR function obsolete
- Complete CSR implementation leads to the elimination of the CSR department
- CSR function becomes obsolete when CSR is part of a firm’s DNA

- The CSR function is necessary to the company only so long as CSR has not become fully institutionalized

- Make CSR taken-for-granted within the company
- The ultimate aim is to fully embedded CSR and make it independent of the CSR function

- The execution of CSR-related tasks is systematically handed over to other business units
- Hand over responsibility for CSR activities to other departments
- Teach other business units how to take responsibility for CSR issues
- CSR has been taken over by procurement

- Business units increasingly execute CSR-related tasks independently
- When CSR becomes fully institutionalized, other departments handle CSR independently
- CSR is part of every department, not the exclusive remit of the CSR function

- Reduction of staff in the CSR department implies that CSR responsibilities are delegated to other departments
- Despite the negative effect on the CSR managers’ organizational position, the primary objective remains to externalize CSR knowledge to other departments
- As others take over CSR, the CSR function becomes less operative

- The CSR manager triggers CSR implementation
- The trigger function of CSR managers is to launch new projects
- The initial trigger function requires a bigger department; as the institutionalization of CSR advances, this function becomes smaller
- The “trigger function” of the CSR management in the beginning is critical

- Dynamic evolution of the CSR manager’s organizational role in the course of CSR institutionalization
- Initially CSR managers need more resources, while in more advanced stages, the department is downsized
- The greater a company’s progress in implementing CSR, the more it reduces the CSR manager’s function

- New topics require CSR specialists to interpret and guide its implementation in business operations
- The CSR department’s acceptance and importance relates to emerging new issues

- CSR managers can claim the role of the main expert in new issue areas
- CSR managers screen the environment for new trends that become relevant to the organization
- Influence can be regained if new CSR issues are put on the corporate radar
- Enhance CSR function’s visibility by identifying new innovations with regard to sustainability

2nd Order Themes

- CSR function becomes obsolete with full CSR institutionalization

- CSR manager is important for CSR institutionalization

- Aim is to make CSR taken-for-granted (and independent of the CSR function)
- The CSR function externalizes CSR to other departments
- Other departments handle CSR

- Other departments take over CSR at the expense of the CSR function

Aggregate Dimensions

- Institutionalization harms professionalization
- Externalizing control over knowledge shifts the CSR manager’s position towards the periphery
- Other departments take over CSR at the expense of the CSR function
- Initial symmetry is replaced by asymmetry
- Dynamic evolution of CSR function
- New CSR issues require the guidance of CSR managers
- Counteract peripheralization
- New CSR issues help CSR managers to retain their importance
- Environmental accounting has been taken over by the CFO
- Functional units increasingly assume CSR responsibilities
- Other functional managers become central to the institutionalization of CSR
- Functional units assume CSR responsibilities in their specific area

- Other (professional) groups take over CSR and replace the CSR manager
- The need for CSR managers diminishes when CSR is taken over by other professional groups
- Once CSR has been institutionalized, other professionals take care of environmental sustainability and replace the CSR manager
- Directors are responsible for the implementation of CSR, while CSR managers (only) advise them

- Functional units manage CSR on their own, while the CSR manager only has an advisory and controlling role
- Compensation as a strategy to put CSR into practice: the influence of “CSR ambassadors” is inversely proportional to that of CSR managers
- Getting rid of CSR managers while strengthening other professions

**The CSR institution is maintained because other professional groups “take it over”**
- Business functions take over the institution of CSR within firms
- Business functions increasingly replace the CSR management
- Business functions can expand their sphere of influence (in the CSR context, and at the expense of the CSR function)
APPENDIX E: Interview manuals (Chapter V)

Interview Manual: Phase b

Opening question
1. Please explain how the implementation of CSR takes place in the company.
   - Additional question: Please describe your role in this process?

Main questions
2. Please describe the major challenges that a CSR professional commonly faces.
   - Additional question: Please describe the core competencies a CSR professional needs to possess.
3. Please explain which actors are involved in the implementation of CSR.
   - Additional question: Which goals do they pursue and what are their incentives and motives?
4. Please describe the biggest conflicts and barriers you faced.
   - Additional question: Which aspects complicate interaction and collaboration with other actors?
5. How do you convince other managers of the importance of (implementing) CSR?
6. If you think back, what were the major events and decisions (or milestones) in relation to your company’s stance to CSR?
   - Additional question: How did this affect the implementation of CSR?
7. Please describe the most important tasks that you/the CSR department is involved in.
8. In what way does putting CSR into practice differ from implementing other strategies or management concepts?
9. Do you meet with other CSR professionals? Please describe how you usually interact with them.

Concluding question
10. How do you see the future of CSR professionals? Please provide some examples.
Interview Manual: Phase e

Opening question
1. Please tell about the most important changes that took place in the last year with regard to CSR and your particular role.
   - Additional question: Do you think CSR has become more or less relevant to your company?

Main questions
2. Who is responsible for (implementing) CSR in your organization? Did you observe any changes, compared to how things were?
   - Additional question: Please elaborate on your role as a CSR manager.
3. Please describe what has changed in your job and your responsibilities.
4. Do you have different tasks today compared to a year ago?
   - Additional question: Does the function of the CSR professional change over time?

Concluding questions
5. On the basis of what you have just told me, do you observe similar developments in other companies?
6. Do you have exchange yourself with other CSR professionals?
   - Additional question: Is there a professional association?
### APPENDIX F: Data structure (Chapter VI)

<table>
<thead>
<tr>
<th>1st Order Concepts</th>
<th>2nd Order Themes</th>
<th>Aggregate Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Short-term investment mindsets ruled by quarterly figures / SRI not a priority</td>
<td>Short-term investment mindsets undermine SRI</td>
<td>Inhibiting culture within banks</td>
</tr>
<tr>
<td>• Prejudice that SRI brings less financial return</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Top management’s blind eye to the positive relationship between SRI and financial performance</td>
<td>Long-term risk and investment mindsets support SRI</td>
<td>Enabling structure within insurance companies</td>
</tr>
<tr>
<td>• Current management is not open to sustainability and SRI-related ideas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Short-term profit orientation as a danger to corporate responsibility practices</td>
<td>Short-term investment mindsets undermine SRI</td>
<td>Inhibiting culture within insurance companies</td>
</tr>
<tr>
<td>• “Traditional bankers” and their blind eye to the integration of ESG criteria into investment decisions</td>
<td>Long-term risk and investment mindsets support SRI</td>
<td>Enabling culture and inhibiting culture within insurance companies</td>
</tr>
<tr>
<td>• Strong emphasis on long-term risk enables integration of ESG issues</td>
<td>Short-term oriented incentive structures undermine SRI</td>
<td>Inhibiting structure within banks</td>
</tr>
<tr>
<td>• Long-term risk orientation in insurance companies has a positive effect on SRI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Higher awareness for risk in an insurance companies; Solidarity aspect of risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Overemphasizing risk results in serious obstacles to SRI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Non-inclusion of sustainable objectives into incentive structures furthers investment managers’ unwillingness to integrate ESG criteria</td>
<td>Contradictory reward and incentive systems undermine SRI</td>
<td>Inhibiting structure within banks</td>
</tr>
<tr>
<td>• Investment bankers’ bonuses depend on short-term return on investments</td>
<td>Short-term risk calculations support SRI within banks</td>
<td>Enabling structure within banks</td>
</tr>
<tr>
<td>• Sustainability department receives regular payment of wages and focuses on the wellbeing of the bank in the longer term / Investment bankers are rewarded for return on investment and focus on single transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Corporate responsibility team focuses on the entire bank, while other departments only pursue their particular interests</td>
<td>Long-term relationships with customers support SRI</td>
<td>Enabling structure within insurance companies</td>
</tr>
<tr>
<td>• Organizational structures incorporate emphasis on short-term risk / Short-term risk prevents a financial transaction excluding SRI-related aspects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Furthering the focus on risk, by means of specific trainings / This focus furthers negative and exclusionary screening</td>
<td>Fixed remunerations support SRI</td>
<td>Enabling structure within insurance companies</td>
</tr>
<tr>
<td>• Promises define reciprocal expectations and organize enduring relations</td>
<td>Long-term risk framework supports SRI</td>
<td>Enabling structure within insurance companies</td>
</tr>
<tr>
<td>• Trust as a precondition and basic component of long-standing interconnection and interdependence between insurance company and Insurers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Long-term customer relationship manifests itself in services and products / Moderate level of risk-taking and aligning actions to a longer period of time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Insurance brokers not depend on performance-related bonus payments / Long-term planning and action hinder excessive selling of insurances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Management evaluated on the basis of financial as well as social and environmental criteria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• IT-supported risk framework incorporates long-term risk awareness; Framework tailored to look at long-term risks and sustainable financial performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• “Business as usual” at the top significantly undermines SRI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Daily practices complicate and impede the inclusion of ESG criteria into investment decisions / Changing current practices is perceived as resource-consuming</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Introducing behavior that furthers SRI is regarded as an additional burden; However, opposition differs between departments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• Varying routines between divisions, departments or teams undermine the organization-wide implementation of SRI
• Routines of investment bankers and financial analysts are incompatible with the daily work of the corporate responsibility department

• Sustainability analysis allows assessing longer-term financial products including ESG aspects as well as capturing a long-range time horizon
• Sustainability analysis as a “milestone” in the course of SRI implementation

• Daily business (of employees, managers, and the top management) is too distant from the company’s mission and vision / Vision and mission address the importance of social and environmental aspects
• For financial analysts ESG criteria are irrelevant when they are looking for investment opportunities
• Sustainability is regarded as too far away from departments’ business as usual

• Routines governed by risk aversion impede the change of current and unsustainable routines
• Doubting positive financial impact of corporate responsibility

• Risk framework-based procedures bring in a new way of looking at underwritings and transactions / New perspective allows to look at long-term risks- and sustainable financial performance

Different and department-specific work procedures undermine SRI
Sustainability analysis supports SRI
Work procedures targeting short-term financial goals undermine SRI
Routines governed by risk aversion undermine SRI
Risk framework-based routines promote SRI
APPENDIX G: Interview manuals (Chapter VI)

Interview Manual: Phase a

Opening question
1. How does the implementation of CSR take place in your company?
   • Additional question: What is your specific role?

Main questions
2. Could you please explain which actors are involved in the CSR implementation process?
   • Additional question: Which goals do they pursue and what are their incentives and motives?
3. Please describe the biggest conflicts and barriers you confront.
   • Additional question: Which aspects complicate the interaction and collaboration with other actors in the context of embedding responsible business practices?
4. Which major challenges does a CSR manager face?
   • Additional question: Which core competences does a CSR manager need?
5. Which arguments do you use to convince a specific group? Which arguments do work?
6. If you think back, what were the major events and decisions (milestones) in the CSR agenda?
   • Additional question: What were their specific impacts on the implementation?

Final questions
7. What is typical about putting CSR into practice in comparison to other management concepts (e.g. Corporate Development/TQM, etc.)?
8. What are the most important tasks that the CSR department is facing and how will you complete them? Please illustrate in an exemplary manner.

13 This interview manual is similar to the manual of phase b in chapter IV as well as the manual of phase b in chapter V.
Interview Manual: Phase b

Opening question
1. What is the current state of SRI in your company? How does the implementation of SRI take place?
   • Additional question: What is your specific role?
   • Additional question: What are the driving forces behind SRI?

Main questions
2. Could you please explain which actors are involved in SRI?
   • Additional question: Which goals do they pursue and what are their incentives and motives?
3. Please describe the biggest conflicts and barriers against SRI within your organization.
   • Additional question: Which aspects complicate the interaction and collaboration with other actors in the context of (implementing) SRI?
4. Which major challenges do you face (in connection with implementing SRI)?
   • Additional question: Which core competences are needed in order to successfully face them?
5. Which arguments do you use to convince a specific group? Which arguments do work?
   • Additional question: If you think back, what were the major events and decisions in the SRI agenda?
   • Additional question: What were their specific impacts?

Final questions
6. What is typical about putting SRI into practice in comparison to other CSR initiatives (e.g. corporate philanthropy, corporate volunteering, etc.)?
7. Do you have exchange with other professionals working on SRI? How do their organizations perform SRI?
8. Do you see any industry-specific differences regarding SRI?
   • Additional question: What is the difference between banks and insurance companies (in terms of SRI)?
Curriculum Vitae

EDUCATION

09/2012 – 09/2016 UNIVERSITY OF ST. GALLEN, Switzerland
PhD Program in Organization Studies and Cultural Theory

01/2015 – 12/2015 SCHULICH SCHOOL OF BUSINESS, York University, Canada
PhD Program in Business Administration

09/2009 – 03/2012 UNIVERSITY OF LUCERNE, Switzerland
Master of Arts in Organization and Knowledge (MA SoCom)

09/2006 – 09/2009 UNIVERSITY OF LUCERNE, Switzerland
Bachelor of Arts in Social and Communication Sciences (BA SoCom)

02/2008 – 07/2008 UNIVERSITY OF VALENcia, Spain
Erasmus Exchange Program, Faculties of Social Sciences and Economics

ACADEMIC APPOINTMENTS

Since 10/2016 UNIVERSITY OF ST. GALLEN, Switzerland
Senior Research Fellow (Oberassistent), Institute for Business Ethics

09/2016 – 02/2017 HEC LAUSANNE, Switzerland
Guest Lecturer, Department of Strategy

01/2016 – 10/2016 UNIVERSITY OF ST. GALLEN, Switzerland
Researcher, Institute for Business Ethics

01/2016 – 06/2016 UNIVERSITY OF LUCERNE, Switzerland
Guest Lecturer, Department of Sociology

01/2015 – 12/2015 SCHULICH SCHOOL OF BUSINESS, York University, Canada
Visiting Researcher, The Centre of Excellence in Responsible Business

01/2015 – 06/2015 UNIVERSITY OF VECHTA, Germany
Guest Lecturer, Economics and Ethics

05/2012 – 12/2014 UNIVERSITY OF ST. GALLEN, Switzerland
Researcher, Institute for Business Ethics
09/2014– 02/2015  UNIVERSITY OF WUPPERTAL, Germany
Guest Lecturer, Center for Executive Education

09/2012 –09/2014  UNIVERSITÉ DE MONTRÉAL, Canada
Fellow, Transatlantic Doctoral Academy on Corporate Responsibility

12/2009 – UNIVERSITY OF LUCERNE, Switzerland
03/2012  Scientific Assistant, Chair for Organizational Sociology

SELECTED NON-ACADEMIC WORK EXPERIENCE

11/2012 – 03/2016  BRUGGER AND PARTNERS LTD., Switzerland
- Analyst for a management consultancy specialized in strategic management, corporate social responsibility, regional economic development and leadership and organization
- On behalf of the Guilé Foundation, evaluating firms’ sustainability reporting and their activities on corporate responsibility; firms such as ABB, AXA Group, BP, BRF Brasil, Compass Group, Danone, Empresas Copec, Nestlé, Novozymes, SAB Miller, Shell, Société Générale, Total, UBS, Weg SA, Zurich Financial Services.

AWARDS, GRANTS & THIRD-PARTY FUNDING

10/2016  Basic Research Fund, University of St. Gallen (Switzerland): “International Postdoctoral Fellowships” [170,000 €]

10/2016  German Academic Association for Business Research (VHB), nominated on behalf of the VHB Organization Theory Division: Best Paper Award, Finalist (with Christopher Wickert)

08/2016  Academy of Management, Social Issues in Management (SIM) Division (USA): Best Student Paper Award, Finalist

01/2015 –12/2015  Swiss National Science Foundation, Berne (Switzerland): Acquisition of funding for research stay at Schulich (Canada) [46,200 €]

03/2015  International Sociological Association, Research Committee on Sociology of Professional Groups RC52, Milan (Italy): PhD Students/ Early Career Researchers Award [350 €]

08/2014  Society for Business Ethics, Philadelphia (USA): Founders' Award
06/2014  Society for the Advancement of Management Studies, Newcastle University Business School (GB): Researching Professionals, Their Work, and Organizations, Paper Development Masterclass [Funding of travel expenses and accommodation, ca. 600 €]

12/2012 – 05/2013  Basic Research Fund, University of St. Gallen (Switzerland): Acquisition of funding for the project “CSR Professionals: Drivers for Sustainable Change?” (with Thomas Beschorner) [18,000 €]

01/2013 – 06/2014  Université de Montréal (Canada): Fellow of the Transatlantic Doctorial Academy on Corporate Responsibility [Funding of travel expenses and accommodation, ca. 5,000 €]

06/2014  Doctorial Academy on Corporate Responsibility [Funding of travel expenses and accommodation, ca. 5,000 €]

09/2012  German Network for Business Ethics, German Graduate School of Management and Law (Germany): PhD workshop [Funding of travel expenses and accommodation, ca. 300 €]

11/2011  Consulting Academy, University of St. Gallen (Switzerland): Scholarship for a one week Summer school [Funding of travel expenses and accommodation, ca. 500 €]

02/2008 – 07/2008  European Union, Erasmus Program: Scholarship for studying one semester at the University of Valencia (Spain) [Funding of travel expenses and accommodation]

RESEARCH

Research interest

- Business ethics
- Corporate (social) responsibility
- Sustainability
- Organization and management theory
- Institutional theory
- Sociology of the professions
- Organizational change
- Strategy implementation
- Research methods

Membership

- Academy of Management
- European Group of Organization Studies
- International Sociological Association
- Society for Business Ethics
### TEACHING

<table>
<thead>
<tr>
<th>Semester</th>
<th>Course Title</th>
<th>Location</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter semester</td>
<td><strong>Introduction to business ethics</strong>, HEC Lausanne (Switzerland)</td>
<td>Lecture for bachelor students in English (ca. 105 students)</td>
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<tr>
<td>2016/17</td>
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<tr>
<td>Spring semester</td>
<td><strong>Corporate social responsibility – An organization and management theory perspective</strong>, University of Lucerne (Switzerland)</td>
<td>Seminar for master and bachelor students in German (ca. 40 students)</td>
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<td>2016</td>
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<tr>
<td>Spring semester</td>
<td><strong>Organization and management – Theoretical and practical foundations</strong>, University of Vechta (Germany)</td>
<td>Lecture for master and bachelor students in German (ca. 30 students)</td>
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<tr>
<td>2015</td>
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<tr>
<td>Autumn semester</td>
<td><strong>Introduction to business ethics</strong>, University of Wuppertal (Germany):</td>
<td>Lecture for executive master students in the module corporate management in German (ca. 30 students)</td>
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<td>2014</td>
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<tr>
<td>Autumn semester</td>
<td><strong>Entrepreneurial management</strong>, University of St. Gallen (Switzerland):</td>
<td>Teaching assistant, lecture for master students in English (ca. 90 students)</td>
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<td>2012</td>
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<tr>
<td>Spring semester</td>
<td><strong>Introduction to business ethics</strong>, University of St. Gallen, (Switzerland):</td>
<td>Teaching assistant, lecture for bachelor students in German (ca. 40 students)</td>
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<td>2012, 2013</td>
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### LANGUAGES

- German (mother tongue)
- English (fluent written and oral)
- Spanish (good skills written and oral)
- French (basic skills written and oral)

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**Zurich, Switzerland, December 2016**

David Risi