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# Neo-Institutionalism and Corporate Responsibility Initiatives:

## The Case of Cement Corporations in Mexico Adopting the United Nations Global Compact

By

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## **DECLARATION**

This thesis is the work of the author; and has not been submitted for publication or for a degree in any other university.

## **ABBREVIATIONS**

CRI	Corporate Responsibility Initiatives
COP	Communication on Progress report
CSR	Corporate Social Responsibility
FLA	Fair Labor Association
GRI	Global Reporting Initiative
ISO	International Organization for Standardization
MNC	Multinational Corporations
OHSAS	Occupational Health and Safety Management
NGOs	Non-governmental Organizations
OECD	Organization for Economic Co-operation and Development
SA 8000	Social Accountability 8000
UN	United Nations
UNGC	United Nations Global Compact
USA	United States of America

## SUMMARY

This study adds to institutional theory. It addresses the paradox of embedded agency, which has been central in the study of institutions and organizations, i.e. how can actors change institutions when they are conditioned by the same institution they are trying to change? This debate is addressed by analyzing the process organizations follow when adopting the United Nations Global Compact (UNGC). The research is based on theory generation from case study evidence. It is an interpretative study based on four cases of adoption of the UNGC in the cement industry in Mexico.

The study takes into account the interaction between three levels of analysis: field; organizational; and individual. Early neo-institutional studies neglected intra-organizational phenomena. However, this study shows how individual behavior provides the micro-foundations necessary to address the paradox of embedded agency.

The study relates theory to practice. It offers insight to the principle- and reporting-based Corporate Responsibility Initiatives (“CRIs”) phenomenon; there is no prior research on the process organizations follow when adopting these initiatives. This research constructs a model, showing how principle- and reporting-based CRIs are translated, not diffused, when incorporated by organizations. The process of translation explains how initiatives are reshaped and reinvented when taken-up by individuals in organizations. However the diffusion model is more accepted among managers, mainly because it offers the illusion of control, while the translation model shows the uncertainty and ambiguity of the adoption process (Czarniawska, 2008).

At the individual-level, this study shows the active role of individuals in change processes. It explains how the recursive relationship between the actions of translators intending to change institutionalized practices, and the resistance they encounter, feeds the translation process. Translators are embedded in the organization and are reproducing established activities. But they use their embeddedness to overcome resistance and change the taken-for-granted way of working.

At the organizational-level, this empirical study shows how change is a way of achieving the substantive implementation of newly adopted initiatives, and how resistance promotes change. The study shows how institutional pressures are influential; they result in processual isomorphism. The four organizations, despite their different governance structures, are following the same translation process. However, this study links the macro-processes of isomorphism to the micro-processes explaining intra-organizational phenomena; it finds that homogeneous processes also result in heterogeneous actions. The specific activities implemented by each organization are idiosyncratic. These heterogeneous actions are the result of the interaction between the institutional environment and the resistance encountered by translators within the organization. In this way, this study shows how the UNGC is impacting organizational practices. How much organizations benefit from joining the UNGC depends on the level of development of their CSR programs and strategies at the time of the UNGC’s adoption.

## 1. Introduction

During the last few decades Corporate Social Responsibility (CSR) has acquired global resonance. CSR focuses on the relationship between business and society. It concerns the nature of this relationship and how it can be managed (Blowfield, 2005). There are many definitions of CSR. Even though they use different phraseology, these definitions are, mainly, congruent (Dahlsrud, 2008). One of the most widely used is from the Commission of the European Communities, 2001: *“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”* (Dahlsrud, 2008; p.7). CSR definitions have been criticized for describing a phenomenon but failing to provide guidance on how to manage its challenges (Dahlsrud, 2008). Not just a contested term, CSR initiatives have also been criticized for being voluntary and for having open rules of application (Blowfield, 2005). Some CSR critics have even refuted the idea that companies should have social responsibilities (Friedman, 1970). However, organizations are involved in CSR, and the question now is not whether they should be involved, but how they are being involved (Economist, 2008).

The rise of CSR has been influenced by the rapid increase in the number of multinational corporations (MNC). There were approximately 7,000 in 1970; by 2008 there were 79,000 (UNCTAD, 2009). Problems have arisen from failing markets and weak states (Leisinger, 2007) unable to restrict powerful MNC (Beschorner and Muller, 2007). MNC are regularly blamed for contributing to

global problems, such as environmental degradation, social injustices and human rights violations (Jamali, 2010).

Even though the problem of regulating powerful MNC is not new, the emergence of Corporate Responsibility Initiatives (CRIs) seems to offer new prospects for greater accountability (Jamali, 2010). During the past two decades CRIs have emerged inviting corporations to voluntarily adhere to predefined rules, procedures and values (Rasche, 2009b; Rasche et al., 2012). CRIs have been developed to guide corporations' performance, establishing minimum standards to favor integral development (Lozano and Boni, 2002). Some well known examples of these initiatives are: SA 8000, the Fair Labor Association (FLA), The Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC). All of these initiatives assist corporations in addressing social and environmental issues (Rasche, 2009b).

CRIs have attracted significant research attention. For instance, the Global Reporting Initiative with Etzion and Ferraro's article on the institutionalization of sustainability reporting (Etzion and Ferraro, 2010), and Social Accountability 8000 with Gilbert and Rasche's article on the ethics of SA 8000 (Gilbert and Rasche, 2007). However, it is not clear how to differentiate them. Rasche, Waddock and McIntosh (2012) suggest a four part classification according to the way in which they operate. The first are principle-based initiatives, like the UNGC and the OECD Guidelines for Multinational Enterprises. They are based on generally specified norms of corporate behavior, without including any

monitoring. The second are certification-based initiatives like Social Accountability 8000 and the Fair Labor Association; they include auditing and verification instruments. The third types are reporting-based initiatives like the Global Reporting Initiative. They establish guidelines and indicators to promote the disclosure of information about organizations' social and environmental performance. And the last are process-based initiatives. They allow organizations to improve their management systems around CSR, like the standards issued by AccountAbility. Also, the standard ISO 26000 can be classified in this category, as it establishes processes to integrate social responsibility within organizations' operation (Rasche et al., 2012). This research project focuses on the United Nations Global Compact (UNGC). It is a principle-based initiative, which is considered the world's largest voluntary Corporate Responsibility Initiative (Hall, 2007; Nason, 2008; Rasche, 2009a).

This chapter presents the importance and dilemmas of the adoption of Corporate Responsibility Initiatives (CRIs). It argues for the need to better understand the CRIs' adoption process. It also introduces approaches to analyze the way in which organizations incorporate these initiatives. Then, the objectives and scope of the study are addressed. Finally the dissertation's structure is presented.

## **1.1 Organizations Adopting Corporate Responsibility Initiatives (CRIs)**

Jamali (2010) argues that corporations have been adopting CRIs mainly driven by legitimacy and reputation concerns. The pressure perceived, not just from shareholders but other stakeholders like governments and the general public, impacts organizations' decision to adopt these initiatives (Bielak et al., 2007; Stevens et al., 2005). Detractors worry that it is easy for organizations to use CRIs as a public relations "*smokescreen*", while their actual practices remain unchanged (Deva, 2006). For instance, the study by Jamali (2010) shows how MNCs, who have mentioned in their website their adherence to CRIs, have not enacted changes in everyday decisions and activities. However, studies on organizations' incorporation of CRIs have been marginal (Jamali, 2010). This research project aims to contribute to knowledge in this area, by studying how organizations are incorporating the UNGC, and the impact that this initiative is having on their everyday operations.

## **1.2 Approaches to Analyze the Adoption of CRIs**

There is a structure-agency debate in the social sciences. We find different perspectives within this debate (Battilana and D'Aunno, 2009). The determinist view, for instance, argues that the environment determines actors' responses to the situations they encounter. In this approach the room for human agency is minimal. This determinist view focuses on the structural properties of the context within

which action takes place. It also concentrates on the structural constraints limiting individuals' behavior. This brings stability and control to organizational life.

The second perspective accounts for actors' free will and sees them as proactive and autonomous. Actors are the cause of change in organizational life (Battilana and D'Aunno, 2009). Within this perspective, the adoption of the UNGC can be analyzed through a rational choice approach, in which action is the result of "*calculated self-interest*" (Scott, 2008). This perspective assumes that individuals are the only actors and their motivation is individual utility maximization (Scott, 2008). Research, from this perspective, asserts that participation in CRIs give companies the opportunity to gain competitive advantage (Bielak et al., 2007). It also states that the adoption of CRIs improves organizations' corporate image and market performance (Cetindamar and Husoy, 2007). However, the link between the adoption of CRIs and performance is inconclusive and difficult to sustain (Gray, 2006). These approaches fail to explain why organizations voluntarily adopt initiatives that do not directly benefit profit maximization, or even hinder profit seeking, like CRIs. Also, these approaches overstate the power of agency. They neglect individuals' circumstances, such as cultural and structural factors (Scott, 2008).

Within the structure-agency debate, neo-Institutional theory offers an alternative. Institutionalism is one of the most prominent sociological perspectives in organizational theory (Greenwood and Hinings, 1996). It has been widely used as a theoretical framework to study the diffusion of organizational practices (Scott,



2008). It explains how the choices of utility maximization actors are constrained by patterns, rules and routines (Crouch, 2005). The main concern of Neo-Institutionalism has been to explicate similarities among organizational structures or “isomorphism” (DiMaggio and Powell, 1983). Why do organizations show these structures that contradict rational explanations (Greenwood et al., 2008)? According to Neo-Institutional Theory, organization’s actions are constrained by patterns of shared meaning that are “*taken-for-granted*” (Meyer and Rowan, 1977). These patterns attain a “*rule like*” status (Scott, 2008). Organizations adopt these patterns in order to appear legitimate (Meyer and Rowan, 1977).

Early neo-institutional studies focused on how institutions constrain organizations (Crouch, 2005). These studies presume that organizations tend to conform, at least in appearance, to institutional demands. They also downplay the role of agency. These early studies did not account for institutional change (Battilana and D'Aunno, 2009). Although institutions are distinguished by a high level of resilience (Scott, 2008) innovation and change do happen (Crouch, 2005). Recent studies have been accounting for institutional change and the role that organizations and individuals play in it (Battilana and D'Aunno, 2009). However, within institutional theory, there is a paradox between agency and structure. How can actors change institutions when they are conditioned by the same institution they are trying to change (Battilana and D'Aunno, 2009; Holm, 1995)?

The concept of institutional work offers an alternative, by addressing the relationship between institutions and agency (Battilana and D'Aunno, 2009). It

assumes that actors can purposively act to change, maintain or disrupt institutions (Lawrence and Suddaby, 2006). Scholars have started to explain how field and organizational-level conditions can facilitate agency, in spite of the existence of institutional pressures (Battilana and D'Aunno, 2009). However individual-level conditions have been neglected (Reay et al., 2006). In order for the concept of institutional work to advance, it is necessary to address the individual-level of analysis (Battilana and D'Aunno, 2009). This research project engages with institutional work, at the individual *and* organizational-levels. Its objective is to advance Neo-Institutional theory by analyzing the actions of individuals in organizations which are incorporating the UNGC. And the impact, if any, that this initiatives is having on the organizations' everyday operations.

### **1.3 Objectives and Scope of the Study**

The study engages with two neo-institutional theory shortcomings: neo-institutional theory has been criticized for not explaining intra-organizational phenomena (Boons and Strannegard, 2000). Previous research has not linked organizations' micro-processes to the macro-processes of isomorphism, focusing mainly on similarities among organizations and treating change as an exception (Boons and Strannegard, 2000; Powell and DiMaggio, 1991). However, another stream of neo-institutionalism, which is part of the concept of institutional work and has been developed mainly by Scandinavian researches, establishes that

change is not an exception, but a prerequisite for stability (Czarniawska and Sevón, 1996).

Scandinavian institutionalism has conceptualized the institutionalization process not as diffusion but as translation (Boons and Strannegard, 2000). According to Latour (1987) diffusion is a process in which an initial idea is transmitted through the social world. The idea barely changes during this process. In contrast, translation establishes that “*the initial idea barely counts*” (Latour, 1987). The idea is reshaped, every time an organizational member picks it up (Boons and Strannegard, 2000). Reproduction is not perfect. Individuals constantly bring some novelty to the way in which their role is performed (Crouch, 2005). However, there has been limited research on the processes of translation (Boxenbaum, 2006). This project aims to contribute to our understanding of the institutionalization of new practices; its first objective is to analyze if, when adopting the UNGC, organizations are following a translation or a diffusion model. And the impact, if any, that the adoption of the UNGC is having in organizations’ daily operations.

The second Neo-Institutional shortcoming is the paradox between embeddedness and agency. Neo-Institutional Theory establishes that patterns of institutionalized activities become taken-for-granted and are difficult to change (Zucker, 1977). Research on this area suggest that, change is due to factors exogenous to the organization, like external jolts or the introduction of new competitors or technologies (Meyer et al., 1990; Reay et al., 2006). These accounts

overemphasize institutional factors and downplay the role of individual agency (Seo and Creed, 2002). Recent studies on institutional change pay attention to the role of individual agency, focusing on the extent in which actors are embedded in their context. They establish that embeddedness constrains action, suggesting that agency (“*or purposeful change activity*”) happens when some actors are less embedded than others, or when actors become less embedded due to external factors (Reay et al., 2006; Seo and Creed, 2002; p. 977). However, new evidence is starting to emerge suggesting that embeddedness can generate the bases for action, and provide opportunities for change (Reay et al., 2006). The second aim of this research project is to add to knowledge on embeddedness and action. Its objective is to analyze under what conditions actors use their embeddedness to change established ways of working during the adoption of the UNGC.

In order to accomplish its objectives, this project focuses on two research questions:

1. When adopting the UNGC, are organizations following a diffusion or a translation model?
2. Under what conditions actors use their embeddedness to change established ways of working during the adoption of the UNGC?

From a theoretical perspective, this research project adds to current debates on neo-institutional theory. It aims to contribute to a better understanding of the

relationship between actors, agency and institutions, which has been central in the study of institutions and organizations. It addresses the process of translation, how initiatives are reshaped, reinvented and modified when picked up by organizational members. And it attends to the relationship between embeddedness and agency.

From a practitioners' perspective, there has been limited research on organizations' incorporation of CRIs (Jamali, 2010). And there is a lack of specific procedural guidelines to help corporations when setting up these initiatives. Many organizations have difficulties when implementing them (Nolan, 2005). This study will address these issues by generating evidence on the fine-grained actions performed by organizations adopting the UNGC.

#### **1.4 The Structure of the Dissertation**

The thesis is structured as follows. The current section has presented an overview of the research project and has established the research questions. The next section introduces the literature on institutional theory and the United Nations Global Compact, including existing literature on neo-institutionalism and institutional work. Chapter 3 presents the theoretical framework discussing the literature on translation and embeddedness. This chapter also states the need for a better understanding of translation processes and the relationship between embeddedness and agency. Chapter 4 discusses the research methodology.

Chapter 5 presents the four cases. Then, chapters 6 and 7 show the findings from the cross-case analysis and comparison with existing theory. Chapter 8 presents conclusions, contributions, implications and limitations of the study. It also presents topics which can be developed in further research. References and Appendices are provided in the last four sections.

## **2. Institutional Theory and the United Nations Global Compact**

This research analyzes the adoption of CRIs focusing on the UNGC. The analysis is performed from a neo-institutional perspective. In this chapter, the first section introduces the UNGC, presenting the way in which it operates, the criticisms it has faced, and the need for evidence on how organizations are adopting it. Then it presents neo-institutional theory; its origins, debates, and the gap in the literature this research project aims to contribute to.

### **2.1 The United Nations Global Compact (UNGC)**

The UNGC is part of the emerging institutional infrastructure pressing companies for greater accountability, transparency and sustainability. It is possibly the best known institution providing guidelines on acceptable and unacceptable practices and behaviors (Waddock, 2008). Currently it has more than 10,000 business and non-business participants in more than 145 countries (Rasche et al., 2012). It was created in 2000 after being presented in 1999 by the UN Secretary General Kofi Annan to the World Economic Forum.

The UNGC describes itself as “ *a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-*

*corruption*” (UNGC, 2010). It is a global policy network that opens a space for corporations, NGOs, labor representatives, UN Agencies and governments to converge and cooperate through three engagement mechanisms: dialogue events, learning events and partnership projects (Rasche, 2009a, b). The UNGC is the only Corporate Responsibility Initiative that is genuinely global having powerful local networks in diverse countries (Oppenheim et al., 2007). It is an instrument that complements incomplete state and non-state regulatory systems (Rasche, 2009b).

The UNGC is considered a voluntary principle-based initiative which has adopted a learning model to bring corporate change. It does not measure participants’ behavior, contrasting with conventional regulatory approaches (Ruggie, 2001). It also does not establish a set of regulations to measure and verify compliance. However, characterizing the UNGC as being totally voluntary can be misleading, since institutional pressures can influence organizations to join (Rasche et al., 2012). Research has shown how participants tend to adhere to CRIs because of the pressure by significant stakeholders to join internationally recognized initiatives (Cetindamar and Husoy, 2007; Rasche et al., 2012). Also, a recent study by Perez-Batres and Pisani (2011) shows how large firms commit to the UNGC driven by mimetic behavior. Companies believe that not imitating peer corporations would compromise their legitimacy (Perez-Batres et al., 2011; Rasche et al., 2012).

The UNGC relies on Communication on Progress reports (COPs) to create accountability. By accountability we mean the ability of UNGC participants to be



answerable to their stakeholders (Rasche et al., 2012). COPs were introduced in 2003. They need to be submitted annually, reporting on their progress in implementing the ten principles. Repeated failure to submit their COP leads to participants being delisted from the UNGC. Until April 2012 more than 3,200 business participants had been delisted (Rasche et al., 2012). Even though the UNGC relies on COPs to create accountability, it does not provide a reporting framework; neither does it define reporting indicators, nor does it verify participants' reports once submitted. COPs are public and accessible to stakeholders, via UNGC web site, to judge performance. However, it is not clear to what extent stakeholders use reports to judge organizations' commitment (Rasche et al., 2012).

Since the UNGC does not enforce its principles via monitoring, what then is the contribution of this initiative? The UNGC has contributed to legitimizing the corporate responsibility agenda in diverse countries. Corporate responsibility is a voluntary concept; its impact depends on the perceived legitimacy of its underlying rules. The UNGC is contributing to establish this legitimacy, as the UN is considered a legitimate actor (Rasche et al., 2012). Another contribution of the UNGC has been its learning model. This model enhances multi-stakeholder deliberation through the local networks. In this way, the UNGC contributes to the widespread adoption of corporate responsibility principles in different countries. Also, research has shown how the learning model, through the local networks, positively affects rule following. It can create peer pressure improving participants' performance (Rasche et al., 2012).

Finally, the UNGC learning model establishes a platform to achieve consensus on how to interpret and apply social and environmental rules in a local context. This decentralized deliberation encourages actors to observe these rules voluntarily. The UNGC learning model and the way in which it contributes to legitimize social responsibility show how, even though it is not a regulatory initiative, it can have a significant impact on social responsibility practices (Rasche et al., 2012).

The UNGC-based approach has raised a number of issues. Detractors worry that it provides organizations with a public relations “smokescreen” (Rizvi, 2004), making it easy to improve or “bluewash” their image (Ruggie, 2001). Its critics also worry that the UNGC goals are ambiguous and there is not an adequate link between purposes and means to achieve them (Deva, 2006). The Compact relies only on volunteer reporting making it difficult to achieve high levels of accountability. Other measures including mandatory reporting guidelines are required (Nason, 2008).

However mandatory reporting is not possible at this stage. To understand the UNGC’s voluntary approach better, it is necessary to comprehend the historical context of UN and business relations (Rasche et al., 2012). The UNGC changed the previous UN’s perspective on dealing with the impact of multinational corporations. Between the 1970s and mid 1990s the UN perspective was based on interstate negotiations. With the emergence of the UNGC, in the late 1990s, the UN moved to a flexible voluntary multi-actor approach, bringing together

business and state actors. This changed the nature of UN and business relations from a mainly confrontational/reactive attitude, in which the UN should “*police business conduct*”, to a more collaborative/proactive approach. This focus on collaboration emphasizes the positive contribution of business to the UN priorities. It is based on the conviction that “*businesses have a self-interest in working toward sustainable markets and long-term economic stability and, as a result, are willing to support the UNGC 10 principles*” (Rasche et al., 2012; p. 9).

The UNGC has been widely studied by academics (c.f. Cetindamar and Husoy, 2007; Oppenheim et al., 2007; Rasche, 2009a, b; Rasche et al., 2012; Ruggie, 2001). Three perspectives can be identified in this emerging literature: (1) the historical perspective, analyzing the historical context of UN and business relations, (2) The operational perspective, including the UNGC composition and participants’ impact, and (3) the governance perspective, which studies the UNGC in the global governance context (Rasche et al., 2012). Even though the three perspectives are interrelated, the historical and governance perspectives focus on macro-level discussions and the operational perspective discusses micro-level debates (Rasche et al., 2012). This research project is concerned with the operational perspective, as it has been scarcely researched. Accordingly, this perspective focuses on the implementation of practices.

Research on the operational perspective can be divided in three sections. Section 1 discusses organizations’ motivations to join the UNGC. Different influencing factors have been indentified: (a) the positive impact on investors’ perception. (b)

Economic reasons, including: cost savings, improve efficiency, manage risk, and a positive impact on corporate image (e.g. some leading UNGC participants have joined because they believe it may be a source of competitive advantage). (c) Even though economic reasons are prominent, ethical reasons are also significant. Through joining the UNGC, organizations find a way to express their values (e.g. leading participants have expressed how they join because they identify with the UNGC principles). (d) Peer pressure among a set of organizations (e.g. some leading participants have explained how they want to be part of the “*club*” of active joiners, they do not want to stay outside) (Woo, 2010; Rasche et al., 2012; p. 10).

Next, section 2 addresses the nature of the UNGC participants; of the more than 10,000 UNGC signatories, over 7,000 are businesses and over 3,000 are civil society and non-business organizations (as of January 2013). Research on participants’ composition shows how the UNGC has been particularly popular among organizations from developing and emerging economies. And how organizations from the United States of America (USA), even though are increasing their participation, are still underrepresented, when considering the strength of the USA economy and its number of multinational corporations. The potential reasons for the lack of participation of USA’s organizations are: the litigious USA’s business environment, combined with the risk of critical stakeholders using UNGC participation against organizations. Also a potential reason for their lack of participation is the perceived value of being associated to the UN, which is higher in Europe and other parts of the world than in the USA (Rasche et al., 2012).

Research on participants' composition also shows that firms from the extractive industries are more likely to join the UNGC, because of their exposure to higher risk of conflict with external stakeholders in the environmental and human rights areas; and their lack of options to avoid conflict (Bennie et al., 2007). Also, organizations tend to "*adapt to the characteristics of their home environment*". Organizations' political context such as a "*positive disposition towards the UN*" positively influence organizations' tendency to join the UNGC (Bennie et al., 2007; p. 748). Researchers, at the participants' composition level, also found that organizations in more democratic countries are more likely to join the UNGC. This might happen because the Global Compact addresses issues which are normally suppressed in less democratic countries, like labor rights, human rights and anti-corruption (Perkins and Neumayer, 2010). These country-level analyses support the idea that a country's institutional environment influences organizations' decisions to join CRIs (Rasche et al., 2012).

Finally, section 3 discusses how adopting the UNGC impacts organizations' operations and business strategies; the focus of this research project. Research at this level presents a mixed picture. The UNGC annual implementation survey explains how participants are at different stages of implementation. Some organizations have advanced CSR practices others have low levels of performance. Moreover, implementation is often limited to the Headquarters without spreading to branches and subsidiaries. This mixed picture is not

surprising given the diversity of participants in terms of size, country and sector (Rasche et al., 2012).

Research from the operational perspective, based on case-studies, presents similar mixed results (Rasche et al., 2012). A study performed by Runhaar and Lafferty (2008), of three frontrunner companies in the telecommunications industry, shows that the UNGC is just one of many initiatives used by these companies when developing and implementing their CSR strategies. Also, a survey by McKinsey and Company, published in 2004, found that the UNGC has not prompted organizations to start developing CSR strategies, but rather has facilitated and accelerated existing ones (Runhaar and Lafferty, 2008).

In the study of the process followed by the three frontrunner companies to develop and implement their CSR strategies, Runhaar and Lafferty (2008) found that the role of the UNGC is “*at most modest*”. The two main reasons for this observed phenomenon are: (1) Most of the CSR issues faced by these companies are industry specific and are addressed in industry specific networks. (2) The three companies perceive the UNGC principles as “*minimum requirements*” which do not provide many incentives to achieve better results, in terms of industry-specific input or resources (i.e. knowledge or partners). On the other hand, the requirements to join the UNGC (reporting on the adherence to the 10 principles) and the related costs, are “*relatively easy to bear*” (Runhaar and Lafferty, 2008; p. 479).

Runhar and Lafferty explain how their findings contrast with a study by Cetindamar and Husoy (2007). In their study, Cetindamar and Husoy concluded that companies receive ethical and economic benefits from joining the UNGC; and that the impact of participation in the UNGC on organizations' performance *"seems to be particularly high in securing network opportunities and improved corporate image"* (Cetindamar and Husoy, 2007; p. 163).

Runhar and Lafferty explained these contrasting results may be obtained because of their focus on CSR frontrunners. Organizations with less developed CSR strategies could benefit more from joining the UNGC. However, in the telecommunications industry, the contribution of the UNGC to the organizations' strategy seems to be limited, independently of the level of development of their CSR strategies. Runhar and Lafferty (2008) identify two reasons for this observed phenomenon. (1) The similarity of CSR issues confronted by these organizations. *"Competing companies will adopt more or less the same strategies, with similar objectives and actions"*. (2) The availability of alternative CRIs to develop and implement CSR strategies, initiatives which are more relevant and industry specific (Runhaar and Lafferty, 2008; p. 492).

Another study by Hamann, Linha, Lapfudzaruwa and Schild (2009) presented similar results. They analyzed how the top 100 listed South African companies approach human rights. Their study was based on the analysis of the companies' public reports. They found that there is an insignificant impact of companies' sector and size on the level of human rights due diligence; and there is also little

influence of organizations' participation in the UNGC. What positively influences the level human rights due diligence is an explicit leadership commitment, government regulations and stock exchange listing rules (Hamann et al., 2009).

On the other hand, Woo (2010) describes the well-managed actions and efforts of three multinational corporations to comply with the UNGC principles. These organizations found their participation in the UNGC useful. They highlight the importance of being part of a global network with local connections. It allows them to exchange ideas with "*like-minded*" organizations. According to these organizations, their participation in the local network gives them access to tools, problem solving exercises, and guidance documents. It also gives them the opportunity to establish a multi-stakeholder dialogue to promote mutual understanding (Woo, 2010).

However, research on the UNGC has not focused on the process organizations are following to adopt the initiative. There is a lack of understanding about how organizations implement the UNGC (Jamali, 2010). The UNGC debates, and the scarce evidence on how organizations are adopting it, make it an interesting case for this research project. The analysis of organizations' adopting the UNGC is performed from a neo-institutional perspective. The next section presents neo-institutional theory.



## **2.2 Institutional Theory and Organizations**

Most of the early work on institutional theory paid little attention to organizations. Theorists emphasized wider institutional structures, like constitutions and political and religious systems. Others focused on the emergence of normative frameworks and common meanings from local social interaction (Scott, 2008). During the 1940s and 1950s, scholars started to recognize the importance of individual organizations. They distinguished organizations from wider social institutions and from individual's behavior (Scott, 2008). Further developments in the 1970s and 1980s focused on the importance of organizational forms and linked institutional arguments to organizational studies. This work has been labeled "neo-institutional theory" (Scott, 2008).

This concept is used in different ways within the social sciences. Neo-institutional economics apply economic arguments to explain the existence of institutions and organizations. Political sciences are divided, applying rational choice economic models on one side, and an historical view on the other (Scott, 2008). Neo-institutional approaches in sociology are the ones which better relate to the study of organizations (DiMaggio and Powell, 1991). They highlight cognitive over normative frameworks; and focus on the consequences of cultural belief systems operating in the organizational environment (Scott, 2008). This neo-institutional approach in sociology, which is explained below, constitutes the base for this analysis.

### **2.3 Neo-Institutional Theory and Organizations**

Neo-institutional theory focuses on how organizations function and change. According to Boons and Strannegard (2000) two main lines of thought, within organizational analysis, are related to neo-institutional theory: the macro- and the micro-sociological. The macro-sociological states that institutional pressures have become more influential. It establishes that organizational forms are less a reflection of efficiency, and more a reflection of institutional pressures, resulting on increasing similarities among organizations within organizational fields (Boons and Strannegard, 2000).

The growing similarities between organizations within the same organizational field can be attributed to three mechanisms: coercive (regulators, customer and suppliers demand it); mimetic (everyone in the industry is implementing it); and normative (it becomes accepted practice) (Boons and Strannegard, 2000; DiMaggio and Powell, 1983). These mechanisms normally overlap (Boons and Strannegard, 2000). The adoption of CRIs, for example, is affected by the three mechanisms.

The second line of thought within organizational analysis is the micro-sociological (Boons and Strannegard, 2000). A central question, within this line of thought, is how outside pressures and inside initiatives are confronted by organizational members. According to this view, organizations need legitimization from the institutional environment, resulting in organizational routines being separated from technical processes (Boons and Strannegard, 2000;

Meyer and Rowan, 1977). Research on CRIs, for example, shows how they can be easily adopted by organizations, without changing any of their daily practices (c.f. Deva, 2006; Ruggie, 2001). However, over time, research has shown the effects of adopted initiatives on formal structures and organizational practices. Initiatives are not just ceremonially adopted; they also proffer organizational and institutional change (Boons and Strannegard, 2000; Scott, 2008).

Neo-institutional theory establishes a distinction between organizations' technical and institutional demands (Boons and Strannegard, 2000). The technical environment demands physical outputs i.e. products, services, and profit. Institutional demands relate to structures, ideologies and processes that organizations should follow in order to become legitimate (Boons and Strannegard, 2000). Organizations need to manage both technical and institutional demands (Boons and Strannegard, 2000). This is not an easy task, since not all institutional demands have a positive impact on technical demands. The adoption of CRIs, for instance, can impose demands on the organization without adding direct value to its physical outputs.

For neo-institutional theory, technical and institutional demands are completely different, resulting in organizations managing two separated structures: the formal organizational structure, which is visible, and the actions within the organization (Boons and Strannegard, 2000). These actions might be coordinated in ways that differ from the organizational structure (Meyer and Rowan, 1977). However, the distinction between technical and institutional environments is confusing. The

social world cannot be seen as isolated from the technical world, the two are interrelated (Boons and Strannegard, 2000; Joerges and Czarniawska, 1998).

CRI's detractors worry that organizations adopting CRIs end up managing two separated structures: the formal one, which is visible, and the actions within the organization. They claim that the adoption of CRIs does not change the way in which organizations operate. However, the study of organizations adopting CRIs has been marginal, and there is not clear evidence of the impact these initiatives are having on organizations' actions. Current research has not paid attention to the fine-grained activities performed by individuals and organizations adopting these initiatives.

This research project aims to contribute to knowledge in this area, by analyzing the activities individuals and organizations are performing when adopting the UNGC. And the impact, if any, this initiative is having on organizations' daily operation. This paper aims to advance neo-institutional theory. It is based on the paradox between agency and institutions which is introduced below.

## **2.4 Agency and Institutions**

Early neo-institutionalism was concerned with the impact of institutions on organizational practices and structures. They concentrated on the relationship between the organization and the field in which it operated. Their focus was on how institutions governed organizations' actions, downplaying the role of agency

(Lawrence et al., 2009). Agency was considered a secondary phenomenon. It was understood as a reaction to institutional pressures. It was just considered in processes of ceremonial adoption of new practices. It was explicitly recognized as a result of the social context or as dependent on the interaction between organizational actors (Lawrence et al., 2009).

This neo-institutional approach has been criticized for not considering the role of agency. It neglects how actors seek benefits in the presence of institutions (Lawrence et al., 2009). Responding to this criticism, scholars started to consider agency in institutional studies. Oliver (1991), for instance, presented an approach which combined neo-institutionalism and strategic approaches, to study how actors react to institutional pressures.

Also, this criticism influenced the emergence of the literature on institutional entrepreneurship. Institutional entrepreneurs are defined as “*organized actors who leverage resources to create new institutions or to transform existing ones*” (Lawrence et al., 2009; p.5) This literature focuses on actors’ strategies to change institutions, instead of just complying with them. This work tends to present actors as heroic, powerful characters, capable of dramatically changing institutions. It ignores the fact that institutional entrepreneurs are embedded in an institutional context. This literature has been criticized by institutional theorists for explaining institutional change as a result of actions taken by a few powerful and rational individuals (Lawrence et al., 2009).

DiMaggio and Powell (1991) suggest the practice approach, which emerged in the 1970's, as an alternative to solve the agency and institutions divide (Lawrence et al., 2009). This approach focuses on explaining the relationship between human action and the culture or structure in which they are embedded. In spite of its strengths, few scholars have followed this stream of thinking. Lawrence, Suddaby and Leca (2009) suggest this happens because the practice approach focuses only on the micro-individual-level, when studies of institutions and organizations emphasize the role of collective actors.

The concept of institutional work aims to provide an alternative to integrate the tensions between agency and institutions. It is based on a growing view of institutions as results of human actions and reactions. It considers how actors' motivations are based on their own personal interests and also on plans for institutional change (Lawrence et al., 2009). The study of institutional work focuses on "how action affects institutions". It connects studies on institutional entrepreneurship, change and innovation (Lawrence et al., 2009). This makes institutional work a useful concept for this research project. As the interest of this study is to analyze the practical actions performed by individuals and organizations when adopting the UNGC.

The study of institutional work can also assist to link the interests of scholars studying institutions and organizations, and the interests of practitioners who work in them. Even though institutional theory has become prominent in organization theory, it has failed to affect practitioners' discussions. Institutional work hopes to assist an easier transfer of academic ideas into practitioners'

discourses (Lawrence et al., 2009). This research project also aims to contribute to link academic and practitioners' concerns by generating evidence of the fine-grained activities performed by individuals and organizations adopting the UNGC. The next section presents the concept of institutional work.

## **2.5 Institutional Work**

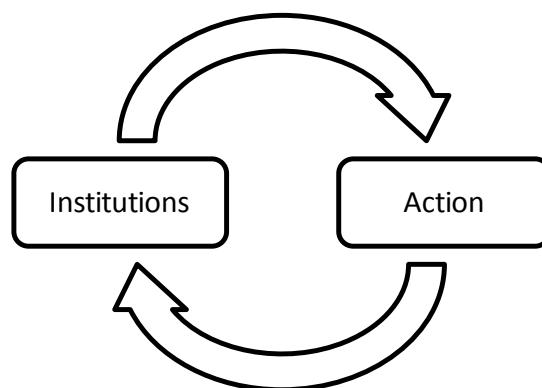
Institutional work focuses on *“the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions”* (Lawrence and Suddaby, 2006 p.215). It highlights the deliberate actions performed in relation to institutions. This includes dramatic and visible changes shown in studies of institutional entrepreneurship (Lawrence et al., 2009). However, institutional work focuses more on the “almost invisible”, and most-of-the-time mundane adjustments of actors intending to create, maintain or disrupt institutional arrangements (Lawrence et al., 2009).

The concept of institutional work is useful to analyze the purposive actions of individuals and organizations adopting the UNGC. It helps to analyze if the UNGC over time is internalized and become “taken-for-granted”, turning into the habitual way of doing things (Boons and Strannegard, 2000). This is called “sedimentation” in the institutionalization process. It happens when an innovation is perpetuated and becomes embedded in routines, forms and documents (Scott, 2008).

In order for the concept of institutional work to advance, detailed case studies are important. They allow a better understanding of the practical actions performed by individuals and organizations in their attempts to create maintain and disrupt institutional arrangements (Lawrence et al., 2009). This research project is based on four case studies. This allows the analysis of the fine-grained activities performed by both individuals and organizations adopting the UNGC.

The main objective of the concept of institutional work is to establish a wider view of the relationship between agency and institutions. “Direction” is a central part of the institutional work concept (Lawrence et al., 2009). Institutions and actors interact in a “recursive relationship” (Barley and Tolbert, 1997). Institutions provide templates and regulative mechanisms to reinforce them. Actions shape these templates and regulative instruments (Lawrence et al., 2009). Exhibit 1 presents this relationship.

**Exhibit 1: “Recursive Relationship” Between Institutions and Action**



Source: Lawrence, Suddaby and Leca 2009 p. 7



Institutional work focuses on the lower arrow in exhibit 1. Its concern is on how actors affect institutions, without denying the effects of institutions on actors. These effects are crucial in understanding the nature of institutional work (Lawrence et al., 2009). According to Lawrence and Suddaby (2006), when studying institutional work it is essential to: highlight actors' awareness skill and reflexivity, understand institutions as constituted in actors' conscious actions, and recognize that is not possible to "*step outside of action as practice*". Every action, even the one that aims to change the institutional order, happens within a set of institutional rules (Lawrence et al. 2009; p.7).

According to Lawrence et al. (2009), there are three key elements in the study of institutional work: accomplishment, intentionality and effort. When studying institutional work it is important to establish a distinction between "creating institutions" and "the creation of institutions". Institutional work can include in its study the factors which lead to the successful "creation" of new institutions. However the interest of institutional work is broader. It includes other issues like understanding which actors are more likely to get involved in "creating" institutions and what factors can support or hinder their work, without focusing on their success or failure (Lawrence et al., 2009).

This research project can be considered part of institutional work, as it focuses on the activities performed by actors and organizations to adopt the UNGC. The focus is not on the results they obtain, but on how they have achieved those results. And on which practices have helped or hindered the adoption of the UNGC. This is an important change in the study of organizations from an

institutional perspective, because little is known of the concrete practices used by actors when working to institutionalize a new practice within the organization. Institutional work aims to move from a linear view of the institutionalization processes to taking into account resistance and transformation. In this way, the concept of institutional work contributes to move beyond a successful and heroic conception of agency (Lawrence et al., 2009).

The second key element of institutional work is intentionality. The definition of institutional work includes the phrase “*purposive action*” which implies “*conscious intentionality*” (Lawrence et al., 2009). The objective of including intentionality in the definition of institutional work is to broaden our approach to studying institutions and organizations. The literature on institutional work aims to focus on institutional work *per se* as the object of analysis. This contrasts with most studies of institutional entrepreneurship. They focus on explaining institutional change, making human action their main explanatory factor. The main interest of institutional work is on the actions individuals and organizations perform. The difference is that institutional work analyzes these actions as interesting phenomena in themselves. It studies how and why action takes place and “*its potential impact or lack of impact*” (Lawrence et al., 2009) p. 14. This research project focuses on individuals and organizations adopting the UNGC. The focus is on the actions they perform *per se*. Its recent adoption makes it difficult to focus on the adoption’s success or failure. The four organizations are in the process of adopting the UNGC. Moreover, the adoption of the UNGC is a recursive process in which some aspects of the initiatives are just starting, when

others are already institutionalized within the organization. Some are successfully implemented; others are dropped.

The last key element of institutional work is effort. It provides a useful dimension to the study of institutions and organizations from an institutional work perspective. Usually studies on institutions and organizations focus on action, which has a different connotation from work (Lawrence et al., 2009). Work is strongly connected to effort. Work can be defined as: “*activity involving mental or physical effort done in order to achieve a result*” (Oxford Dictionaries, 2013). This definition relates the idea of effort to gaining a result. Hence institutional work can be understood as the mental or physical effort performed in order to affect institutions (Lawrence et al., 2009).

## **2.6 Summary**

This research project studies organizations adopting the UNGC, the world’s largest corporate responsibility initiative. The UNGC is a principle-based initiative which relies on a learning model. It contrasts with conventional approaches as it does not measure participants’ behavior. The Compact relies on Communication on Progress reports (COPs) to create accountability. However, studies on how organizations adopt the UNGC have been marginal. Little is known about the impact that its adoption brings to organizations’ daily operations. This worries detractors who claim it is easy for organizations to use the UNGC just to enhance or “bluewash” their image. This project aims to contribute to our

knowledge on the UNGC adoption process and the impact that it is having on organizations' daily practices.

This study is based on neo-institutional theory, as it has been widely used as a theoretical framework when analyzing the adoption of novel practices within organizations. However, there is a paradox between agency and institutions. The concept of institutional work presents an alternative that helps to integrate contrasting views. It presents a useful framework. It explores the efforts of organizational members to institutionalize the UNGC. It analyzes their actions, and the factors supporting or hindering their efforts. This approach brings important changes to the analysis of organizations from an institutional perspective, as little is known about the concrete actions performed by individuals to institutionalize new practices within organizations. The next chapter presents the theoretical framework.

### **3 Theoretical Framework**

This chapter presents the two aspects of institutional work guiding the analysis. First the literature on translation is presented. It will aid in responding to the first research question: When adopting the UNGC are organizations following a diffusion or a translation model? Then the literature on embeddedness is reviewed. This will assist in answering the second research question: Under what conditions do actors use their embeddedness to change established ways of working during the adoption of the UNGC?

#### **3.1 Translation Literature**

In the beginning, the main interest of organizational institutionalism was on how, when organizations were incorporating institutional elements, their formal structures became increasingly complex and similar at the same time (Sahlin and Wedlin, 2008). Then, scholars' interest moved to study institutional elements in the organizations' environment; how were myths produced and diffused? And how they were considered adequate and necessary for organizations to adopt them in order to appear legitimate? This line of thought is found particularly in studies on circulating ideas which have become rational myths (Sahlin and Wedlin, 2008). It was initially developed in Scandinavia. The focus was on the "*dynamic aspects of circulating ideas*"; how and why ideas are spread. And how ideas are translated as they flow and with which consequences for organizations (Sahlin and

Wedlin, 2008; p. 219). This Scandinavian approach is explored in the next section.

### **3.1.1 Scandinavian Institutionalism**

Scandinavian institutionalism studies the process followed by organizations when adopting new ideas. The objective is to reveal how and why ideas are incorporated by organizations. One of the main interests of this research has been on the transfer of ideas (Sahlin and Wedlin, 2008). Diffusion has been the predominant conceptual framework to explain this phenomenon (Czarniawska, 2008). It is used by supporters of institutionalism to explicate how ideas are transferred. This concept explains how institutional practices are spread, with little alteration, through organizations. Advocates of institutionalism argue that diffusion results in homogenous outcomes in organizational fields (Campbell, 2004).

However, Scandinavian institutionalism concludes that the diffusion concept is too static to explain the observed phenomena. It tends to lead researchers in unwanted directions. The diffusion concept is associated to a physical process. It explains phenomena in terms of physical metaphors, like resistance or saturation. In this process, a physical entity is originated by a source and then diffused (Campbell, 2004; Sahlin and Wedlin, 2008). The diffusion concept ignores what happens when a new practice arrives to an organization, as is prepared for

adoption. It is assumed that the organization adopts the new practice uncritically. So the mechanisms used by organizations to adopt new practices are not specified. Studies on diffusion fail to recognize that, when new practices travel to different sites, recipients implement them in different ways depending on their context (Campbell, 2004).

### **3.1.2 Scandinavian Institutionalism and Translation**

Scandinavian institutionalism argues that the circulation of ideas needs to be understood as a social not as a physical process. What is circulating is not an unchangeable product, but an idea which is subjected to constant translation. *“Ideas are not diffused in a vacuum they are actively transferred and translated in a context of other ideas, actors, traditions and institutions”* (Sahlin and Wedlin, 2008; p. 219). Scandinavian institutionalism explains how ideas change as they flow. They are subject to a process of translation. When ideas are circulated they evolve in different ways in diverse settings. So the circulation of ideas results in homogenization, but also in variation and stratification. Even though these observations were not new, Scandinavian institutionalism brought them to the center of the debate, forming a conceptual framework to study this phenomenon (Sahlin and Wedlin, 2008).

The term translation was introduced by Latour (1987) to explain the idea-circulation process (Latour, 1987). The concept of “translation” was borrowed from Michel Serres, a contemporary French philosopher. However, for the study of idea-circulation, translation is not considered as a linguistic term. Translation enriches the study of idea circulation, bringing into the picture the concepts of movement and transformation. Based on this conceptual framework, Scandinavian institutionalism analyzes how management ideas travel and change (Sahlin and Wedlin, 2008).

In the Scandinavian institutionalism literature, translation refers to the changes a new practice undergoes every time it is implemented in a different context. Translation focuses on how organizational forms - which appear isomorphic - become heterogeneous when they are applied in different organizational environments (Boxenbaum and Pedersen, 2009). The first wave of Scandinavian research on translation, which started in the mid 1990s, focused on the implicit aspects of the translation process. Authors in this wave proposed that translation occurs when actors engage in organizational practice. They explain that the translation process is an implicit search for practical solutions and not a “*consciously mediated act of strategizing*”. Translation happens when an idea or practice seems suitable for solving an organizational problem and is selected, objectified and materialized (Boxenbaum and Pedersen, 2009 p. 191).



### **3.1.3 Translation: a Case of Institutional Work**

The second wave of Scandinavian research on translation started in the late 1990s (Boxenbaum and Pedersen, 2009). Authors in this stream, highlight the strategic opportunities arising from different interpretations. They recognize there are different ways in which actors can translate a new practice within the organization. When actors are aware of alternative frames of interpretation they may intentionally try to translate a new practice in a way that supports their own interests. This stream of research tries to explain why actors choose a certain interpretation over another. Its objective is to better understand organizations' responses to institutional pressures. This stream of analysis reflects "*an agentic line of inquiry within the translation literature in Scandinavian institutionalism*". This characteristic aligns translation research with the literature on institutional work, as the concept of institutional work is concerned with the deliberate actions performed by individuals and organizations aimed at creating, maintaining or disrupting institutional arrangements (Boxenbaum and Pedersen, 2009; p. 193).

### **3.1.4 The Diffusion vs. the Translation Model of Change**

Czarniawska (2008) presents a comparison between the diffusion and the translation model of change. Czarniawska describes translation as the process through which initiatives are customized as they spread. Through translation foreign initiatives resonate better with the receiving organization, facilitating

implementation in different contexts (Czarniawska and Sevón, 1996; Lippi, 2000; Zilber, 2009). Translation contrasts with diffusion, which has been the primary model for top-down planned change (Czarniawska, 2008). This model describes diffusion as a movement starting with some “*initial energy*” (initiative, instruction, idea), which is normally attributed to top management “*or their agents*”. Then these initiatives or ideas move “*without reserve*” unless they are confronted with resistance (e.g. political resistance or resistance to change). Resistance generates “*friction*” which reduces the “*initial energy*”. Friction is considered a negative factor within the diffusion process (Czarniawska, 2008; p. 88).

In the translation model, “friction” is considered a positive factor for translation to happen. According to this model, there is not “initial energy”. Ideas exist all the time. Ideas and initiatives are not diffused by themselves. They are passed on by people who translate them, based on their frames of reference (or “*ideas in residence*”). The encounter between new ideas and these frames of reference can be called “friction”. However this friction is considered a positive effect. Through friction, new and existing ideas meet. Also, through friction the meeting between ideas and their translators occurs. These constant encounters produce energy. Without friction translation cannot happen. Friction is seen as “*the energizing clash between ideas in residence and traveling ideas, leading to the transformation of both*” (Czarniawska, 2008 p. 88). The exhibit below compares the diffusion and the translation model of change.

## Exhibit 2: The Diffusion vs. the Translation Model of Change

The Diffusion Model	The Translation Model
Movement originates in a source of energy (top management or consultants)	It is difficult to trace back to "the original movement"
Under ideal conditions, ideas travel without friction (there is no resistance)	Energy results from friction and resistance
Changes in the original idea must be prevented (as they mean distortions)	Changes in the original idea are inevitable; they transform and often enrich it

Reference: Czarniawska 2008 p. 89

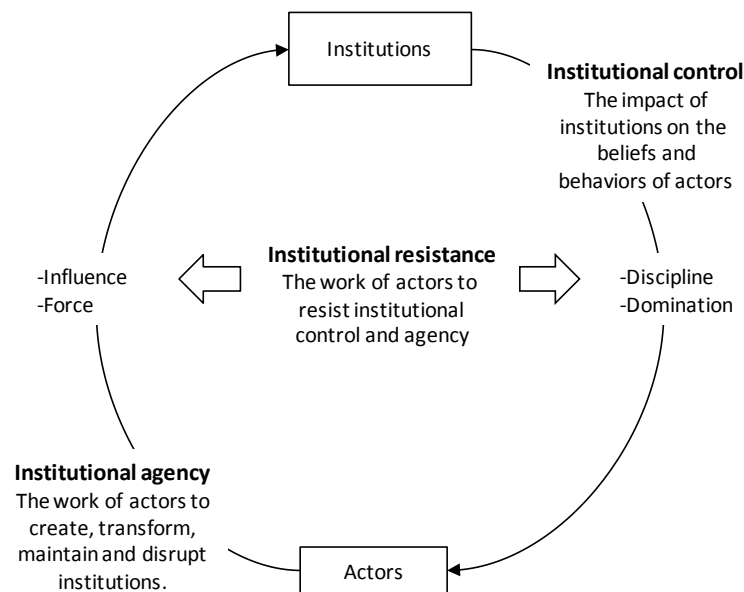
Translation is seen as “*a collective act of creation*”, not as an obstacle for a swift diffusion (Czarniawska, 2008; p. 88). However the diffusion model is more accepted among managers, mainly because it offers the illusion of control, while the translation model opens the door to the unexpected and unforeseeable. Translation promises uncertainty and ambiguity in the adoption process (Czarniawska, 2008).

### 3.1.5 Resistance and the Translation Model of Change

Resistance is a key element of the translation process (Czarniawska, 2008). However, it has been scarcely researched (Lawrence, 2008). Early neo-institutional writings identified three sources of organizational control: mimetic,

normative and coercive (Meyer and Rowan 1977; DiMaggio and Powell 1983; Lawrence 2008). Research focused on the diffusion of new practices, without recognizing the role of resistance (c.f. Lawrence, 2008; Westphal et al., 1997). Recent work has recognized resistance, focusing on opposition to broad social norms and values, and on organizations' resistance to managerial control (c.f. Kirsch, 2000; Lawrence, 2008). Lawrence (2008) explores the relationship between institutional control, agency and resistance. He explains how institutions exist to the degree to which they influence the behaviors, opportunities and beliefs of individuals, organizations and societies. Institutions are “*enduring patterns of social practice*” (Lawrence, 2008; p. 170). Diversions from these patterns of practice are counteracted in a regulated way, by continually activated controls (Hughes, 1936; Jepperson, 1991; Lawrence, 2008). Lawrence's framework is presented in the exhibit below.

### Exhibit 3: The Interplay of Institutional Control, Agency and Resistance



Source: adapted from Lawrence 2008 p. 173

In this framework, institutional control refers to the effects of institutions on the behaviors of actors. Institutional agency involves actors' work to create, transform or disrupt institutions (Lawrence, 2008). And institutional resistance refers to actors' efforts to place limits upon institutional control and agency.

### **Resisting Institutional Control**

Different forms of control are associated with diverse forms of resistance: *Resistance to discipline*, Lawrence (2008) establishes that the main requirements of discipline are enclosure and surveillance. *Enclosure*: discipline is "inward" looking. It works through routine practices that establish the boundaries of appropriate and improper behavior. Discipline just applies to actors who consider themselves part of the community where those norms apply (DiMaggio and Powell, 1983; Lawrence, 2008). An example is the implementation of a Ford Motor Company reward system to modify employees' actions. Employees who were not eligible or not interested in the reward avoided the disciplining system (Lawrence, 2008).

The second discipline requirement, in Lawrence's model, is continuous *surveillance* or at least members' perception of being continually scrutinized (Sewell, 1998). Surveillance refers to the potential for nonconformity to be systematically detected and punished, shamed or penalized (Lawrence, 2008). Surveillance cannot be taken-for-granted. It needs to be exercised in some way. Control will be undermined to the degree in which actors can ignore or avoid

surveillance (Lawrence, 2008). A study performed by Fox-Wolfgramm (1998), on the reaction of two Texas banks to new regulation, shows the limits of surveillance. Managers avoided applying substantive changes in operations for long periods of time with no major consequences (Fox-Wolfgramm et al., 1998). The main reason was that the compliance monitoring was only used sporadically and with considerable prior notice (Lawrence, 2008).

***Resistance to domination***, the dynamics of this kind of resistance differ from resistance to discipline mainly because of the different effects on actors (Lawrence, 2008). When domination is effective, the capacity of actors to directly resist diminishes significantly. Domination, compared with discipline, involves a larger loss of autonomy, a more serious threat on employees' identity, and might be perceived as less just. Domination is normally associated to extreme forms of resistance directed to the organization as a whole. This includes behaviors such as: insubordination, intentional mistakes or sabotage (Lawrence, 2008; Robinson and Bennett, 1995). Even though the ability of actors to resist domination systems is less than under disciplinary systems, actors are more likely to engage in more severe and potentially destructive forms of resistance (Lawrence 2008). This way of resistance has been underexplored in institutional studies of organizations (Lawrence 2008).

### **Resisting Institutional Agency**

Institutional agency has focused on the process of implementation of practices that go against the institutionalized way of working (Lawrence, 2008). A study

performed by Dirsmith (1997), on forms of control in the Big Six accounting firms, provides an example of resistance to institutional agency (Dirsmith et al., 1997; Lawrence, 2008). It studies the attempt, by the organizations, to change internal power relations through the adoption of the “Management by Objectives (MBO)” practice. Professionals, within organizations, recognized the new practice as a political tool and resisted it. The resistance was not direct; they subverted it indirectly through mentor relationships. The Mentor program was already in place at the time of the MBO implementation. Mentors were senior members of the organization who had access to information and knew how to manipulate the new MBO system. According to Lawrence’s model, institutional resistance to agency can be divided in resistance to influence and resistance to force.

***Resistance to influence***, normally, actors’ activities to influence the institutionalized way or working are only effective if they are adopted by others (Lawrence and Suddaby, 2006; Lawrence, 2008). The previous example of the implementation of the MBO program in accounting firms shows how the owners of the new program were dependent on other parties to implement successfully, opening the opportunity for resistance (Lawrence, 2008). It also shows how the interaction between an existing institutionalized practice, the mentors program, and the new practice, also facilitated resistance (Lawrence, 2008).

***Resistance to force***, unlike influence, force treats targets as objects. “*The use of force does not shape the will of the target, but rather achieves its ends despite that will*” (Lawrence, 2008; p. 186). This form of control can lead to greater resistance because, like domination, it involves a larger loss of autonomy, a more serious

threat on targets' identity, and might be perceived as less just (Lawrence and Robinson, 2007). The difference between systems of domination and force is that resistance to force can be associated to a specific agent. Resistance will tend to be directed to this agent (Lawrence, 2008). The use of force can be counterproductive for institutional agency, because targeted actors will try to avoid the objectives related to the use of force, and, even though direct resistance to force can be difficult, targeted actors will promptly tend to relapse to prior behaviors (Lawrence, 2008).

This section has presented Lawrence's (2008) resistance framework. Resistance is a main factor in the translation model of change. According to Czarniawska (2008) through resistance, existing practices and newly adopted initiatives meet. This encounter leads to changes in organizations' daily operations. However, the impact that the adoption of new practices has on an organization's day to day activities has been scarcely researched. UNGC detractors worry that it can be easily adopted without resulting in changes in organizational practices. The next sections present existing research on the consequences that newly adopted initiatives bring to organizations' daily operations.

### **3.1.6 Consequences of Adopted Ideas in Organizations**

Scandinavian institutionalism has also engaged with the consequences of newly adopted ideas in organizations. Meyer and Rowan (1977) highlighted how



rationalized myths are ceremonially adopted and how they are separated from organizations' ongoing activities. However research now shows the effects of adopted ideas on organizations' formal structures and day to day operations. Newly adopted ideas are not just ceremonially adopted but they also result in changes in organizations (Sahlin and Wedlin, 2008). Even though ceremonial adoption occurs, newly adopted ideas have consequences on how practices are identified, assessed and presented. Newly adopted ideas can also influence what is considered normal, desirable or possible. These new ideas can contribute to changes within the organization and trigger institutional change (Sahlin and Wedlin, 2008).

### **3.1.7 Levels of Translation**

Boxenbaum (2006) studied the successful translation of a new management practice in two Danish firms. She established that frames are an important element of the act of translation. A frame is a lens through which individuals perceive and interpret the world (Goffman, 1974; Snow et al., 1986). Frames guide action and organize experience (Boxenbaum, 2006). They make life occurrences meaningful to individuals. Institutional initiatives rely on frames (Boxenbaum 2006). Frame transformations are *"fairly self-contained but substantial changes in a way a particular domain of life is framed"* (Snow et al., 1986; p. 474; Boxenbaum 2006). A frame transformation might be necessary when a foreign initiative or practice is based on frames that are not relevant for the

receiving society (Boxenbaum 2006). Transformations require radical changes in perception. Meaningful activities, from the point of view of a prime framework, need to be redefined according to a different framework (Goffman, 1974; Boxenbaum, 2006). According to the study by Boxenbaum (2006), frame transformation allows translators to perceive an initiative from different perspectives, and to engage with frames creatively.

Boxenbaum (2006) concludes that translators overcame resistance by engaging in frame transformation and by creatively combining incompatible frames. Her study identifies three levels of translation:

1. Individual preference; translators implicitly choose the frame that they found more meaningful and valuable, according to their past life experiences. Campbell (2004) also establishes that actors can try to adapt the new practice in a way which suits their particular interests. Furthermore Sahlin and Wedkin (2008) found that ideas are translated to fit translators' wishes and the conditions in which they function.
2. Strategic reframing; translators collectively selected the reframing that would be more appealing to key players. They also took into account strategic considerations in terms of resource mobilization. According to Boxenbaum, translators made a pragmatic choice to relate the new initiative to financial performance to obtain funding for the project. However, this made it difficult to connect the new initiative to established ways of working which were based on a democratic principle. In order to

solve this predicament, translators grounded the new initiative in existing practices, taking us to the third level of translation, “local grounding”.

3. Local grounding; translators wanted to “anchor” the new initiative in organizational practice. The objective was not just to implement the new initiative but also to have a “lasting impact”. Consequently, translators merged elements of the foreign initiative with local widespread practices which had high legitimacy. The local practice was used as a “sense-making vehicle”. This helped to gain legitimacy among local audiences.

Boxembaum (2006) concluded that the translation product was a “hybrid-frame”. It was the result of the integration of elements of new and existing practices. It created continuity and compatibility between the two. The hybrid-frame overcame initial resistance and allowed translators to spread and implement the novel practice in the organizations. The hybrid-frame was positively received as a legitimate, innovative managerial practice in both companies.

### **3.1.8 Translation as an Editing Process**

Previous research also states that successful translation requires the foreign initiative to be grounded in legitimate local practices (Hargadon and Douglas, 2001; Lippi, 2000). According to (Czarniawska, 1997), an idea travels if it relates to main streams of an organization’s life. The constant encounters between

traveling and resident ideas results in the transformation of both local and foreign initiatives and practices (Boxenbaum, 2006). Campbell stressed that in order for translation to succeed, new initiatives need to be translated in ways that fit with local practices (Campbell, 2004).

Sahlin and Wedlin (2008) also establish that, in the process of translation, similarities between new and existing practices are accentuated and differences de-emphasized. They explain translation as an editing process. This way of explaining translation came from the study of the introduction of the customer concept into organizations in the public sector. In the editing process different editors were involved. They were circulating ideas, but also contributing to co-constructing these same ideas.

Sahlin and Wedlin explain how the editing process is not necessarily open-ended. It is characterized by social control and traditionalism. The editing process follows a “rule-like pattern”. These “editing rules” restrict and direct the translation process. These rules are not necessarily written or explicit. New practices are reframed in terms of existing templates. The objective is to present the new practice in terms which are familiar and accepted by the receiving organizations. However what is familiar and accepted in one organization can be unknown and unpopular in another, so the editing rules differ depending on the specific context. New ideas are edited in terms of this specific infrastructure. These editing rules control and guide the translation process. Sahlin and Wedlin have identified three kinds of editing rules which appear to be general when circulating ideas:

1. Editing rules concerning “context”: widely circulated new practices are formulated in general terms excluding time and space bounded elements. Pre-requisites which are specific and local are de-emphasized. Ideas are made accessible for others to adopt. This happens in steps. When someone reports on a new practice they may want to shape their presentation in a way interesting to others. To achieve this they de-emphasized aspects which are too context specific and emphasize aspects which seem generalizable. Then those in charge of mediating the circulation of new practices perform further editing. This happens in a cycle which is repeated every time the novel practice is adopted in a new setting.
2. Editing rules concerning “logic”: new practices are presented in a rationalistic way, showing effects as results of identifiable activities. Processes tend to be presented as following a problem solving logic. Practices which attract the attention of others and which are considered worthy of imitation are those which are perceived as possible to be implemented in a different setting.
3. Editing rules concerning “formulation”: as new practices circulate they may acquire labels and be presented in “*dramatic terms*” to make them easy to explain and remember. Categories, concepts, prototypical examples, counter-examples and references are used in order to attract others’ attention and also to structure and make sense of the new practice.

Lastly, Sahlin and Wedlin establish that new practices do not serve as models to be replicated. Rather, new practices can be interpreted in diverse ways by adopting organizations. New practices leave extensive room for different interpretations (Sahlin and Wedlin, 2008).

### **3.1.9 Analogy and the Dynamics between New and Existing Practices**

Etzion and Ferraro (2010) further add to our understanding of the dynamics between new and existing institutional practices. They study the role of analogy in the institutionalization of Sustainability Reporting. An analogy is a figure of speech that stresses resemblances between domains. The use of analogy is not just a rhetorical tool, but an essential part of human cognition. *“Analogical reasoning helps us solve problems by providing inferences based on some similarity between the target domain in which the problem is embedded and a source domain with which we are familiar”* (Etzion and Ferraro, 2010; p. 3).

The process of institutionalization of novel practices is complex. Actors have to balance the need for legitimacy, by complying with what is already accepted, with efforts to implement the new practice (Etzion and Ferraro, 2010). This process is loaded with “vested interests” and social norms which converge to oppose change. This is even more difficult in mature organizations where roles and values are well established and understood among actors (Etzion and Ferraro, 2010).

Previous research has shown how analogical reasoning can help to gather legitimacy, by relating the novel practice to domains which are familiar to adopting organizations (Etzion and Ferraro, 2010). This resonates with Czarniawska and Sevón (1996) and with Boxenbaum (2006). However, analogical reasoning can also lead to “analytical closure” impeding the evolution to new practices (Etzion and Ferraro, 2010). This is consistent with Salin and Wedlin’s (2008) editing rules.

In their study, Etzion and Ferraro (2010) concluded that actors pursuing change, use analogy and comparison as discursive strategies. Institutionalization is facilitated by analogical processes which relate the new initiative to existing practices. However, analogical thinking, apart from stressing resemblances, can also assert dissimilarities. Analogies can help, rather than hinder, actors’ cognitive processes. They can promote reflection and re-conceptualization. Analogies can highlight not just similarities but also differences between new and existing practices (Etzion and Ferraro, 2010). In their study Etzion and Ferraro identified three phases of analogical reasoning:

1. Equivalence; emphasizes strict parity between the new initiative and the existing practice. In this phase actors emphasize congruence between the novel practice and the dominant culture in the organization.
2. Contrast; focuses on key differences between the new and existing practice. In this phase actors can use the logics of prevalent discourses to expose the shortcomings of existing practices.

3. Modification; stresses adaptation between the two practices. Here, the similarity represents the starting point. It helps to elaborate how some aspects of the prevailing practice should be adapted, not necessarily rejected, to fit the needs of the novel initiative.

### **3.1.10 Rationales for the Adoption of New Practices**

In their study, Etzion and Ferraro also explain how, according to the established view of institutionalization, novel practices are first adopted by organizations which technically need them. And then, once institutionalized, are adopted by the rest of the population in the field. This view has been criticized and a more compelling way to explain this phenomenon has emerged (Etzion and Ferraro, 2010). This novel view explains how actors, in their environments, are exposed to competing institutional logics. In this environment actors use language and discourse to guide the process of institutionalization. Actors should use text to persuade and convince “*appealing to logic, ethics and emotion*”. These rhetorical strategies bring diverse rationales for adoption and give actors a “*vocabulary of motives*” (Etzion and Ferraro, 2010; p. 2). The motives for action can be classified in four categories, which are explained below. One or more of these motives are used by actors’ pursuit of change (Etzion and Ferraro, 2010).

- 1) Instrumentally rational (calculating utilitarian)
- 2) Value rational (pursuing ultimate goals i.e. duty)



- 3) Affective (emotional)
- 4) Traditional (habituated)

According to Etzion and Ferraro (2010), during the initial institutionalization phase, the adoption of the new practice is determined mostly by instrumental logics. In their study of the institutionalization of the Global Reporting Initiative (GRI), they found that, in the first analogical phase, the rationales for adoption focused on establishing a compelling business case instead of highlighting a broader contribution to society. Throughout this phase attention is paid to “equivalences” between new and existing practices. Highlighting equivalences limited the uncertainty provoked by the new practice, achieved support and reached a wider audience, promoting legitimacy. However, this way of framing constrains the scope and forms of the adopted practice and can lead to superficial/ritualistic adoption (Etzion and Ferraro, 2010).

Once the new practice is accepted, attention moves to “contrasts” and “modifications” encouraging innovation and departure from existing practices. These design phases are led by value-rational logics. They invite adopters to analyze the consequences of sustainability reporting and to develop meaningful responses to these new challenges (Etzion and Ferraro, 2010). This resonates with Czarniawska’s (2008) statement that the “clash” between new and existing ideas leads to the modification of both new and existing practices.

Etzion and Ferraro (2010) also establish that inclusiveness is an important part of the institutionalization process. They conclude that in early stages of institutionalization, a top-down centralized approach could assist the entrepreneur to concentrate resources and focus on legitimizing the new initiative. Then, a more inclusive structure, encouraging the participation of a broad range of field members, can be necessary to facilitate institutionalization. Etzion and Ferraro (2010) find how, during the contrast and modification phases, the emphasis on reporting change. It focuses more on reporting principles than on providing templates and metrics for reporting. These changes motivate users to participate in the design of the institution of sustainability reporting. The participation of users generates innovations that are integrated into future guidelines, producing a “*virtuous cycle of institutional design*”. In this way Etzion and Ferraro show how, in latter stages, adopters are not passive; their experimentation is an essential part of the institutionalization process (Etzion and Ferraro, 2010; p. 13).

### **3.1.11 Conditions Facilitating the Translation of New Practices**

In their study on the institutionalization of the Global Reporting Initiative, Etzion and Ferraro conclude that initially, during the equivalence phase, new initiatives might be adopted symbolically. And later, during the contrast and modification phases, new initiatives pursue substantive implementation. Another study by Bansal (2005) on sustainable development shows similar results (Bansal, 2005; Etzion and Ferraro, 2010). According to Etzion and Ferraro, this trajectory of institutionalization may happen when: 1) an initial response to institutional

pressures does not intrude organizations' technical foundation, 2) when it can be pursued superficially, or 3) when it is not costly to implement.

Resonating with Etzion and Ferraro, Campbell (2004), considers that new practices are more likely to be translated when: 1) they agree with adopters' expectations, 2) they are technically easy to implement and not politically sensitive, 3) and when actors perceive that the cost of implementing is relatively low.

Campbell (2004) also establishes that organizations are more likely to adopt new initiatives and enact them - rather than just adopting them symbolically - when the leaders in the organization are sympathetic and committed to the new initiative; also, when the organization has the financial and administrative capacities required to implement them. These organizational characteristics facilitate the translation process (Campbell, 2004).

Finally, Campbell (2004) considers that new practices are more likely to be translated if they are unclear and ambiguous to potential adopters. For instance, the UNGC is "arguably" ambiguous. It only establishes ten principles. It enables organizations to interpret these principles in different ways depending on organizations' specific contexts. However, further research is required to understand the translation process better (Boxenbaum, 2006).

### 3.1.12 Summary

Organizational institutionalism provides the theoretical framework guiding this research project. Originally, research based on this approach focused on how organizations' formal structures became increasingly complex and similar when incorporating institutional elements (Sahlin and Wedlin, 2008). Then, researchers' interests moved to how and why novel practices spread; and with what consequences for organizations. This line of thinking was initially developed in Scandinavia (Sahlin and Wedlin, 2008).

Diffusion has been the predominant conceptual framework to explain how novel practices are spread (Czarniawska, 2008). However, Scandinavian institutionalism found the concept of diffusion too static. It assumes that new ideas are adopted uncritically; neglecting the mechanisms used by organizations when incorporating new practices. Contrastingly, the concept of translation focuses on the changes a new practice undergoes each time it is implemented in a different context. Translation is concerned with how - apparently homogeneous - organizational forms, become heterogeneous when applied in diverse organizational environments (Boxenbaum and Pedersen, 2009). Although these observations were not new, Scandinavian institutionalism brought them to the center of the argument (Sahlin and Wedlin, 2008).

Czarniawska (2008) compares the translation model with the diffusion model of change. She explains how, in the diffusion model, new initiatives move “*without*

*reserve*” unless they are confronted with resistance, which is considered a negative factor within the diffusion model (Czarniawska, 2008). On the other hand, within the translation model, resistance is considered a positive factor, through which novel ideas and existing practices meet. Czarniawska (2008) explains how the diffusion model has been more accepted among managers, mainly because it offers the illusion of control, while the translation model opens the door to the unforeseeable; it promises uncertainty and ambiguity in the adoption process.

Recent research on translation has found how actors intentionally try to translate new practices in ways which support their own interest. This stream of research reflects “*an agentic line of inquiry within the translation literature in Scandinavian institutionalism*”. This “*agentic line of inquiry*” aligns translation research with the literature on institutional work (Boxenbaum and Pedersen, 2009; p. 193).

An example of this agentic line of inquiry is Boxenbaum’s (2006) study of the successful translation of a new practice in two Danish firms. She finds that translators overcome resistance by creatively combining incompatible frames. She concludes that translators select the reframing which would appeal to key players. They make the pragmatic choice of relating the new initiative to existing practices, to obtain resources and achieve a lasting impact. Previous research also states that successful translation requires the foreign initiative to be grounded in legitimate local practices (Hargadon and Douglas, 2001; Lippi, 2000). However,

researchers find that the integration of new and existing practices restricts the newly adopted initiative. Sahlin and Wedlin (2008) explain translation as an editing process which is not necessarily open-ended. It follows editing rules which restrict and direct the translation process.

Etzion and Ferraro (2010) further add to our understanding on the dynamics between new and existing institutional practices. They studied the institutionalization of the Global Reporting Initiative (GRI); and concluded that the institutionalization process is facilitated by analogical thinking, which relates the new initiative to existing practices. However, analogical reasoning can also assert dissimilarities, helping rather than hindering actors' cognitive processes, and promoting actors' reflection and re-conceptualization.

In their study, Etzion and Ferraro identified three phases of analogical reasoning: equivalence, contrast, and modification. They explain how the first phase "equivalence" brings legitimacy but also constrains the new initiative. It is led by instrumental logics, as the rationales for adoption focused on establishing a compelling business case instead of highlighting a broader contribution to society. This way of framing constrains the scope of the adopted practice and can lead to superficial adoption (Etzion and Ferraro, 2010).

Then, once the new practice is accepted, attention moves to "contrasts" and "modifications". These design phases are led by value-rational logics. They invite adopters to analyze the consequences of sustainability reporting and to develop meaningful responses to these new challenges (Etzion and Ferraro, 2010). The

impact that new initiatives have on organizations' daily operations has been a main interest of research in translation. Research now is starting to show the effects of adopted ideas on organizations' day to day practices. This recent research finds how ceremonial adoption occurs; however, newly adopted ideas have consequences on how practices are identified, assessed and presented. This study concludes that new ideas can contribute to changes within the organization (Sahlin and Wedlin, 2008). Further research is required to better understand the translation process, and the consequences that the adoption of a new initiative brings to organizations' daily practices (Boxenbaum, 2006).

### **3.2 Literature on Embeddedness and Agency**

Early neo-institutional studies concentrated on how institutions constrained organizations. In this way they explained isomorphism within institutional environments. These early studies assumed that actors had a limited degree of agency (Battilana and D'Aunno, 2009). This view has been criticized for focusing mainly on consistency and stability. In response, recent studies have started to analyze change (c.f. Oliver, 1992; Scott, 2001), bringing to the centre of the argument the issue of individual and organizational agency.

Since the 1990s the focus of this research has tended to be how individuals and organizations innovate and act strategically to achieve institutional change (Battilana and D'Aunno, 2009). Researchers started to address not only the

emergence of new institutions, but also how institutionalization takes place (c.f. Hensmans, 2003; Reay et al., 2006). These recent studies have taken into account the role of individuals and organizations in institutional change (Battilana and D'Aunno, 2009).

Within these recent studies, the notion of “*Institutional Entrepreneurs*” was introduced to the neo-institutional theory framework. Institutional entrepreneurs were described as organized actors who with enough resources see an opportunity to realize their most valued interests, provoking the rise of new institutions (Battilana and D'Aunno, 2009). Also since the 1990s the concept of institutional work has emerged, aiming to provide a “common umbrella” to studies addressing the relationship between institutions and agency (Battilana and D'Aunno, 2009).

The concept of institutional work is confronted by the “*paradox of embedded agency*” (Battilana and D'Aunno, 2009; p. 31). Embeddedness can be defined as the level in which individuals, and their actions, are linked to their social context (Lee et al., 2004; Powell, 1996). It has become an important concept in explaining institutional change (Dacin et al., 1999). Scholars have recognized embeddedness as constraining but also enabling action (Dacin et al., 1999; Powell, 1996). However, these studies have mainly focused on how embeddedness constrains change. Recent research explains how the possibilities for actions are limited in an institutionalized context. Other studies focus on how high agency and low embeddedness occur (Reay et al., 2006). Recent studies have started to analyze



embeddedness as an enabling condition for action. Battilana and D'Aunno (2009) establish three levels of enabling conditions: field, organizational, and individual.

### **3.2.1 Field, Organizational, and Individual Enabling Conditions for Action**

Battilana and D'Aunno (2009) explain how attention has been paid mainly to field and organizational-level conditions for action. These conditions have been used to explain the role of actors in institutional change. However individual-level conditions have been neglected. These three levels of enabling conditions are explained below:

1. Field-level enabling conditions. Research at this level has shown how an external jolt (like technological or regulatory changes) can precipitate action. These external triggers open a window to the introduction of new ideas (c.f. Barley and Tolbert, 1997; Reay et al., 2006; Seo and Creed, 2002). Scholars also mention heterogeneity as another field factor that enables agency. Heterogeneity refers to inconsistency in the characteristics of institutional arrangements. It generates incompatibilities which constitute the bases of internal contradictions. These contradictions help actors to create distance from institutional arrangements and activate their reflective capacity.

The last field factor identified by Battilana and D'Aunno (2009) is the level of institutionalization of practices, norms and values. When institutional

arrangements are not widely accepted and taken-for-granted, there is room for actors to proceed independently. Also when new organizational fields are emerging actors have more change opportunities due to the absence of established norms and rules (c.f. Maguire et al., 2004; Reay et al., 2006). However evidence also suggest that change is more likely to occur in highly institutionalized environments, because uncertainty distracts actors from change efforts. A secure predictable environment is required for actors to have the freedom to engage in change activities (Battilana and D'Aunno, 2009).

2. Organizational-level enabling conditions. Research at this level has focused on a specific organizational characteristic, the position of the organization in the institutional environment. Results from organizational-level studies suggest that organizations at the margins or interstices of organizational fields are more likely to engage in entrepreneurial activities. Contrastingly, high status organizations are more likely to maintain the status quo (Battilana and D'Aunno, 2009).
3. Individual-level enabling conditions. Scholars have been neglecting the study of individual-level conditions for action (Battilana and D'Aunno, 2009). However, to solve the embedded agency paradox, and set up the foundations for advancing the concept of institutional work, it is necessary to take into account the individual-level (Battilana and D'Aunno, 2009; Reay et al., 2006).

### **3.2.2 The Importance of Accounting for Individual-level Conditions for Action**

Neo-institutional theory explains organizational and field-level phenomena without accounting for individual behavior, even though individual behavior is implicitly involved. “*Without solid micro-foundations, institutional theorists risk not accounting for institutionalization processes*” (Battilana and D'Aunno, 2009; p. 42). Some scholars have argued that it is not necessary to study human agency because individual behavior is not the concern of institutional theory. However Battilana and D'Aunno (2009) establish that social theories have to consider the three levels of analysis: field, organizational and individual, as they are interrelated.

Some neo-institutional scholars have addressed human agency, focusing mainly on how high agency and low embeddedness occur. How new actors, who enter an institutional context, are not constrained by established practices because they are new and are less embedded than others. These new actors also bring new ways of working. So those who are less embedded are more likely to engage in change activities (Battilana and D'Aunno, 2009).

Seo and Creed (2002) establish that actors become more self-conscious and intentional when they confront institutional practices which conflict with each other. This rise of self-consciousness allows actors to change institutional arrangements (Battilana and D'Aunno, 2009). This can happen when

organizations adopt corporate responsibility initiatives; normally these initiatives contradict the institutionalized way of working. Nevertheless, the contribution of individual actors to institutional change has not been properly analyzed (Battilana and D'Aunno, 2009; Zilber, 2002). There are still unanswered questions about the role of individuals in institutional change. In particular, it is important to analyze the individual-level conditions enabling action in spite of institutional pressure to preserve the status quo (Battilana and D'Aunno, 2009).

### **3.2.3 Three Micro-Processes Used by Individuals to Achieve Change**

Reay, Golden-Biddle and Germann (2006), argue that, in order to analyze the connection between embeddedness and action, it is necessary to pay attention to micro-processes within organizations. It is also required to view embeddedness as both opportunity and constraint. They argue that previous studies tend to focus on the top of the organization, overlooking front-line dynamics. These studies obscure how, in the process of change, actors engage with their embeddedness. Their study focuses on actors at the micro level. They analyze the role of individuals in the process of change, by paying attention to the actions of middle managers and front line employees. This micro level analysis allows the consideration of the active role of individuals. It also opens an opportunity to study how actors use their embeddedness in their attempt to change institutionalized ways of working. Reay's study identifies how through their embeddedness actors accomplished three micro-processes:

1. Cultivating opportunities for change. This micro-process explains how, actors are constantly alert for situations and events they can use to introduce the new practice. These are called “windows of opportunity”, which are “*temporally delimited areas for action of potential consequence*” (Reay et al., 2006; p. 984). At this stage it is central for actors to know the “right time” to take action to achieve maximum impact. Actors relied on their strong social connections, previous experience, and their deep understanding of the system. They acted as “political entrepreneurs”, using their understanding of political dynamics, their experience-based knowledge and their social networks to advance the new practice (Reay et al., 2006).
2. Fitting the new practice into prevailing systems. At this stage, actors concentrated on “hooking” the new practice into existing work procedures, resource allocation and structures (Reay et al., 2006).
3. Proving the value of the new practice. Actors used their understanding of:  
1) their work environments, 2) their professional network, and 3) their knowledge of how their work colleges were likely to respond, to design actions aimed at proving the value of the new practice. Actors knew which of their coworkers needed to be convinced and how to convince them (Reay et al., 2006).

Reay's findings differ from mainstream models of institutional change. Reay's model does not rely on external triggers to start change. Embedded actors used external events in ways which help them to legitimize the new practice. Also mainstream models establish that the misalignment of interests in an institutional context opens opportunities for change agents. Reay's model identified actors who were searching for opportunities to create institutional contradictions. Actors were using their contextual knowledge to achieve change. Finally, mainstream models of institutionalizing rely on some actors being less embedded than others as a prerequisite to advance change. Instead Reay's model shows how actors use their embeddedness as an advantage to accomplish change. Reay also observed the strong role played by middle managers in change initiatives, which has been ignored until recent studies. According to Reay, only sophisticated political entrepreneurs with an intimate knowledge of their context and purposeful enthusiasm for change can achieve the observed results (Reay et al., 2006).

Reay's adds to the macro-view, empirical understanding of the purposeful micro-actions performed by individuals (Reay et al., 2006). These actions, over time, achieve changes at the macro-level. This research is an early attempt to link micro-level actions with macro-level effects (Reay et al., 2006).

### **3.2.4 Influencing the Established System through Planned Change**

Organizations are constantly trying to change themselves without achieving the expected outcomes (Czarniawska, 2008). This phenomenon is consistent with “autopoiesis”. The term autopoietic means that systems are self-organizing and self-reproducing (Luhmann, 1986). Systems “*exist in an environment, but the relationships with this environment are of their own making*” (Czarniawska, 2008; p.79). Based on this phenomenon, it has been easy to conclude that any change attempt by an organization can be considered absurd. It can only bring stress and anxiety to actors trying to implement it, and to everyone involved. However, this does not show the complete picture (Czarniawska, 2008). There are advantages in planned change; through it actors can influence the established system in which they are embedded. But these advantages are normally ignored or repelled because they do not align with mainstream models of planned Change (Czarniawska, 2008). Below, four main advantages identified by Czarniawska (2008) are presented:

1. Planned change “problematizes” what has been taken-for-granted. It gives actors the opportunity to challenge organizational members’ beliefs and ideas. It makes patterns visible. This can open an opportunity for change.
2. Planned change generates an opportunity for reflection. This is a result of the problematization. Actors stop acting and start observing.

3. Planned change needs to be remembered. The purpose of planned change is “*the divestiture of old routines and the investiture into new ones*” (Czarniawska, 2008; p. 82).

4. Planned change facilitates the “emergence of spontaneous inventions”. Sometimes, the main gains of planned change are the solutions which emerge as “unexpected consequences” (Czarniawska, 2008).

### **3.2.5 A Multidimensional View to Tackle the Paradox of Embedded Agency**

To confront the paradox of embedded agency, Battilana and D'Aunno (2009) establish that it is necessary to have a multidimensional view of agency. They explain how agency can be analyzed in a one-dimensional way; in a continuum where the extremes are: on one side individuals with a high level of agency making choices independently of the structure, and on the other side individuals with a low level of agency (passive agency) maintaining the status quo. However, this one-dimensional view does not take into account that agency is not a constant attribute. Individuals' levels of agency can vary depending on context and also can change over time (Battilana and D'Aunno, 2009).

In order to view agency as a multidimensional concept, Battilana and D'Aunno (2009) suggest the use of Emirbayer and Mische's (1998) framework. They



“conceptualize agency as a temporally embedded process of social engagement”; and identify three constitutive elements of agency, which correspond to different temporal orientations (Emirbayer and Mische, 1998; p. 962):

1. The iteration element. This element is described as “*the selective reactivation by actors of past patterns of thought and action, as routinely incorporated in practical activity, thereby giving stability and order to social universes and helping to sustain identities, interactions, and institutions over time*” (Emirbayer and Mische, 1998) p 971. This element describes how agency is informed by the past, by this habitual (taken-for-granted) aspect (Battilana and D'Aunno, 2009).
2. The projective element describes how agency is projected towards the future through actors’ capacity to imagine different possibilities (Battilana and D'Aunno, 2009). This element refers to “*the imaginative generation by actors of possible future trajectories of action, in which received structures of thought and action may be creatively reconfigured in relation to actors’ hopes, fears, and desires for the future*” (Emirbayer and Mische, 1998; p. 971). When actors are faced by problems, the habitual (taken-for-granted) ways of performing cannot solve, they “*adopt a reflexive stance and project themselves into the future*” (Battilana and D'Aunno, 2009; p. 47).
3. The practical-evaluative element explains how agency is also projected towards the present through actors’ capacity to contextualize the past (i.e.

habits) and the future (i.e. projects) within present contingencies (Battilana and D'Aunno, 2009). Practical evaluation is described as “*the capacity of actors to make practical and normative judgments among alternative possible trajectories of action, in response to the emerging demands, dilemmas, and ambiguities of presently evolving situations*” (Emirbayer and Mische, 1998; p. 971).

According to Battilana and D'Aunno, the three dimensions of agency enable different forms of institutional work (creation, maintenance or disruption of institutions). And, even though institutional work is considered “intentional” in its nature, what those “intentions” look like depends on the leading dimension of agency dominating the instance of institutional work. The three dimensions of agency can be present to different degrees and, depending on the specific situation, one dimension can dominate the others (Battilana and D'Aunno, 2009).

Based on Emirbayer and Mische (1998), Battilana and D'Aunno (2009) conceptualize agency as “*a temporally embedded process of social engagement, informed by the past (in its habitual aspect), but also oriented towards the future (as a capacity to imagine alternative possibilities) and toward the present (as a capacity to contextualize past habits and future projects within the contingencies of the moment)*”. This conceptualization of agency challenges the view of institutions as structures which are “cognitive totalizing”. Actors can be exposed to the influence of institutions; however they are able to develop a “practical consciousness”. Even though actors participate in habitual practices reproducing

institutions, they are normally aware of it. They do not simply act as “institutional automatons” (Battilana and D'Aunno, 2009; p. 47).

### 3.2.6 Summary

Early studies on organizational institutionalism concentrated on how institutions constrained organizations. The objective was to explain how organizations' formal structures became increasingly similar within institutional environments (Sahlin and Wedlin, 2008). These early studies have been criticized for focusing on consistency and stability. In response, recent studies have been taking into account change, bringing individual and organizational agency to the center of the debate (Battilana and D'Aunno, 2009). Within these recent studies, the concept of institutional work has emerged, aiming to provide a “*common umbrella*” to studies on the relationship between institutions and agency. In so doing, the concept of institutional work is confronted by the “*paradox of embedded agency*”. How can actors change institutions when they are conditioned by the same institution they are trying to change (Battilana and D'Aunno, 2009)?

Early studies concentrated on how embeddedness constrains change. More recent studies started to recognize embeddedness as constraining but also enabling action (Battilana and D'Aunno, 2009; Reay et al., 2006). Within these recent studies

Battilana and D'Aunno (2009) define three levels of enabling conditions for action: field, organizational and individual. They explain how attention has been paid mainly to field and organizational-levels. Individual conditions have been neglected on the basis that individual behavior is not the concern of institutional theory (Battilana and D'Aunno, 2009). However, to solve the paradox of embedded agency it is necessary to account for the individual-level. Individual behavior is implicitly involved in field and organizational-level phenomena; the three are interrelated (Battilana and D'Aunno, 2009).

New-institutional studies, at the individual-level, have mainly focused on how high agency and low embeddedness occur. How actors, who enter an institutional context, are less embedded than others. These new actors are not constrained by established practices. Other scholars, such as Seo and Creed (2002), explain how actors become more self-conscious and intentional when they are faced by practices which conflict each other.

Within the individual-level of analysis, Czarniawska (2008) establishes that, through planned change, actors can influence the established system in which they are embedded. She defines how planned change: generates an opportunity for reflection, problematizes what has been taken-for-granted, and facilitates the emergence of spontaneous inventions. However, these advantages are normally ignored or rejected as they do not align with mainstream models of planned change (Czarniawska, 2008).

On the other hand, Reay (2006) studies the role of individuals in the process of change. She analyzes the actions of middle managers and front line employees to advance a new initiative; concluding that only sophisticated political entrepreneurs, who have an intimate knowledge of their environment, and a purposeful enthusiasm for change, can advance a new initiative. Reay also concludes that the purposeful micro-actions performed by individuals, over time, result in changes at the macro-level. This study contributes by connecting micro-level actions to macro-level effects. This connection is necessary to advance our knowledge of institutionalization processes.

Finally, Battilana and D'Aunno (2009) establish that, to confront the paradox of embedded agency, it is necessary to have a multidimensional view of agency. Based on Emirbayer and Mische's (1998) framework, Battilana and D'Aunno (2009) define three constitutive elements of agency: iterative (as agency is informed by the past), projective (as agency is projected towards the future) and practical-evaluative (as agency is used to solve present contingencies). The aim of Battilana and D'Aunno is to show how actors are able to develop a "*practical consciousness*". They are not "*institutional automatons*". However, further research is required to better understand the interaction between embedded agency and institutional change.

## **4 Methodology**

The aim of this section is to explain the methods used to answer the research questions. The methodology is based on theory generation from case study evidence (Eisenhardt, 1989; Yin, 2009). The objective is to generate descriptive and explanatory theory of the UNGC adoption process within organizations. The first part of this section presents the research approach; the second explains the process of theory generation from case study evidence; and the last section presents the strengths and weaknesses of this methodological approach.

In studies of theory generation from case study evidence it is important to explicitly acknowledge the researcher's bias. This requires the recognition of the researcher's stance in explaining social phenomena. It is advisable to make these preferences explicit from the beginning of the project (Miles and Huberman, 1994). In this study, the researcher is situated in a critical realism approach (Bhaskar, 1989). This approach states that social phenomena exist in the objective world; that knowledge is a representation of reality. However, critical realism also recognizes that reality cannot be approached totally; the causal laws ruling social reality can only be known partially. In this empirical study, the researcher entered the organizations and followed the efforts of actors to advance the UNGC; attempting to interpret phenomena based on the meaning actors bring to them, and on pre-existing understanding of theory.

## **4.1 Research Approach**

This research project follows a methodological approach of theory generation from case study evidence (c.f. Eisenhardt, 1989). The objective has been to produce descriptive and explanatory theory of the adoption of the UNGC within organizations. Several aspects of this methodological approach have been discussed in the literature. Yin (2009) explains how to design case study research. He also depicts the replication logic supporting multiple case analyses. Miles and Huberman (2004) describe procedures to analyze qualitative data when examining multiple cases. And Eisenhardt (1989) outlines the process of theory induction from case study evidence. This research project is based on elements of these authors.

This research approach is considered appropriate when studying new topics, where little is known about the phenomenon under study (Eisenhardt, 1989), which is the case of this research project where there is little understanding about how organizations adopt the UNGC. This approach is also useful for studying processual issues and actors' actions over time (Eisenhardt, 1989). This research project is interested in analyzing the processes that actors follow and the actions they perform when adopting the UNGC. The next section explains the process of theory generation from case study evidence.

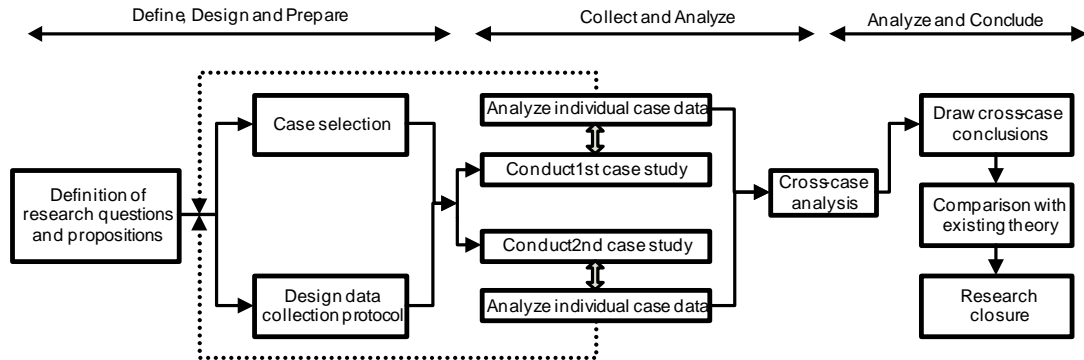
## **4.2 Theory Generation from Case Study Evidence, the Process**

There are different stands within the process of theory generation from case study evidence. Some authors argue it is not possible to study social processes through pre-defined conceptual frameworks. The framework and research questions should emerge from the field research as the study progresses. Other authors advocate a more structured approach predefining conceptual frameworks, research questions and data collection instruments (Miles and Huberman, 1994). This research project is based on Eisenhardt's perspective, which lies between these opposed approaches. Eisenhardt (1989) recognizes the importance of defining research questions and constructs a priori. However flexibility is also important to allow the recognition of patterns through an open-ended inductive process. This approach has been used by authors like Reay (2006) in her study on embeddedness and agency, also by Maguire and Hardy (2009) in their deinstitutionalization analysis. Within this research project, the data collection and analysis have been guided by the theoretical framework. This has given direction to the study, and has allowed the flexibility required by theory generation from case study evidence.

The exhibit below presents the process of theory generation from case study evidence. It has been develop based on Yin (2009) case study method, and on the process of building theory from case study research by Eisenhardt (1989). The process includes three phases: first define design and prepare; then collect and analyze; and the final phase analyze and conclude.



#### Exhibit 4: Process of Theory Generation from Case Study Evidence



Source: Adapted from Eisenhardt 1989 p. 533 and Yin 2009 p. 57

### 4.3 Phase 1: Define, Design and Prepare

This first phase is divided in three sections. The first section defines the research questions and constructs. The second presents the case selection. The final section introduces the data collection instrument.

#### 4.3.1 Definition of Research Questions and Constructs

The definition of research questions and constructs is essential when building theory from case studies. Well defined research questions allow a systematic collection of specific data and a well defined focus when approaching the field

research (Eisenhardt, 1989). Specifying constructs assist the design of theory building research. The definition of a priori constructs creates a firm empirical ground to support the emerging theory (Eisenhardt, 1989). However it is important to recognize that research questions and constructs are tentative and might change during the field research (Eisenhardt, 1989). The research questions and theoretical framework presented in previous sections, guided the data collection and analysis.

#### **4.3.2 Case Selection: Four Organizations Adopting the UNGC**

Case selection is an important aspect of theory building from case study evidence. Here cases are selected for theoretical, not for statistical reasons. The objective of theoretical sampling is to “*choose cases which are likely to replicate or extend the emergent theory*” (Eisenhardt, 1989; p. 537). Four organizations adopting the United Nations Global Compact (UNGC) have been selected for this research project.

The UNGC is considered an interesting case for a number of reasons: it is the world’s largest voluntary corporate responsibility initiative (Nason, 2008; Rasche, 2009b), and it assists because it provides an opportunity for analyzing how conflicting frames are managed by organizational members; that is, how economic logics, embedded in the organization, are confronted by the new social and environmental logics brought by the UNGC. These controversies provide a setting

for analyzing institutional work on translation. The confrontation of these conflicting logics also helps to highlight the role of embeddedness in changing institutionalized practices.

The selection of cases has followed a literal replication logic (Yin, 2009). This is used in multiple-case studies, where each case is selected in order to predict similar results. The selection of multiple-cases allows the development of a rich theoretical framework, which explains the conditions under which a certain phenomenon is more likely to occur (Yin, 2009). The selected organizations in this research project are from the same sector and country. This provides a useful context; since they are confronted by similar regulations, public policies and stakeholders' expectations (Griffin and Weber, 2006). The selection of organizations within the same institutional environment makes it possible to isolate variables and concentrate on organizations' internal context, allowing case comparison. Analytic conclusions are stronger when using multiple cases (Yin, 2009). The four cases in this research project are from the cement industry in Mexico. They comprise – at the time of this study - all the Mexican cement corporations in the UNGC.

#### **4.3.3 Case Selection: Mexico's Business System**

This section explains Mexico's business systems, focusing on two factors which are relevant to this research project: labor and environmental regulation.

## **Labor Regulation**

Mexican labor law favors employees in their relationship with management. The law grants employees benefits including: mandatory profit sharing, retirement pensions, and social security premiums for medical expenses. These benefits also include the right to collective bargaining for groups of 20 or more workers (PWC, 2011). Almost all industrial organizations sign collective labor contracts, and in a number of industries, national labor unions have become strong, as in the cases of electricity, mining and petroleum (PWC, 2011).

## **Environmental Regulation**

Environmental regulation in Mexico is becoming stricter (PWC, 2011). The “General Law of Ecological Balance and Environmental Protection” was amended in 2006. It now imposes substantial fines and closure of organizations in non-compliance cases. Law and regulation are enforced through the “National Institute of Ecology” (INE) and through the “Federal Public Attorney’s Office for the Protection of the Environment” (PROFEPA). These are both dependent organizations of the “Ministry of Environment and Natural Resources” (SEMARNAT). Also, now the Criminal Code includes the regulation of Environmental Crimes. The punishment varies from six months to ten years of imprisonment and substantial fines (PWC, 2011).

#### **4.3.4 Case Selection: Cement Industry in Mexico**

In theory generation from case study evidence, the cases might be chosen in order to replicate previous findings or to extend emergent theory (Eisenhardt, 1989). Following this principle, the cases' selection has been based on a purposive sampling technique. The objective of purposive sampling is to select cases that are particularly informative (Patton, 2002). The analysis of companies in the cement sector provides an interesting setting. The cement production process is highly resource- and energy-intensive (Worrell et al., 2001). While some sectors are more affected by social matters, and others are particularly influenced by environmental concerns, the cement industry is equally affected by both social and environmental issues. This makes cement companies a fruitful setting for analyzing the adoption of the UNGC. We can expect activity in every UNGC area.

Mexico provides a useful context for studying cement companies. It is part of the top 27 cement producers in the world (Worrell et al., 2001). The first cement plant in Mexico was built in 1906. Since its creation, the Cement industry has been growing, first in a moderate fashion, but from 1944 onwards the industry entered a period of rapid and sustained growth. This was interrupted by the 1995 financial crisis. However, the cement industry gradually recovered, and by the end of the century the production of cement returned close to pre-crisis levels (ICF, 2009).

Nowadays Mexico has a modern and efficient cement industry, which is at the same level of leading countries in the world. Cement producers are using energy efficiency-enhancing technologies in most of their facilities. They are also using low carbon alternative fuels in some of their plants (ICF, 2009). Between 1992 and 2003 the increase of CO<sub>2</sub> emissions by the Mexican cement industry increased by 25%. While, the increase of CO<sub>2</sub> emissions in the U.S. cement industry was 34%, and in all developing countries 108%, in the same period. This shows the overall efficiency of the cement industry in Mexico.

Despite its competitiveness and efficiency, the cement industry in Mexico has been facing increasing pressure to improve its social and environmental performance, due to greater public scrutiny (Paul et al., 2006). The size and importance of the cement industry in Mexico and the criticisms it has faced makes it an interesting setting for this project. The next section introduces these four cases.

#### **4.3.5 Case 1: The Cooperative**

“Cooperativa La Cruz Azul, S.C.L”, was formally constituted in 1934 in Hidalgo Mexico with 192 partners. After a struggle to defend their labor rights, it was sold to the employees in 1932. Cruz Azul grew under the employees’ direction, and in 1944 it founded its second production plant in Oaxaca. Their objective was to achieve higher industrial and social development. Then, in 1954 the organization started an intense period of economic reform, when the newly appointed General Manager, Guillermo Alvarez Macias, established important social, industrial and

human objectives. They included the modernization of the production plants to increase production capacity and administrative efficiency, and the establishment of actions to facilitate the cooperatives' social development. In 1988 the current general manager, Guillermo Alvarez Cuevas, was appointed. He developed a new strategic vision for the cooperative, which has assisted them to continue growing.

The organization has developed significantly since its foundation in 1932. Now it has more than one thousand partners. Its annual sales in 2011 were MXN11,020 million (USD918million) with a market share of 18.7%. The Cooperative has also expanded its social enterprises and the organizations in the conglomerate.

Interviews were performed at the Headquarters in Mexico City, and in two production facilities: Hidalgo and Oaxaca. In total, 17 organizational members were interviewed. The exhibit below shows interviewees' area and location.

**Exhibit 5: Interviews Cooperative**

Area	Cooperative		
	Headquarters	Hidalgo	Oaxaca
General Director	1		
General Manager		1	1
Maintenance Manager		1	1
Optimization			2
Ecology		1	3
Health and Safety		1	1
Human Resources	1	1	1
Organization	1		
<b>Total interviews per unit</b>	<b>3</b>	<b>5</b>	<b>9</b>
<b>Total interviews</b>	<b>17</b>		

#### **4.3.6 Case 2: Nonprofit Organizations**

Once “Cooperativa La Cruz Azul” was constituted in 1934, its members realized the importance of providing education and health services to improve their wellbeing. In the beginning, the Cooperative started the administration of these actions. However, they wanted to professionalize their social activities, resulting in the creation of the “Club Deportivo Social y Cultural Cruz Azul A.C.”, which was founded in 1963. This marked the beginning of the Cooperative’s Nonprofit Organizations.

Nonprofit Organizations are not cement producers. However, it was considered important to include them in this study because: they are subordinate organizations within “Cooprativa La Cruz Azul”; they are part of the Cooperative’s CSR operation; and they are adopting the UNGC. The Nonprofit Organizations participating in this research project are:

- Sports club: “Club Deportivo Social y Cultural Cruz Azul A.C.” Since its foundation in 1963, its objective has been to promote the cooperative members’ wellbeing through sport, cultural and leisure activities. It operates in Hidalgo, Oaxaca and Mexico City, providing services on: sports and recreation, including the football club, social communication and radio, social development and rehabilitation center, livestock and



agriculture, maintenance of facilities, accommodation and cafeteria, and water services.

- Foundation: “Fundacion Cruz Azul Pro-Comunidades A.C.”. It was created by Ms Rosa Elvira Alvarez de Alvarez in 1988. Its objective has been to find the means to benefit vulnerable social groups. It is divided in eight areas: health, diet, education, culture, ecology, infrastructure, emergencies, and fundraising.
- Medical services: “Medica Azul S.A. de C.V.” This organization was created to provide efficient, high quality medical services to members of the cooperative, workers and their families.
- Education services: “Centro Educativo Cruz Azul A.C.” Its objective has been to provide education to the communities around the Cooperatives’ production facilities. Its first school was funded in Hidalgo in 1934, with just three teachers. Then, in 1937 the second school was opened in the newly founded plant of Lagunas Oaxaca. This was the first school in the region. The schools continued growing until 1996 when the “Centro Educativo Cruz Azul A.C.” was constituted. Nowadays the two schools in Hidalgo and Oaxaca employ 360 people from pre-school to highschool and 3,080 pupils attend.

In the Nonprofit Organizations 13 interviews were performed, including three locations: the Headquarters in Mexico City, Hidalgo and Oaxaca facilities. The exhibit below presents the number of interviews performed at each facility and interviewees' department.

**Exhibit 6: Interviews Nonprofit Organizations**

<b>Nonprofit Organization</b>			
<b>Area</b>	<b>Headquarters</b>	<b>Hidalgo</b>	<b>Oaxaca</b>
Sports Club Manager	1		1
Foundation Manager	1		
Health Services Manager	1	1	
Education Center Manager		1	
Sports Club			4
Foundation		1	
Health Services			1
Education Center		1	
<b>Total interviews per unit</b>	<b>3</b>	<b>4</b>	<b>6</b>
<b>Total interviews</b>	<b>13</b>		

#### **4.3.7 Case 3: The Corporation**

Cementos y Concretos Nacionales, S.A. de C.V (CYCNA) started operations in April 2000 in Aguascalientes. It was founded by “Cooperativa La Cruz Azul”. CYCNA’s objective has been to augment the presence of Cruz Azul’s cement in the central region of Mexico. It started employing 200 people, with a production capacity of one million tons per year. A second production line was opened in March 2004. It augmented their yearly production capacity to two million tons.

Now, CYCNA provides cement to the northwest, and part of the northeast, southwest and central regions of Mexico.

Then, in March 2007 “CYCNA de Oriente” started operations in the state of Puebla, with an investment of USD 350m, of which 12% was designated to antipollution equipment. This production facility has a yearly production capacity of one million one hundred thousand tons, and generates around 300 direct and 500 indirect jobs.

Fifteen members of the Corporation were interviewed in their two sites and in the Headquarters in Aguascalientes. The exhibit below details the performed interviews including interviewees’ production facilities and areas.

#### **Exhibit 7: Interviews Corporation**

<b>Corporation</b>			
<b>Area</b>	<b>Headquarters</b>	<b>Puebla</b>	<b>Aguascalientes</b>
General Manager	1		
Managerial Committee		1	1
Production Manager			1
Maintenance Manager			1
Administration Manager		1	1
Ecology		1	1
Health and Safety		1	1
Human Resources		1	
Organization			1
Purchasing Manager			1
Community Services		1	
<b>Total interviews per unit</b>	<b>1</b>	<b>6</b>	<b>8</b>
<b>Total interviews</b>	<b>15</b>		

#### **4.3.8 Case 4: The Multinational**

Founded in Mexico in 1906, CEMEX is a multinational corporation providing building materials and services to customers and communities throughout the Americas, Europe, Africa, the Middle East, and Asia. CEMEX produces, distributes, and sells cement, ready-mix concrete, aggregates, and related building materials in more than 50 countries, and maintains trade relationships in more than 100 nations.

CEMEX Mexico has annual sales of USD 3,474m, and more than 10,300 employees; it is the top cement and ready-mix concrete manufacturer in Mexico. The company owns the registered trademarks for Mexico's popular cement brands such as Cemento Monterrey, Cemento Tolteca, and Cemento Anahuac. CEMEX Mexico has presence in the entire country, with its 15 cement plants, 323 concrete production facilities, 13 aggregates plants, 80 terrestrial distribution centers and 7 marine terminals. The production facilities in the Atlantic and Pacific coasts enable easy access to marine transportation to the USA, Central and South American, and Caribbean markets.

In partnership with Acciona, CEMEX Mexico is shifting to alternative and renewable sources of energy. It has developed the Eurus wind farm in Oaxaca, Mexico. The project was completed in 2009. Eurus has a 250 Megawatt capacity.

It can generate yearly more than 900 Gigawatt hours. This can supply around 25 percent of CEMEX Mexican plants' annual electricity requirements.

Nine members of the organization were interviewed, including Hermosillo and Torreon production facilities and the Headquarters in Monterrey. The exhibit below details the interviewees' department and location.

**Exhibit 8: Interviews Multinational**

<b>Multinational</b>			
<b>Area</b>	<b>Headquarters</b>	<b>Hermosillo</b>	<b>Torreon</b>
CSR Director	1*		
CSR Manager	1		
Ecology	1		
Health and Safety	1		1*
Human Resources	1		
Community Services	1	1*	1*
<b>Total interviews per unit</b>	<b>6</b>	<b>1</b>	<b>2</b>
<b>Total interviews</b>	<b>9</b>		
<b>*Phone interviews</b>			

#### 4.3.9 Differences between the Four Cases

Each of the four cases has a different governance structure. By governance structure we mean the, *“procedures and processes according to which an organization is directed and controlled. It specifies the distribution of rights and*

responsibilities among the different participants in the organization, including the board, managers, shareholders and other stakeholders” (OECD, 2005). The exhibit below shows these differences between cooperatives, corporations and nonprofit organizations:

**Exhibit 9: Differences between Co-operatives, Corporations  
and Nonprofit Organizations**

<b>Attributes</b>	<b>Cooperatives</b>	<b>Investor-Owned Corporations</b>	<b>Nonprofit Organizations</b>
<b>Ownership</b>	Member-owned	Investor-owned	Generally not “owned” by a person or members.
<b>Control</b>	Democratically controlled; one-member, one vote basis; equal voice regardless of their equity share. Members are involved in the day-to-day business operations and receive services for their input.	Controlled by shareholders according to their investment share. Business decisions and policy are made by a board of directors and corporate officers.	May be controlled by members who elect a board of directors or, in non-membership organizations, the board of directors may elect its own successors. Control is maintained by those not receiving the services.
<b>Accountability</b>	The board is directly accountable to members through nomination and election procedures.	Board election and nomination procedures afford little oversight opportunity to shareholders. Shareholders are not likely to be able to remove board members.	Generally accountable to members of the organization and those who provide the funding to the organization.
<b>Purpose/ Motivation</b>	Maximize customer service and satisfaction.	Maximize shareholder returns.	Primary motivation is to serve in the public interest. Redistribute resources to provide educational, charitable and other services.
<b>Community</b>	Promote and assist community development.	May engage in selected community philanthropic activities.	Serve as a mechanism for collective action based on a common good.

Source: Adapted from ICA 2007

The table explains how the purpose differs for each of the four organizations. The prime motivation of Nonprofit Organizations is to serve the public interest and promote actions based on the common good. The Cooperative's aim is to maximize customer service and satisfaction, and also to promote and assist community development. In contrast, the main motivation of the Corporation and Multinational, as they are investor-owned companies, is to maximize shareholder returns.

#### **4.3.10 The Cooperative's Conglomerate**

The introduction to the four cases explains how case two and three are subordinate organizations within case one. "Nonprofit Organizations" and "The Corporation" are part of "The Cooperative's Conglomerate". However, it was considered important to include them as separate cases, because they operate in distinctive ways and have different aims. The differences among cooperatives, corporations and nonprofit organizations are detailed in exhibit 9 above.

#### **4.3.11 Data Collection Instrument**

A semi-structured interview questionnaire was developed based on the theoretical framework. It contains the question and its prompts. It also contains the questions' rationale, which explains the relationship between the question and the theoretical framework. The main objectives of the rationale are to guarantee every part of the theoretical framework has been covered, and to allow the researcher to gather information which is relevant to the research project, saving time and resources (Gillham, 2005). The use of this semi-structured interview questionnaire facilitated the collection of relevant information in the adequate format. However, the questionnaire was not rigid. It varied during collection. This flexibility is considered an advantage of the case study methodology (Yin, 2009). Appendix 1 contains the semi-structured interview questionnaire.

#### **4.4 Phase 2: Collect and Analyze**

This phase is divided in two parts, data collection and analysis of individual cases. Collection and analysis are part of the same phase because of the iteration between them required when building theory from case studies (Lofland and Lofland, 1995). This iteration allows the researcher to take advantage of this method's flexibility. Adjustments are advisable during the data collection process.



Questions have been modified or added to the data collection instrument in order to probe emergent themes (Eisenhardt, 1989; Yin, 2009).

#### **4.4.1 Data Collection Semi-Structured Interviews and Archival Documents**

This research project involves multiple methods of data collection. The main sources of data have been semi-structured interviews. However, archival documents have also been used. They have added contextual depth and have validated themes. Multiple data sources allow triangulation which enhances internal validity and generates stronger constructs (Eisenhardt, 1989).

- **Semi-Structured Interviews.** The actor responsible for the adoption of the UNGC, within the organization, was interviewed. This provided the starting point. Then snowball sampling was applied in order to identify other interviewees, allowing the inclusion of other members of the organization involved in the adoption of the UNGC (Bryman and Bell, 2007).

Interviewing is the most widely used data collection technique in qualitative organizational research. It is a flexible method that allows the collection of current and historical information (Cassell and Symon, 1994). This has helped to gather the required information for this research project. Semi-structured interviews permit flexibility within structured questions.

However, it is important to be aware of interviewer and interviewee bias and inaccuracies. Bias can occur due to a number of reasons, including poorly articulated questions and interviewees answering what the interviewer wants to hear (Yin, 2009).

These weaknesses have been addressed by carefully designing, piloting and critically evaluating the interview guide (c.f. Gillham, 2005). The theoretical framework and constructs developed in the previous section have been used as the bases to develop the interview guide. Then it was evaluated and piloted. These activities allowed the researcher to gather information relevant to the research project. Without a carefully designed and tested guide it is easy to get lost and collect a vast amount of data which is overwhelming to manage and will not answer the research questions (Gillham, 2005).

Triangulation also assisted in avoiding bias. Data from interviews have been triangulated with data from archival documents. Interviews lasted on average 45 minutes. In total 54 interviews were performed (50 face to face and 4 phone interviews). The interviews were performed in Spanish, the interviewees' first language. This facilitated the depth, openness and detail required for the research project. Interviews were recorded and transcribed for analysis.

- **Archival Documents** help to collect information about actors' actions (Yin, 2009). UNGC communication on progress (COPs) and sustainability reports were gathered from the four organizations. These documents assisted to better understand the organizations' performance and evolution in relation to the UNGC adoption. They were used to guide interviews (c.f. Foster, 1994). Appendix 2 contains a list of these communication on progress (COPs) and sustainability reports.

The information from interview transcripts and archival documents has been stored in a database; and has been analyzed using Nvivo.

#### **4.4.2 Analysis of Individual Cases**

Data analysis is the most important part of theory generation from case study evidence. However it is also the most difficult and the least codified part of the process (Eisenhardt, 1989). The amount of data generated can be overwhelming (Eisenhardt, 1989). To overcome this problem, as a first step, within-case analysis has been performed. It consists of detailed write-ups of each case. These are normally pure descriptions. However, they play an important part in insight-generation. They assist the researcher in finding within-case patterns facilitating cross-case comparison.

The analysis of individual cases has been performed following (Miles and Huberman, 1994) techniques. It has been divided in three stages; first data were reduced, using coding as the main technique. Then data was displayed. Finally conclusions were drawn. Patterns have been identified within each case. These three stages are explained below:

**1<sup>st</sup> Stage: Reducing Data.** Within this phase interview transcripts have been transformed into organized sets of data, through coding. This facilitates the identification of patterns and the drawing of conclusions. Coding was performed in four steps. First, during data collection, themes were identified (Lofland and Lofland, 1995). After each interview, preliminary themes were noted. Second, using the theoretical framework as a starting point, additional data were sought. The objective was to compare and determine the extent in which the identified themes were empirically supported. This helps to increase data dependability and achieve contextual validity (Denzin and Lincoln, 2000). *“Dependability enables researchers to assert that uniformity exists in the data collected (a theme), and that the resulting interpretations authentically and plausibly, explain the studied phenomenon”* (Reay et al., 2006; p. 983). Then, more distant codes were created (Lofland and Lofland, 1995) through paragraph analysis of interviews’ transcripts. The qualitative data software Nvivo was used to assist this process. Finally, codes were analyzed and grouped when applicable, in order to reduce codes categories. This process was done until saturation was achieved. Saturation happens when the researcher starts to observe the same phenomena identified before (Eisenhardt, 1989).

**2<sup>nd</sup> Stage: Displaying Data.** A display can be defined as “*an organized, compressed assembly of information*”. Displays compact information in a way that facilitates the analysis. Examples of data displays are matrices and graphs (Miles and Huberman, 1994). Displays have been used to analyze the reduced data. A timeline diagram has been drawn for each case. These diagrams are presented in section five. They include the actions performed by each organization in order to adopt the UNGC. This allows the comparison of data among sites, and facilitates the cross-case analysis (c.f. Maguire and Hardy, 2009; Van de Ven and Poole, 1990).

**3<sup>rd</sup> Stage: Drawing Conclusions.** This is part of the iterative process. From the beginning of the data collection process information has been analyzed and patterns and possible explanations have been identified. Emerging patterns were systematically compared with the evidence from each case. The objective was to compare data and emerging theory, refining patterns and building evidence. This was done until the accumulated evidence from different sources converged. A close fit with existing constructs can be taken as corroborative of theory (Eisenhardt, 1989). The data display techniques explained above supported this process.

## **4.5 Phase 3: Analyze and Conclude**

After analyzing data within each case, the third phase of analysis was performed. Phase-three includes: cross-case analysis and comparison with existing theory. Final conclusions were drawn in this phase.

### **4.5.1 Cross-case Data Analysis**

The objective was to find cross-case patterns; looking for similarities as well as differences among cases. Comparisons helped to avoid potential bias, such as drawing conclusions based on limited data, over relying on elite respondents, or dropping discomfoting evidence. This comparison also helped the researcher to identify patterns which were corroborated by various cases. This resulted in stronger and more grounded conclusions; on the other hand, when evidence conflicted it was reconciled by probing the meaning of differences. Cross-case analysis helped the researcher to go beyond initial impressions in a structured way, resulting in more accurate and reliable theory, which fits the data. Cross-case analysis has also helped the researcher to capture novel findings from the data (Eisenhardt, 1989). Appendix 4 contains the table presenting the results from the four cases.

#### **4.5.2 Comparison with Existing Literature**

The comparison with existing theory is an essential part of theory generation from case study research. This is particularly important when conclusions are built on a small number of cases, as in this research project which is based on four cases. The objective was to identify similarities and differences and to analyze the reasons for apparent discrepancies (Eisenhardt, 1989). Differences provided an opportunity to develop a deeper insight into the emergent results. Similarities were also important; they enhanced results' internal validity and allowed wider generalizability (Eisenhardt, 1989).

#### **4.6 Strengths and Weaknesses of Theory Building from Case Studies**

A main strength of this methodology is its potential to generate novel theory. Creative insight is often the result of apparently paradoxical evidence (Eisenhardt, 1989). Within this research project, the constant attempt to reconcile results from different sites, data sources, and between cases and previous literature has resulted into a novel theoretical vision. The emergent theory is robust in that it tightly related to empirical evidence. This research project, from the beginning, has been closely related to the emerging data. The proximity to actual evidence results in *“theory which closely mirrors reality”* (Eisenhardt, 1989).

Detractors worry that this methodology is limited by the perceptions of the researcher (Eisenhardt, 1989; Miles and Huberman, 1994). However, the process of theory generation from case study evidence involves the constant comparison of paradoxical data; evidence from different sites and sources has been constantly compared and analyzed. This tends to “*unfreeze*” thinking resulting in the reduction or elimination of researcher bias (Eisenhardt, 1989). Another weakness is that results can be overly complex, including plenty of detail but lacking the simplicity of a general perspective. This can result in a “*narrow and idiosyncratic theory*” (Eisenhardt, 1989). To avoid this weakness, this research has been guided by a specific theoretical framework and well defined research questions. These factors helped the researcher to maintain focus avoiding the temptation of trying to capture everything.

#### **4.7 Summary**

This research adopts a case study approach that encourages theory generation through comparative, cross-case analysis. This places an emphasis on contextualized interpretation; and involves the generation and testing of emergent theory against both cases study evidence and extant literature. The researcher entered the studied organizations and followed the efforts of actors to advance the UNGC. The study therefore involved interpreting phenomena based both on the meaning actors bring to them, and on the researcher’s understanding of established theory. The generation of theory from case study evidence is



considered appropriate when studying new topics, where little is known about the phenomenon under study (Eisenhardt, 1989), which is the case of this research project where there is little understanding about how organizations adopt the UNGC.

The selection of cases has been based on theoretical sampling, where cases are selected for theoretical, not for statistical reasons. Four Mexican organizations adopting the UNGC, within the cement industry, were analyzed. These four cases comprise all the Mexican cement corporations in the UNGC, at the time of this study. The UNGC is considered an interesting case because it is the largest corporate responsibility initiative worldwide; and because it provides an opportunity for analyzing how economic logics, embedded in the organization, are confronted by social and environmental logics, brought by the UNGC. These controversies facilitate the analysis of institutional work on translation; and ease the study of the role of embeddedness in changing institutionalized practices. Also, the cement industry in Mexico provides an interesting setting for two main reasons: (1) Its size, Mexico is in the top 27 cement producers worldwide; (2) the criticisms it has faced, the cement industry in Mexico has been under pressure to improve its social and environmental performance, due to greater public scrutiny. These two factors make the cement industry in Mexico a fruitful context for analyzing the adoption of the UNGC, as we can expect activity in every UNGC area. Finally, the four cases are from the same country and sector, this also provides a useful context; since they are confronted by similar regulations, public policies and stakeholders' expectations. This makes it possible to isolate variables and concentrate on organizations' internal context, allowing case comparison.

The analysis is performed in three phases. The first “define design and prepare”, this phase has been guided by the established research questions and constructs; allowing a systematic collection of specific data. The second “collect and analyze”. Here, the main sources of data have been semi-structured interviews. In total 54 interviews were performed (50 face to face and 4 phone interviews). They lasted on average 45 minutes. Archival documents were also used. Multiple data sources allowed triangulation which assists the generation of stronger constructs. The final phase “analyze and conclude” includes cross-case analysis and comparison with existing theory. The constant attempt to reconcile results from different sites, data sources, and between cases and previous literature has enhanced results’ internal validity and allowed wider generalizability (Eisenhardt, 1989). This results in a novel vision, which is internally valid because it is developed in concert with the extant literature and empirical evidence. The next section describes the four cases.

## **5. Four Organizations Adopting the UNGC**

This section presents the four cases: Nonprofit organizations; Cooperative; Corporation and Multinational. It includes a description of how each organization is adopting the UNGC and the timeline they followed.

### **5.1 Nonprofit Organizations**

Since their creation in 1963 Nonprofit organizations have had social aims. Their objective has been to provide social services to workers, workers families and, in some cases, communities surrounding cement production facilities. These social services include: education, health, housing, and integral development (sports activities, music and arts). In this sense, nonprofit organizations have always been socially responsible. It is in their nature. As one of the project leaders explained:

*“We are essentially social since our creation. My area exists since 1963. I arrived in 2004. But social activities have been performed since a long time ago. Since the organization was born. I think that the concept of Global Compact or Corporate Social Responsibility did not exist when our organization was already performing these activities. Because of its essence, because it focuses on the human, social and economic wellbeing of organizational members”*

Members from four nonprofit organizations were interviewed: sports club, foundation, health services and education center. Interviewees explained how in 2007 the conglomerate informed them about their adherence to the UNGC. People from the conglomerate visited to present the UNGC and to request information for the “Communication on Progress” report (COP). The first COP was submitted to the United Nations in 2008, through the conglomerate. Since then they have continued reporting each year, always through the conglomerate.

Interviewees also explained how the information for the COP is generated by each department. All the departments participate in the creation of the report. Then it is compiled by the Headquarters. Finally, the Headquarters submit it to the conglomerate. The information in the COP presents the activities each area performs every day. Becoming part of the UNGC has assisted them to align their activities. As one of the interviewees explained:

*“All of this information, from the Global Compact, has helped us a lot in the sports club. Because we had much information about our work, but this new information (from the Global Compact) has helped us to align many activities”.*

However, when they started reporting they were confronted by challenges; the lack of evidence and systematization proved difficult. They needed to develop clear objectives and indicators. Other thing which affected them was the lack of information from the Headquarters. They started to ask for information without

explaining why. The UNGC information requirements have encouraged them to institutionalize their actions. According to interviewees, their participation in the UNGC has assisted them to “*professionalize*” their social activities. As two of the managers explained:

*“What we are seeking with Corporate Social Responsibility and the Global Compact is to institutionalize our projects. We want programs to work on their own, independently of the person in charge”*

The COP has been a tool to motivate employees and promote internal communication and transparency. It has also been a source of ideas for new activities and programs. Other external sources of ideas for new programs have been their contact with communities and governments. These relationships help new programs to succeed. Ideas for new activities and programs also come from inside the organization. Everyone participates, individuals, departments, and Headquarters. When deciding which new program to focus on, the organizations’ objectives are a priority. The needs and expectations of communities and external organizations are also important. They rarely use external consultants in the generation and implementation of new programs; they prefer to develop them internally.

When a new program is going to be implemented it is presented to people involved mainly through meetings and training. Interviewees explained how, through training and meetings, information flows down in a “*waterfall way*”. The

benefits, the new program brings to employees, are stressed during training. It is also important to give practical examples. This helps to raise awareness and “*to awake individuals’ consciousness*”. Through training they increase the sense of belonging and maintain the programs once implemented.

For new programs to endure it is also important to have a person in charge of the new activity. This person is chosen according to his/her influence in the process. Also, for new programs to last it is important to involve everyone affected by the new activities. Another factor which helps new programs to succeed is the support from the conglomerate, Headquarters, directors and managers. They allocate the required resources, including the budget, for each new program.

Interviewees explained how resistance is always present when they work to implement new programs. According to interviewees this happens mainly because of people’s ignorance. Habits and ways of thinking are difficult to change. To encourage people to follow the new program, and to overcome resistance, constant monitoring is important (supervision, reports, evaluations, audits). Indicators and well-defined objectives need to be established. And results need to be published. Also the programs’ alignment to the organizations’ objectives is important. Support, recognition and open communication help to create compromise and encourage people to follow the new initiative. Interviewees explained how, to encourage people, it is necessary to highlight the importance of the new program for the organization, and the benefits for the employees. Communication is also central, talking to people “*at their own level*”, showing

enthusiasm and team work. To overcome resistance, disciplinary measures can also be used. To remind people about the organization's regulations, to talk to the head of the area about the problem, and to follow the disciplinary procedures designed within the program, are some of these measures. Without them it can be difficult to implement new programs.

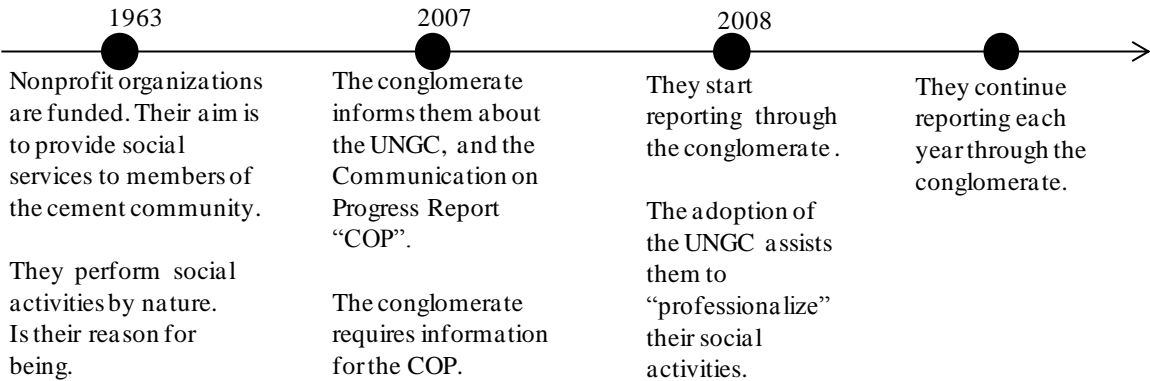
Other difficulties when implementing new projects are the priorities of the organization, which sometimes are not in line with the new program, and the lack of budget. Also the fact that they depend on everyone in the organization makes it difficult to implement and maintain new programs.

Interviewees also perceived that, to have experience in the organization assists them to implement new programs. Knowing the "*mystique of the organization*" helps to convince the top management team about the benefits of novel practices. Also, to convince people at the top of the organization, it is important to highlight the cost benefit of the new initiative; and to show how this initiative will help the organization to accomplish its objectives. However, interviewees perceived that being an insider has its disadvantages. As one interviewee explained:

*"On the inside we become bureaucratized"*

Interviewees perceived that the work, which needs to be performed to implement and maintain new programs, is not easy. What motivates them to carry out the required activities are their personal conviction and their sense of belonging to the organization and the community. They share the values of the organizations and are grateful to it. Once implemented and running, programs still need to be monitored. This is an ongoing activity for implemented programs to endure. The exhibit below presents nonprofit organizations' timeline for the UNGC adoption.

**Exhibit 10: Nonprofit Organizations Timeline for UNGC Adoption**



## 5.2 Cooperative

Since its foundation in 1934, the Cooperative has been "*socially responsible*". Part of its mission has been to "*procure the human, economic and social wellbeing of their members and, when possible, of the communities surrounding their facilities*". Interviewees explained how, in 2005, the Cooperative started its



Corporate Social Responsibility “CSR” program, joining CEMEFI (Mexican Center for Philanthropy). The Cooperative was recognized by CEMEFI as socially responsible and was awarded the “ESR” (Socially Responsible Organization) prize, which has been renewed every year. Also in 2005 the Cooperative decided to join the Global Compact. The decision to join CEMEFI and the UNGC came from the General Director. They joined mainly because these initiatives are closely related to the activities they were already performing. As one of the interviewees explained:

*“All the things related to the UNGC ten principles, human rights, labor rights, ..... are for us as a ring to the finger (“a glove to the hand”). We started to care for the environment even before the Mexican regulation turned harder. We cared about the environmental impact of our operation in the communities”.*

Many things were happening inside and outside the organization when the Cooperative decided to start their CSR program. Externally the main factor was the country’s legislation. It started to be stricter in social and environmental issues. Internally, the Cooperative needed to adjust its costs. It had been performing change and continuous improvement processes, and it was open to new administrative schemas.

CSR programs can represent an expense more than an economic benefit for organizations. However, the Cooperative still decided to start their CSR program. The main reason is their values and principles. CSR activities are considered an

*“investment in the common good”*. CSR programs can represent a benefit for the organization which is not necessarily economic, where the cost benefit is not tangible. CSR programs can also help them to gain prestige and to show that they are transparent. Finally, interviewees also mentioned that CSR programs and activities need to be implemented in order to be competitive. As one of the interviewees explained:

*“It is important to participate in a global initiative. The cooperative cannot stay behind. The cooperative has to be competitive in every sense”*.

In 2008 the Cooperative was awarded, by CEMEFI, the CSR best practices prize. It was granted for their “recycling of alternative fuels for ecosystem’s conservation” program. In 2008 they also published their first COP. Since then they have been reporting every year, informing their stakeholders about their actions and results in the adoption of the UNGC. They started reporting to the UNGC mainly because, as they expressed it: *“we want the world to know about what we do”*. Before, the Cooperative was not fond of showing their social activities; they preferred to maintain a *“low profile”* to avoid the rise of petitions from communities around their production facilities. However, now CSR activities can even represent a *“license to operate”*. As one of the interviewees explained:

*“CSR practices have to generate benefits, maybe not economic, but they have to generate value. It could be social or environmental, or, CSR practices, can generate a license to operate in our surroundings, with the communities”*

Interviewees explained that it was not difficult to develop the COP, because it contains information about their activities. It is the same information they include in the annual report. Information comes from everywhere in the organization. Everybody participates in the report production. Interviewees also explained how the COP has been a *“tool for reflection and alignment of CSR practices”*; it has helped them to create CSR strategies. The COP has also been a *“tool for external communication”*. It has assisted them to show what they do. When producing the COP they have also experienced unintended consequences. Within the Cooperative’s plan, the use of the COP as a tool for internal communication was not included. However, the COP has assisted the Cooperative to internally communicate its social and environmental activities. This internal communication has helped the organization to motivate its employees.

The COP has been changing since they started reporting in 2008. Interviewees consider that *“it gets more structured each time”*. Since they started reporting, they have been working on getting to know better their CSR activities, and aligning them to the UNGC’s principles. As one of the interviewees explained:

*“Every time, employees have a clearer idea of how they are supporting the UNGC’s ten principles”.*

When developing the COP they have confronted challenges. The amount of social and environmental activities performed by the organization was overwhelming. However, they confronted a lack of systematization and a lack of sufficient evidence to report these activities. Also, when they required information for the COP, it was difficult for the participating areas to realize the value of their CSR activities. They did not see them as something which should be communicated. For them, it was just what they did every day. It was part of their work. Another difficulty the Cooperative confronted was the different requirements, of similar information, for the different CSR initiatives in which they participate. Each initiative requires information in “*its own jargon*”. They need to bring these requirements together to save time and resources. Also, the production workload in the organization can cause delays when producing the COP.

Interviewees explained how, before they started their CSR program in 2005, joining CEMEFI and the UNGC, they were following a “*philanthropic*” model. As one of the interviewees explained:

*“Our CSR practices were employees’ isolated initiatives without clear objectives. They were not part of a strategic plan”.*

Interviewees explained how their CSR program follows three phases: 1<sup>st</sup> phase “implantation” (introduction, establishment); 2<sup>nd</sup> phase “development of best practices”; and 3<sup>rd</sup> phase “incubation model”. The objective of the first phase has

been to align their practices to the organization's strategic plan and to the UNGC principles. Within this phase, the “*triple line*” strategy was defined; establishing that CSR practices should generate value in three areas: economic, social, and environmental; and this generated value should be measured. Interviewees emphasized that it is important not to lose the “*business focus*” within the CSR program. One of the managers explained:

*“Implantation, the first part of our CSR program, consists in aligning all our CSR activities to the organization's objectives; to the UNGC ten principles; to our Cooperative principles; and to the organization's strategy. Turn to the business focus, which the organization should not lose”*

The department in charge of the CSR program is “Organization”, which is part of the Human Resources area. This department was selected because it had been responsible for the successful implementation of the quality management initiative ISO 9000. Even though the Organization department is in command, the participation of every area involved is important. Everyone has to take responsibility, and be in charge of their part in the project.

Interviewees explained how people from Organization visited each facility and presented the UNGC to the areas involved. These visits are performed every year to keep the CSR program “*alive*”. The objective is to help organizational members identifying how their practices relate to the UNGC. In the visits, people from

Organization highlight how the Cooperative is already performing CSR activities and just need to document those practices. They also stress the importance of generating: social, environmental and economic value; and emphasize that aligning their social and environmental activities to the UNGC principles is part of the Cooperative's strategic plan.

In 2011 the Cooperative started the CSR program 2<sup>nd</sup> phase: "Development of best practices". The objective of this phase has been to "*develop, improve and institutionalize*" the CSR practices they were already performing. This will assist the Cooperative to integrate the strengths of different areas; allowing the entire organization to benefit. Other objectives of this phase are: to generate value in the triple line; to produce documental support to evaluate practices' impact; and to develop the adequate governance framework. The CSR program's 3<sup>rd</sup> and last phase - which had not started at the time of this study - is the so-called "Incubation model". The objective of this phase is to turn CSR activities into "*exemplary practices and generate new practices*".

Interviewees explained how, when ideas of new CSR activities arise, they can come from anywhere in the organization, any department or the Headquarters. New ideas can also come from their contact with external organizations, like: governments, the country's legislation, and the UNGC. For the generation of ideas and implementation of CSR activities, they rarely use external consultants. When they have required external consultants they have had to adapt the initiatives they bring. Many ideas of CSR activities arise every year, however, to prioritize which

ones to focus on; interviewees base their decision on the organization's policies and strategic plans. These new activities should represent a technological improvement, or result in production efficiency or economic benefit for the organization. Legal requirements are also a priority.

When a new CSR activity is going to be implemented it is presented to people involved, mainly through training and meetings. The objective is to raise awareness of CSR issues. Information is also spread through internal media. And, when required, they even talk directly to each person. In these presentations, to introduce the new CSR activity, they give practical examples and emphasize the workers' wellbeing; stressing that "*what is good for the organization is good for everyone*". They also point out the organization's participation in a global initiative and the importance for the Cooperative to be competitive.

Interviewees explained that the participation of everyone is important for the success of new CSR activities. They added that for CSR activities to last it is essential to create consent; and to take into account everyone's point of view. On the other hand, interviewees believe that to impose is not helpful for advancing CSR initiatives.

Interviewees consider that being a cooperative, where everyone is an owner, has helped them to succeed in advancing new CSR initiatives. Other success factors have been: top management support, and contact with external organizations.

Interviewees also perceive that the experience of the ISO 9000 implementation has assisted them to advance the new CSR program. Success has also come from constant training and perseverance in the creation of habits.

Interviewees also explained how, having a long time working for the organization, knowing the people, knowing how things work, and knowing the “*rhythms of the organization*”, help them to implement CSR initiatives. As one of the interviewees explained:

*“Sometimes new people arrive wanting to implement something speedily and they fail, because they do not know the organization’s rhythms”.*

The cooperative system, embedded in the organization, also helps them to succeed. However the embedded cooperative system also generates resistance. An interviewee explained:

*“To change the idea that every past time was better is difficult”*

People in charge of the CSR implementation had to bring someone from CEMEFI to convince the top management team, because they were skeptical about the new CSR initiative. Two interviewees commented:



*“No one is a prophet in his own land”.*

Also, to convince the top management, it was necessary to stress the benefits for the cooperative, like cost savings, project sustainability, and the need to be competitive. And to highlight that *“CSR programs might soon be compulsory”*.

Once implemented, in order for CSR programs to last, constant monitoring and tracking activities is important. This is an ongoing process. Monitoring is performed through: reports, audits, inspections, visits and evaluations. The establishment of indicators, procedures and regulations is vital; and the support from the top management is essential. Interviewees also perceive that, in order for CSR activities to last, it is important to *“create compromise”*. This is achieved by: allowing each area to establish its own objectives; and letting them in charge of their own processes. For CSR activities to last it is also important to: inspire employees, by involving their families; show the benefits these initiatives bring to themselves; publish results; and recognize achievements. However, interviewees considered that, they do not celebrate successes in the implementation of new CSR activities. They see them as part of their work.

When implementing CSR activities they also confront challenges. The amount of people involved can represent a problem. For some initiatives they require the

participation of everyone in the organization. And, because they are a cooperative and everyone is an owner, they have to convince more people. Sometimes members, who have a long time working for the organization, can resist the implementation of new initiatives. An interviewee explained:

*“The Cooperative is an organization with traditional values which can be difficult to change”.*

Organizational members sometimes are indifferent to CSR initiatives. Some managers have shown a lack of compromise. Habits are difficult to change and *“engineers can be too technical”*, leaving CSR activities on the side. The workload and the lack of resources can represent a problem. Also interviewees explained that *“there is not a manual for CSR activities”*, making it difficult to advance these novel practices. Finally, interviewees consider that the participation of contractors, over whom they do not have authority, can be difficult.

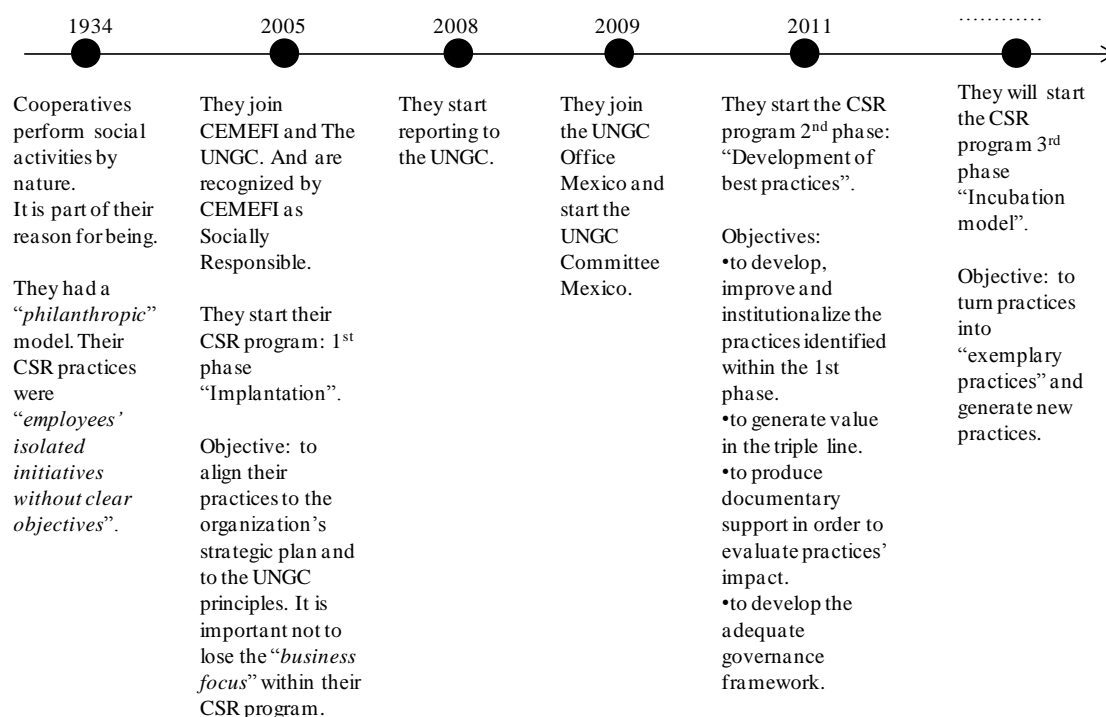
In order to confront resistance, interviewees raise awareness by presenting results and showing what is being done in other parts of the world. They also try to lead by example, and to focus on inviting people to participate instead of sanctioning. Other techniques interviewees use to overcome resistance are: to cultivate the *“sense of belonging”*; and to apply *“group pressure”*. One interviewee explained:

*“When someone resists and sees that everyone is participating, they normally end up convincing themselves”*

However, when required, sanctions and disciplinary measures are applied; and departments' grades are affected. Interviewees sometimes use external audits to encourage resisting organizational members to participate. Finally, interviewees highlighted that, for all of these measures to be effective, top management support is essential.

Even though the implementation of new CSR initiatives is not easy, interviewees are motivated to perform the required activities to advance them in the organization. What motivates them is their personal conviction; they care for the environment, their families and society in general. Interviewees also enjoy their work and the challenges it brings. They identify themselves with the organization and its values. They like to fulfill their responsibilities and see results. Interviewees also enjoy the external recognition they get for their work. The exhibit below presents the Cooperative timeline for the UNGC adoption.

## Exhibit 11: Cooperative Timeline for UNGC Adoption



### 5.3 Corporation

Because of its recent creation, the first plant in 2000 and the second in 2007, the Corporation was born with the latest technology and environmentally friendly equipment. Interviewees explained how, in 2010, the Corporation was informed by the conglomerate about their adherence to the UNGC. Interviewees explained how, members from the conglomerate visited them and presented the UNGC, requiring information for the "Communication on Progress" report (COP). The Corporation started reporting in 2011 through the conglomerate.

The head of each area participates in the COP production. It is developed through the top management committee. Responsibility is shared by all areas involved. For the Corporation, the COP has been a tool for internal and external communication. It has also helped them to arrange and document the CSR activities they were already performing. The production of the COP has also assisted them “*to realize the extraordinary part of their work*”. As one of the interviewees explained:

*“The first time it was explained to us (the COP) we said: we have nothing to report. In fact, in the first meeting they (people from the conglomerate) explained: it is about seeing the good things you do. We said: we do not have anything. They (the conglomerate) had to do a lot of work, because we did not understand the extraordinary part of what we were doing. When the conglomerate told us: “like the way in which you collect rain water”; for us it is normal, because if not we end up flooded”.*

During the COP production process they have also confronted challenges. In the beginning, they did not understand which information was required, and were not familiar with the terminology. It was difficult for them to understand the reach of the UNGC. They were the last organization, in the conglomerate, to start reporting. The haste this caused and their workload were a problem.

Interviewees also explained how the Corporation started performing CSR activities since it was constituted; when the first production facility was built.

These activities were performed because of their need to operate and be competitive. In order to work, the Corporation must manage its relationship with the communities; and with local and national authorities. Besides, interviewees mentioned how CSR activities started to be performed in order to diminish environmental degradation. However, in the beginning, these activities were not properly documented; and were not aligned with the Corporation's objectives. This sometimes caused a duplication of activities.

Even though CSR activities can represent more an expense than an economic benefit for the organization, the Corporation still implements them. For the Corporation, these activities are an investment. They can represent an economic gain now, or in the future; and they bring benefits for the communities around the production facilities. CSR activities are also performed to fulfill the requirements of certifications, like ISO 14000 (environmental management) or the "Clean Industry" qualification. Finally, CSR activities represent security to operate. An interviewee explained:

*"Water for example was a big investment. Yes, the economic benefit is minor. But it represents a benefit for the community and also represents security for the organization, because we have water"*

Interviewees explained how ideas for CSR activities can come from anywhere in the organization, from the conglomerate, directors, or any department. Every area

participates when establishing CSR activities and objectives. Ideas of CSR activities can also come from outside, from their contact with external organizations like industrial committees, and local and national legislation. However the Corporation rarely uses external consultants. Programs and initiatives are usually developed internally.

The number of ideas for CSR activities can be overwhelming. In order to prioritize which ones to develop, interviewees focus on the cost benefit; and on the organization's needs. Certification requirements are a priority. The initiatives' impact is also important; the benefit it brings to the communities, and consequently for the workers who live there, is central. To prioritize they also take into account what is impacting the world, such as global warming.

In order to present a new CSR activity to the people they have to involve, interviewees use: meetings; coaching; and internal and external training. They even approach people directly. Their main objective is to "*raise consciousness*" about CSR issues. When interviewees present new CSR activities, they highlight the benefits these activities will bring to employees; give practical examples; and present evidence. Interviewees also point out "*a win-win situation*", in which the benefits CSR activities bring to the organization result in benefits for the workers. It also helps to present the national regulation and the benefits for the environment.

Interviewees mentioned that, when implementing new CSR activities, it is important first to convince the top management committee. To persuade them interviewees stress the cost benefit. They know it is essential to reduce costs. It is important to look for a balance between the social and the economic. Also, when implementing CSR activities, it is central to involve everyone. *“They (employees) should feel it is their program”* and should share responsibility. Team work is also essential. For some programs interviewees even involve employees’ families. An interviewee explained:

*“To engage their (employees’) kids helps to raise awareness”.*

Once implemented, in order for CSR activities to endure, it is vital to establish clear objectives and responsibilities. Objectives are defined by the people involved. This helps to enhance commitment. Each area determines its own goals. In order for CSR activities to last, interviewees also use internal and external audits and evaluate training efficiency. It is also important to include CSR results in the employees’ performance appraisal; and to recognize people for their achievements; through the communication of results. However, interviewees explained that they do not celebrate achievements; they sometimes celebrate discretely, because they see CSR activities as part of their work.

Interviewees consider that, to succeed in the implementation of CSR programs, it is important to align the program to the business strategy. And to have everything



properly documented. Other factors helping the Corporation to advance CSR programs are: they are a recent organization with a flexible structure; they were born with standardization systems and top management committees; and they have created habits and are used to procedures and audits.

When interviewees start a new CSR activity, they also confront challenges. The amount of people involved can represent a problem. For some CSR activities they have to include the entire organization. Also, interviewees explained:

*“There will always be resistance”*

Some areas did not want to take responsibility for social and environmental issues. However, there have not been extreme cases of resistance. In the end everybody participates. To achieve this participation, top management support is essential. It also helps to focus on inviting and convincing employees to participate. Interviewees consider that trying to impose does not help CSR activities to last. Nevertheless, sanctions are applied when required. And reports are written and signed by all the people involved.

Despite these challenges, the Corporation has established environmental programs and has developed a *“health and safety culture”* which *“has turn into a way of living”*. However, there are always new programs to be adopted. They are now

starting the implementation of OHSAS 18001 (Occupational Health and Safety Management System). Also, *“There is always the need to work on consciousness-raising”*. An interviewee mentioned:

*“I think that consciousness-raising is permanent. You have to always work on consciousness-raising. But I think that now people understand it better. They understand that it (CSR activities) is part of their work”*.

Interviewees also considered that knowing the conglomerate way of working is an advantage when implementing new CSR initiatives. As one of the interviewees explained:

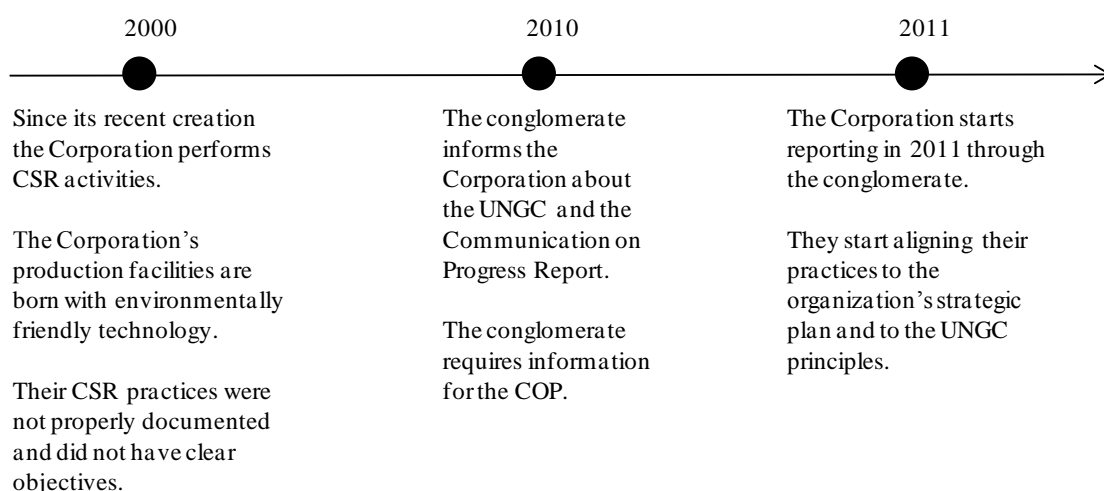
*“The knowledge of the people, with a lot of experience in the conglomerate, who knew CSR models, has helped them to achieve good results”*.

However, interviewees perceive that being embedded in the organization has a downside. They explained how people, with a lot of experience in the organization, sometimes need someone from the outside to point out things they cannot see, because they are used to them. Also, the fact that they are a new production facility, with recently hired young personnel, has helped them to achieve good results. The combination of new and old workforce is considered an advantage. An interviewee mentioned:

*“I believe that this has been a fundamental aspect of all the work of this company, its personnel. It is constituted by experience and youth, people with a long trajectory in the conglomerate, who are joining the new organization, and new people from the communities. This results in a combination of points of view. All the things I cannot see because I am used to have them every day, someone comes from the outside and points them out for me”*

Finally, interviewees consider that implementing new CSR initiatives is not easy. What motivate them to perform their work are their personal conviction; and their will to transcend. As interviewees expressed it: “*do my bit*” to improve the social and environmental situation. Interviewees also feel identified with the corporation’s objectives and enjoy their work; they feel committed to the organization; and seeing the corporation’s needs, they want to collaborate to achieve results. The exhibit below presents the Corporation timeline for the UNGC adoption.

### Exhibit 12: Corporation Timeline for UNGC Adoption



## 5.4 Multinational

The Multinational has presence in more than 50 countries worldwide. This study was performed in its Mexican operation. Interviewees explained how, since the early 90s the Multinational has had a “*Social Development*” department. This department focused on the social development of employees; it did not have any contact with other stakeholders. Back then the Multinational had “*Closed policies*”; it avoided contact with external communities. The main part of social responsibility was environmental, focusing on anti-pollution equipment.

The first attempts of CSR activities were isolated initiatives. People from communities, around some production facilities, started to approach the organization asking for donations. Purposes were diverse, like health and education. An interviewee explained:

*“It was just philanthropy” .... There were not clear objectives..... Money was given without monitoring donations’ impact”.*

Then, the role of the “Community Relations Coordinator” was created in some production facilities, where the pressure from external communities was mounting. Interviewees explained how, the multinational needed to manage its relationship with external stakeholders, and to improve the organization’s image, in order to operate and be competitive.

The area of Corporate Social Responsibility was born in 2001, through the initiative of the now Director of CSR, who back then was in the Communications department. At that time she was named CSR Manager. The CSR department was born as *“an area to manage potential social and community risks, which could affect the organization’s operation”*. When the CSR area started, they realized the lack of clear objectives. The CSR manager mentioned:

*“We were here and there. And, because we have limited resources, we need to be clear on where we can impact the most”*.

So, they started to develop a *“community attention strategy”*. Interviewees from the CSR department related how:

*“The CSR area needed to understand how the communities’ needs related to the organization’s business activities; how to integrate the business agenda with the community theme”. In the beginning it was very difficult. Now, we have got to know a market, with a low purchasing power, which needs to be attended”*.

In 2002 the Multinational started reporting. The initiative came from the CSR manager. She saw it as a way to *“cultivate the relationship with their stakeholders”*. No one else in the organization was interested in reporting. However, the CSR manager was convinced that: *“if our stakeholders are happy*

*we can continue growing*". The CSR department also knew that other organizations were reporting; and they thought: "*we can do this, we have substance, it is not just marketing*".

Since 2002 the Multinational has been reporting every year. However, the report has been changing. They are always trying to make it "*clearer and more precise; useful and detailed*". Overtime, interviewees became more aware of the report's value; and the requirements of information from directors and stakeholders change. Also, interviewees' contact with external organizations, like the Global Reporting Initiative; and their access to information on how other organizations are reporting, make them constantly rethink the report.

The report is developed by the CSR committee, which includes all the participating areas. Information for the report is requested by the CSR department to all the areas involved. They have a form which is normally sent by e-mail. The CSR department puts all the information together. Interviewees explained how, the report has been a tool to increase employees' motivation and "*sense of belonging*". It has also been a tool to enhance internal and external communication; and an instrument to organize and put all the sustainability information together. The report has also given them the opportunity to monitor their results.

When developing the report, interviewees have also experienced problems, including lack of time and information. Also, in the beginning there was resistance among the participating areas to publish their information; and to specify their objectives in the report. Interviewees also have to prioritize; *“there is not space to include everything”*. And they have to manage the information in order to meet the requirements of different initiatives. The Environmental department, for instance, requests information to all the business units. This information is *“centralized”* and managed by the Environmental Headquarters; allowing them to fulfill information requirements from different initiatives.

In 2003 the Multinational joined CEMEFI (Mexican Philanthropic Center). And they were recognized by CEMEFI as Socially Responsible. The initiative to join CEMEFI came again from the CSR Manager. No one else in the organization was interested in joining. The CSR Manager argued that:

*“In order to continue being a competitive multinational organization, we needed to be at the forefront of world tendencies”.*

The CSR Manager knew that the CSR theme was growing worldwide. Then, in 2004 the Multinational joined the UNGC. The initiative came again from the CSR Manager, who is now CSR Director. One of the main reasons for joining was that they already had everything in place to comply with the UNGC requirements. Through their participation in the UNGC they have discovered different ways to

maintain an open communication with stakeholders. Their adherence to the UNGC has also assisted them to “*stimulate internal change*”. An interviewee explained:

*“The UNGC helps us to stimulate internal change. We can promote that this (CSR) is not a theme which we have came up with here. But this (CSR) is a theme of the United Nations”.*

In 2005 the Multinational started to base its sustainability report on the Global Reporting Initiative (GRI). Interviewees encounter the GRI through their participation in forums; and started to appreciate its value as a “*globally recognized tool for reporting*”. Interviewees realized the GRI would help them to report based on numbers and not on text; and they consider numbers are a better way to promote CSR. The GRI allows interviewees to compare their performance against previous years; and also against other organizations. The Multinational participation in the GRI working group also influenced its use as a reporting tool. Interviewees felt committed to the GRI.

Interviewees from the CSR department explained how, since 2006, CSR goes “*hand in hand*” with the business strategy. The Multinational’s CSR strategy is established by the Headquarters. Then, the CSR Direction in Mexico aligns its objectives to the Multinational’s strategy; but also “*acclimatizes*” it to the country’s specific circumstances. These changes to the Headquarters strategy are welcomed and even encouraged. Besides, within the Mexican CSR Direction,



each business unit is different. The business units adapt again the established strategy to their specific context. One interviewee pointed out:

*“Each business unit is different, each one adapts the Headquarters strategy according to its possibilities, and according to the personality of the individual who takes it”*

The CSR manager explained how in 2009 the environmental department, which was born in the early 90s, was integrated with the other CSR divisions. This new area is called “Sustainability”. According to the interviewees this happened because:

*“The Multinational is aware of the world trends, also because this new arrangement gave a better response to the Multinational’s CSR model”.*

Interviewees also explained that, when ideas of new CSR activities arise, they can come from anywhere in the organization: from the Headquarters, direction, business units, or from employees’ points of view. The organization’s strategy and code of ethics are also sources of ideas for new CSR activities. Ideas also come from outside the organization; from the Multinational’s contact with: communities, forums, governments, and legislation. However, the Multinational rarely uses external consultants. They prefer to develop their programs internally;

this helps to enhance programs' appropriation. Finally, interviewees explained how ideas of new CSR activities come from the Multinational's need to operate and to construct and consolidate its reputation.

From all the generated ideas for new CSR activities, interviewees prioritize which ones to attend based on: the organization's needs; what helps to realize the Multinational's mission and vision; the sustainability strategy; and the impact these initiatives will have. Interviewees also give priority to a new CSR activity when *"they have everything in place to accomplish it"*.

To convince the top management about new CSR activities interviewees: raise awareness by highlighting their impact and importance; pilot activities; and present clear indicators and results. To convince the top management interviewees also mentioned it is essential to have a *"business vision"* in CSR. It is important to speak the *"organization's language"*; highlighting how new CSR activities will improve performance and give the organization a *"license to operate"*. An interviewee explained:

*"Something which always helped was to have a business vision in all of this (CSR). We were clear that this theme of social responsibility was related to competitiveness. It was related to the minimization of risks ..... We had to understand the company's internal language..... Speaking this language of competitiveness, of how this (CSR) makes us a better company, with better products, accessing new markets. How this (CSR) helps us to develop new skills in our employees. In these terms we speak internally. This is how we were able to place this theme (CSR) within the organization's internal strategy"*

When CSR activities are to be implemented, they are presented to participants through: meetings, training, and campaigns to raise awareness of CSR issues. It is important to give practical example of swift implementations. When presenting these new activities, interviewees highlight that “*CSR is everyone in the organization, not just 21 employees in the CSR area*”. They also explain that CSR is employees’ responsibility; as they are the “*face*” of the organization. Interviewees also emphasize that what is good for the company is good for everyone; and show what the Multinational is doing in other parts of the world.

Once implemented, in order to encourage people to follow the new activity, interviewees perform audits and supervisions; they also establish indicators, goals, objectives and working plans, which are monitored every month. Other factors which assist new CSR activities to last are: to assign a person responsible; to involve employees’ families; and to include sustainability results in directors’ performance appraisal, these results affects their bonuses. Moreover, two essential factors for new programs to last are: directors’ support; and the participation of all the areas involved. Finally, interviewees mentioned, it is also important to show results and recognize achievements. However interviewees consider that they do not celebrate achievement much, they know it is part of their work.

Interviewees explained that, even though CSR is part of the organization’s daily operation, there is always resistance. Some people do not give the required attention to CSR activities. They are used to their way of working. Also, there are

always new initiatives to implement. For instance, new Health and Security programs are not yet an integral part of the organization's processes. In order to tackle resistance, interviewees talk to people to raise awareness; also, sanctions are applied when required. Moreover, economic incentives have been developed.

The Multinational has added a "*social component*" to its mission and vision, and CSR programs are being implemented, despite their expense. The main reasons for the implementation of CSR programs are: the Multinational has realized "*there is a connection between sustainability activities and a positive effect on the business*"; CSR activities enhance the organization's image; some investors take into account sustainability; CSR activities assist the Multinational to fulfill its commitments with external organizations, like the Cement Sustainability Initiative; finally, some CSR activities are starting to be sustainable and are giving a "*return on investment*". An interviewee pointed out:

*"In the beginning (CSR activities) did not result in an economic benefit. But at this point, where we are, they do. For instance the 'Inclusive Business' projects give a return on investment. In the Inclusive Business project you place cement and rod. So, you are creating a social program; but you are also placing your product. You are reaching the communities you want to reach; and you are attending them. They buy the product through manual labor. I provide the cement, they work and I keep a part of the production. I sell it and buy more cement. So there is an entrance and exit of cash, there is a flow".*

Interviewees identified various factors which have helped them to succeed in advancing CSR programs: top management support; the leadership and vision of

the CSR Director; and the participation of all the departments affected by the new program. This participation helps to enhance employees' *"sense of belonging"*. Interviewees explained how, the CSR department is responsible for CSR programs; however, each business unit is in charge of its own CSR activities.

Other factors assisting CSR programs to advance are: the establishment of control and transparency mechanisms; the Multinational's contact with external organizations; and its competitive environment and continuous improvement approach. Also, the fact that sustainability is now part of the Multinational's strategy has assisted CSR programs to advance. Finally, interviewees explained how, having been a long time working for the organization helps them to achieve good results. An interviewee explained:

*"I have been in the organization 25 years; this allows me to establish consensus. The internal social network is important".*

However, interviewees consider that being an outsider has advantages. The value of the Multinational's CSR activities was first recognized by outsiders. An interviewee pointed out: *"No one is a prophet in his own land"*.

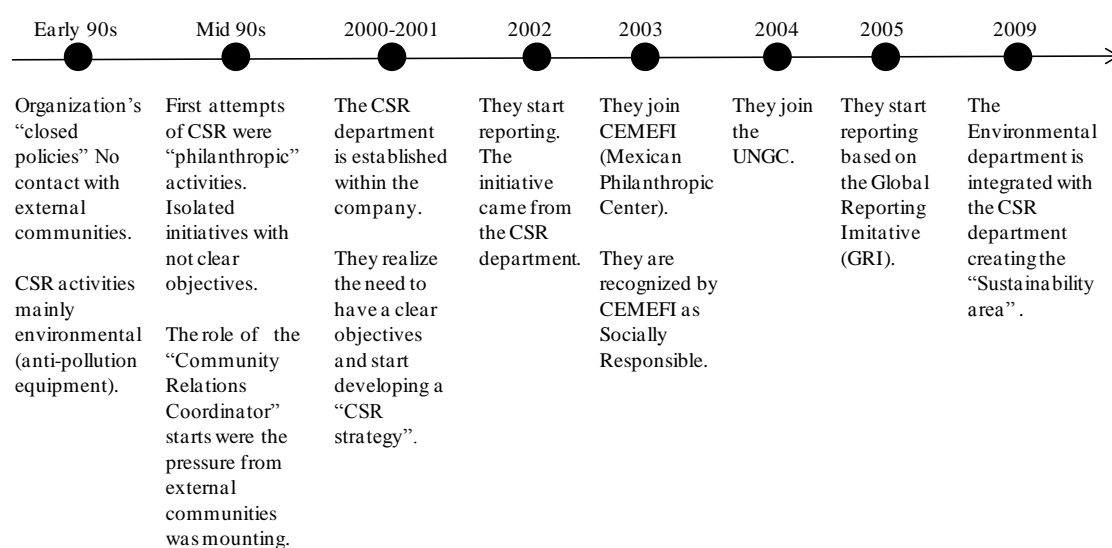
Lastly, what motivates interviewees to work in advancing CSR is: the commitment they feel to the organization; the identification they feel with its

values; and their personal conviction and vocation. Interviewees expressed how they want to transcend (“*do my bit*”). An interviewee explained:

*“When you realize that your grain of sand, or your little contribution, results in positive changes in others, it gives you strength. Knowing that what you are doing is the right thing to do, and that every time you need more people to join you. So the day to day, the results you see. Or even more, to see how you are changing lives, that is what motivates us more”.*

The exhibit below presents the Multinational’s timeline for the UNGC adoption.

### Exhibit 13: Multinational Timeline for UNGC Adoption



This section has presented the four cases. The next section contains the cross-case analysis and the comparison with existing theory. This comparison is an essential part of theory building from case study research; it brings more general and substantive results (Eisenhardt, 1989).

## **6. Translation of Corporate Responsibility Initiatives**

After presenting how the four cases are adopting the UNGC, this chapter aims to tackle the first research question: When adopting the UNGC, are organizations following a diffusion or a translation model?. The chapter relates emergent theory with extant literature (Eisenhardt, 1989). This comparison helps to enhance the generalizability and internal validity of theory building from case study research (Eisenhardt, 1989). Based on Czarniawska's (2008), the first part of this chapter explains how the four cases are following a translation - not diffusion - model of change. The second part presents a model of translation, which has been developed following the experiences from the four cases.

### **6.1 Translation vs. Diffusion Model**

Czarniawska (2008) compares three aspects of the diffusion against the translation model of change: first where movement originates; second the presence of friction (resistance); and third the attitude towards changes to the original idea. According to these three aspects, the four cases are following a translation model.

### 6.1.1 First Aspect: Where Movement Originates

Czarniawska (2008) explains how, within a diffusion model, movement originates at the top of the organization. It starts with some “*initial energy*” (initiative, instruction, idea); which is normally attributed to top management “*or their agents*” (consultants). While within a translation model “*It is difficult to trace back to the original movement*”; there is not “*initial energy*”; ideas exist all the time.

According to this aspect, the four organizations are following a translation, not a diffusion model. The four cases show how ideas and initiatives can come from anywhere in the organization: employees; departments; top management; and occasionally from external consultants. Ideas can also come from outside organizations; from their contact with: governments, legislation, forums, committees and international organizations. Besides, within the four cases, ideas for new CSR activities are arising all the time. Social and environmental actions existed before organizations developed CSR strategies and adopted the UNGC. The exhibit below summarizes the evidence from the four cases presented in section five.

**Exhibit 14: Where Movement Originates within the Four Cases**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>Where movement originates</b>	-Ideas for new CSR activities can come from inside the organization;	-Ideas can come from anywhere in the organization, any department or the Headquarters.	-Ideas can come from anywhere in the organization: the conglomerate, directors, or any department.	-Ideas can come from anywhere in the organization: Headquarters, direction,



	<p>everyone participates: individuals, departments, and Headquarters.</p> <p>-Ideas can also come from outside the organization; from their contact with communities and governments.</p> <p>-Their adherence to the UNGC has also been a source of ideas for CSR activities.</p> <p>-They rarely use external consultants.</p>	<p>-New ideas can also come from their contact with external organizations (governments, the country's legislation and the UNGC).</p> <p>-External consultants are occasionally used.</p> <p>-Initiatives from external consultants have to be adapted to the Cooperative particular context.</p>	<p>-Every area participates when establishing CSR activities and objectives.</p> <p>-Ideas can come from outside the Corporation; from its contact with external organizations (industrial committees, and local and national legislation).</p> <p>- Initiatives are usually developed internally; external consultants are rarely used.</p>	<p>business units, or employees' points of view.</p> <p>-The Multinational's strategy and its code of ethics are also sources of ideas.</p> <p>-Ideas for new CSR activities can also come from outside the Multinational, from: communities, forums, governments, and legislation.</p> <p>-Instead of using external consultants, the Multinational prefers to develop its programs internally. This helps to enhance "<i>programs' appropriation</i>".</p>
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### 6.1.2 Second Aspect: the Presence of Friction

Czarniawska explains how, within the diffusion model, initiatives or ideas move "*without reserve*", unless they are confronted with resistance (e.g. political resistance or resistance to change). Resistance generates "*friction*" which reduces the "*initial energy*". Friction is considered a negative factor in the diffusion model. However, within the translation model, "*friction*" is considered a positive factor. It is necessary for translation to occur.

The four cases have shown how resistance is always present. Even though the first two cases: Nonprofit and Cooperative are socially responsible by nature, they confront resistance when implementing new CSR projects and programs. The four cases have also showed how resistance generates “energy”; driving translators to find ways to overcome it. The exhibit below summarizes the evidence from section five. It shows how translators experience resistance, and their activities to overcome it.

**Exhibit 15: Resistance in the Four Cases and Actions to Overcome It**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>Resistance</b>	<ul style="list-style-type: none"> <li>- Resistance is always present due to people’s ignorance.</li> <li>- Habits are difficult to change.</li> <li>- Organization’s priorities are not always in line with new CSR programs.</li> <li>- Sometimes there is a lack of budget for new initiatives.</li> <li>- It can be difficult to implement new CSR activities because translators normally</li> </ul>	<ul style="list-style-type: none"> <li>- Translators have experienced indifference to CSR activities; and some managers’ lack of compromise; “<i>Engineers can be too technical</i>” leaving CSR activities on the side.</li> <li>- People, with a lot of time working for the organization, can resist new CSR initiatives; they are not use to bringing programs from outside the Cooperative.</li> <li>- Habits are difficult to change in an organization with traditional values, like the Cooperative.</li> <li>- The amount of people involved</li> </ul>	<ul style="list-style-type: none"> <li>- “<i>There will always be resistance.</i>”</li> <li>- Some areas did not want to take responsibility of CSR issues.</li> <li>- There have not been extreme cases of resistance; <i>in the end everyone participates</i>”</li> </ul>	<ul style="list-style-type: none"> <li>- Resistance is always present, even though CSR is part of the Multinational’s daily operation.</li> <li>- Some people do not give the required attention to CSR activities.</li> <li>- People are used to their way of working; this causes resistance to new initiatives.</li> </ul>

	depend on everyone in the organization to advance them in the organization.	<p>can represent a problem when implementing new CSR activities.</p> <ul style="list-style-type: none"> <li>- In the Cooperative everyone is an owner; therefore translators need to convince more people.</li> <li>- Sometimes translators need to involve people over whom they do not have authority, like contractors.</li> </ul>		
<b>Ways to overcome resistance</b>	<ul style="list-style-type: none"> <li>- Constant monitoring (supervision, reports, evaluations, audits).</li> <li>- The establishment of Indicators and well defined objectives.</li> <li>- Publication of results.</li> <li>- Establishment of disciplinary measures, like: Reminding people about the organization's regulations, and presenting the case to the head of the area.</li> </ul>	<ul style="list-style-type: none"> <li>- Raise awareness by presenting results and showing what is being done in other parts of the world.</li> <li>- Lead by example.</li> <li>- Focus on inviting people to participate instead of sanctioning.</li> <li>- Cultivate the "sense of belonging".</li> <li>- Apply "group pressure"; "<i>when someone resists and sees that everyone is participating, they normally end up convincing themselves.</i>"</li> <li>- When required, sanctions and disciplinary measures are applied, and departments' grades are affected.</li> <li>- External audits.</li> </ul>	<ul style="list-style-type: none"> <li>- Convince people, by showing successful cases.</li> <li>- Avoid trying to impose.</li> <li>- "<i>Detect problems and attend them from their root</i>"; without blaming anyone.</li> <li>- Sanctions are applied when required; and reports are written and signed by all the people involved.</li> </ul>	<ul style="list-style-type: none"> <li>- Talk to people to raise awareness.</li> <li>- Economic incentives have been developed, through performance appraisals.</li> <li>- Sanctions are applied when required.</li> </ul>

### 6.1.3 Third Aspect: Attitude toward Changes to the Original Idea

Czarniawska explains how, within the diffusion model, changes to the original idea must be prevented. While in the translation model, changes to the original idea are seen as inevitable; they transform and often enrich the new initiative. The four cases show how shifts in the original idea can promote new CSR activities, and also help their longevity. These changes are welcomed and even encouraged within the four organizations. Changes happen through the participation of everyone affected by the new activity. The exhibit below summarizes the evidence presented in section five.

**Exhibit 16: Attitude toward Changes to the Original Idea in the Four Cases**

	Nonprofit	Cooperative	Corporation	Multinational
<b>Attitude towards changes to the original idea</b>	<ul style="list-style-type: none"> <li>- When a new CSR activity will be implemented, every affected area participates in the establishment of the working plan. This helps to create compromise and tackle resistance.</li> </ul>	<ul style="list-style-type: none"> <li>- Goals and objectives are established by the Headquarters. However, they are not rigid. Each area is expected to change and adapt these goals according to its own context.</li> <li>- The Cooperative allows each area to establish its own objectives and lets each area in charge</li> </ul>	<ul style="list-style-type: none"> <li>- Within the CSR program, objectives are defined by the people involved. This helps to enhance commitment.</li> <li>- Each area is expected to use the goals and objectives from the conglomerate as guidelines. Each area is expected to define its own objectives according to its particular circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>- The Headquarters establish the CSR strategy. However, they are always open to modifications according to suggestions from participating departments.</li> <li>- The CSR Direction in Mexico aligns its objectives to the Headquarters strategy, but also “acclimatizes” it to the country’s specific circumstances.</li> </ul>

		of its own processes. This helps to create compromise and assists new CSR activities to last.		- Also, within the Mexican CSR Direction “ <i>each business unit is different; each one adapts the HQ’s strategy according to its possibilities, and according to the personality of the individual who takes it.</i> ”
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#### 6.1.4 The Four Cases Are Following a Translation Model

Focusing at the organizational-level, this section answers the first research question: when adopting the UNGC, organizations’ follow a translation - not a diffusion - model. The first question is answered based on the three criteria established by Czarniawska (2008). In the four cases: (1) ideas of new CSR activities can come from anywhere in the organization; (2) changes to the original idea are welcomed and even encouraged; and (3) resistance is always present, encouraging translators to overcome it.

The study analyzes resistance based on Lawrence’s (2008) framework, which explains the relationship between institutional control, agency and resistance. This empirical analysis concludes that, during the adoption of the UNGC, translators

experienced resistance to their agency. This is not surprising as translators are implementing new practices which affect the institutionalized way of working. The adoption of new practices places translators in a situation of instability and uncertainty. They normally depend on the participation of the entire organization to succeed. This opens opportunities to different forms of resistance. Like the indirect resistance exerted by some members of the organization, whose heads of department were not convinced about the new initiative. The Head of Department holds senior positions which allow subversion to go with impunity. According to interviewees, the resistance of heads of department can be attributed to various factors, including: organization's priorities, which favor other projects over CSR initiatives; or the Head of Department background, which can be too technical, leaving CSR activities on the side. Also, heads of department can have a lot of time working for the organization; they are normally used to their way of working, resisting new initiatives. Finally, interviewees mentioned that usual ways of working are difficult to change in organizations with rooted traditional values. Interviewees explained the need to convince the top of the organization first, in order to overcome resistance and advance new programs and practices.

The resistance experienced by translators is normally in the form of resistance to influence, as influence has been the preferred approach when adopting the UNGC. Organizations are following an approach similar to the one followed by the UN to advance the UNGC. The UN is now focusing on collaboration, flexibility and voluntarism. Not on the previous approach of reactive confrontation. Interviewees have explained how, leading by example and focusing on inviting people to participate, instead of sanctioning, are the preferred approaches when

implementing the UNGC. Translators also use mimetic mechanisms, like group pressure, to encourage resisting people to participate.

However, when adopting the UNGC, translators also try to establish discipline, using reward systems. Translators define rules and procedures, and establish consequences when these are infringed. Some mechanisms used by translators to establish discipline are: supervisions, reports, evaluations, and audits. Interviewees also explained how discipline can be difficult to exert when they do not have authority over people. This can be the case when contractors are working inside the company. According to Lawrence's (2008) framework, in this case there is not adequate "enclosure". Discipline just applies to actors that consider themselves part of the community where those norms apply. Translators also explained how support from the top of the organization is essential in order to exert discipline.

Finally, translators have explained how, occasionally, they have used force. How sanctions are applied when required; and reports are written and signed by all the people involved. However, according to interviewees, resistance to force has not been experienced. There have not been extreme cases of resistance. In the end, interviewees convince everyone to take their part in CSR initiatives.

To overcome resistance interviewees promote the participation of everyone affected by the new initiative. This makes it difficult to trace from where the

original idea comes from; as everyone participates; ideas can be generated anywhere in the organization. Another way to overcome resistance has been to encourage and welcome changes to the original CSR program; each department establishes its own objectives and working plans; these changes are not considered distortions; changes help to enhance commitment; and assist CSR activities to advance and last in the organization. In this way, this empirical research shows how the three aspects characterizing the translation model established by Czarniawska (2008): (1) where movement originates; (2) the presence of resistance; and (3) the attitude towards changes to the original idea, are interrelated. The next section presents the translation model followed by the four cases.

## **6.2 A Model of Translation of Corporate Responsibility Initiatives**

After defining how the four cases follow a translation, and not a diffusion model of change, this section presents a model of translation of the UNGC. It has been developed following the experiences of the four organizations adopting the UNGC; also by comparing it with existing theory.

The model engages with Boxenbaum's (2006) levels of translation: individual preference; strategic reframing; and local grounding. The model also relates to Sahlin and Wedlin (2008) editing rules: context, logic, and formulation. Finally,



the model shows how translation is facilitated by the analogical processes identified by Etzion and Ferraro (2010): equivalence, contrast and modification.

When the UNGC is adopted by organizations, translators ground the newly-adopted initiative into existing practices. This resonates with Boxembaum's third level of translation "local grounding" and with Etzion and Ferraro's first stage of the analogical process "equivalence". This phase emphasizes strict parity between existing practices and the newly adopted initiative.

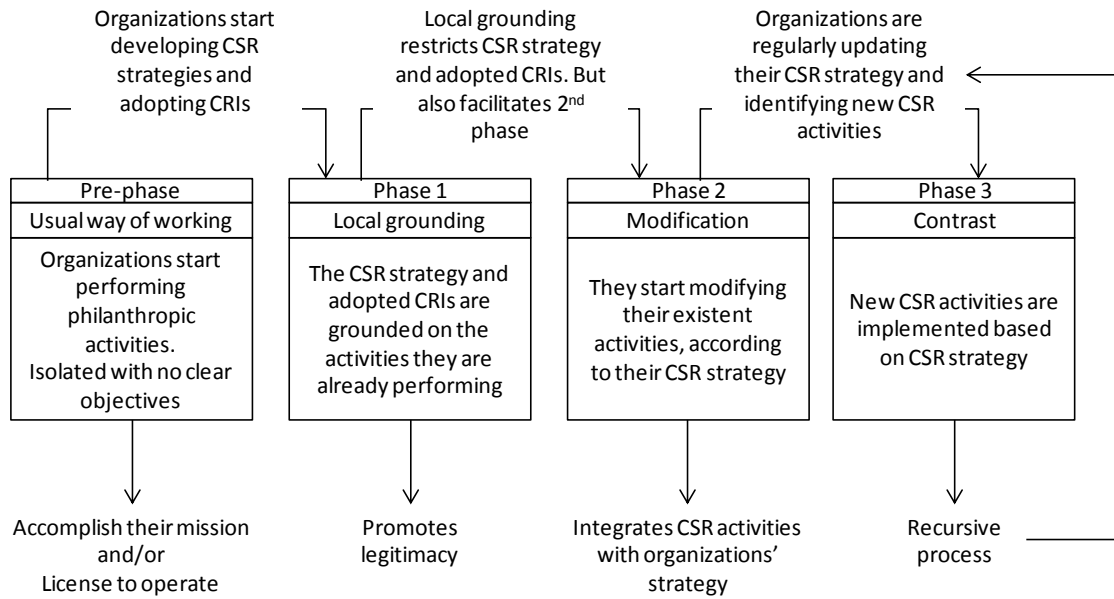
When grounding, translators limit the newly-adopted initiative. These boundaries are explained through Sahlin and Wedlin's editing rules: context, logic, and formulation. When translators base the new initiative on existing practices; they consider what would be more appealing to key players. Even though these actions limit the new initiative; they help to legitimize it within the organization.

Once the new initiative is legitimized, translators start modifying existing practices and implementing new ones. This coincides with Etzion and Ferraro's second and third phase of analogical reasoning: "contrast" and "modification". During these phases translators expose the shortcomings of existing practices. Lastly, the three aspects characterizing the translation model, established by Czarniawska (2008), are present during the entire translation process:

1. Resistance, which is always present, assists translation by encouraging translators to overcome it.
2. Changes to the original idea are not just considered inevitable, as defined by Czarniawska, but are even encouraged. In order to overcome resistance, translators encourage each department to adapt the CSR program to its own circumstances.
3. Where movement originates. One prominent way of overcoming resistance is to promote the constant participation of all the areas affected by the new initiative. As a result of this participation, the origin of ideas is difficult to trace, ideas can come from anywhere in the organization. And this generation of ideas is happening at every stage of the translation process.

The Translation model is presented in the exhibit below. It contains four boxes, explaining the four phases of the UNGC translation process. The arrows at the top explain the transition stages between phases. And the arrows at the bottom present the results of each phase. The next section explains each translation phase, the transition stages and results.

## Exhibit 17: A Model of Translation of the UNGC



### 6.2.1 Pre-Phase: Usual Way of Working

Within the “pre-phase”, organizations start performing “*philanthropic*” activities. The reason for performing these activities varies; Mexican regulation is a factor affecting the four cases. Other factors depend on organizations’ governance structure. The Nonprofit and Cooperative started performing “*philanthropic*” activities mainly because it is in their nature; it is part of their mission; while the Corporation and Multinational were mainly moved by their need to operate; social pressure, from communities surrounding their production facilities, pressed them to perform these activities.

Within the four cases, social activities were isolated initiatives which came from everywhere in the organization: sites, departments or employees. They were not linked to the organizations strategy, they were without clear objectives, and they were not properly documented. However, they helped the Nonprofit and Cooperative to accomplish their mission; and assisted the Corporation and Multinational to have a “*license to operate*”. The exhibit below summarizes evidence from section five; this evidence shows how the four cases were performing CSR activities before they developed their CSR strategy and adopted the UNGC.

**Exhibit 18: Usual Way of Working in the Four Cases**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>Usual way of working</b>	An interviewee mentioned: “ <i>We are essentially social since our creation....social activities have been performed since the organization was born. I think that the concept of Global Compact or Corporate Social Responsibility did not exist when our organization was already performing these activities. Because of its essence.</i> ”	Interviewees explained how, before they started their CSR program in 2005, they were following a “ <i>philanthropic</i> ” model. Their CSR practices were “ <i>employees’ isolated initiatives without clear objectives</i> ”; These practices were not part of a “ <i>strategic plan.</i> ”	The Corporation started performing CSR activities since it was constituted; when the first production facility was being built. These activities started because of the Corporation’s need to “ <i>operate and be competitive</i> ”. However, in the beginning, CSR activities were not properly documented; and were not aligned with the Corporation’s objectives.	The first attempts of CSR activities were isolated initiatives. People from communities, around some production facilities, started to approach the Multinational asking for donations; with diverse purposes, like health or education. “ <i>It was just philanthropy</i> ”; there were not clear objectives; money was given without monitoring donations’ impact.

**Transition Phase: Organizations start developing CSR strategies and joining CRIs**

While performing social and environmental activities to fulfill their mission, and/or confront operational risks, organizations encountered the concept of CSR and CRIs. Organizations started developing CSR strategies mainly to make better use of their resources, which were scarce. And to minimize “*social and community risks*”, which could affect their operation. Also, in this transition phase, organizations started joining the UNGC and CRIs; mainly because they realized these initiatives were closely related to the activities they were already performing. This pre-phase led to the first phase: local grounding. The exhibit below summarizes evidence from section five; it shows how the four cases started developing CSR strategies and adopting the UNGC and other CRIs.

**Exhibit 19: The Four Cases Start Developing CSR Strategies and/or Adopting the UNGC and other CRIs**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>The four cases start developing CSR strategies and joining the UNGC and other CRIs</b>	In 2007 the conglomerate informed Nonprofit organizations about their adherence to the UNGC. People from the conglomerate visited them to present the UNGC, and to request information for the COP.	In 2005 the Cooperative joined CEMEFI and started its CSR program. Also in 2005 the Cooperative decided to join the UNGC. The initiative to join CEMEFI and the UNGC came from the General Director. The main reason for joining was that	In 2010 the Corporation was informed, by the conglomerate, about its adherence to the UNGC. Interviewees explained how, members from the conglomerate visited them and presented the UNGC; requiring information for	The Multinational's CSR area was created in 2001, through the initiative of the now CSR Director. The objective of the CSR department was “ <i>to manage potential social and community risks, which could affect the organization's operation</i> ”. When the CSR area started, they realized the lack of

	The first COP was submitted in 2008, through the conglomerate.	these initiatives where closely related to the activities they were already performing.	the COP. The Corporation started reporting in 2011 through the conglomerate.	clear objectives (“ <i>we were here and there</i> ”); so, they started to develop a “ <i>community attention strategy</i> ”. Then, in 2003 the Multinational joined CEMEFI; and in 2004 it adhered to the UNGC.
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### 6.2.2 Phase-one: Local Grounding

During this phase, organizations ground their newly-developed CSR strategy and/or adopted CRI on the activities they are already performing. People, in charge of CSR within the organizations, focused on “equivalences” between the prevailing activities and the new initiative (Etzion and Ferraro, 2010). Similarities between them were accentuated and differences deemphasized (Sahlin-Andersson and Wedlin, 2008). This phase promotes legitimacy, facilitating acceptance from the receiving audience (Boxenbaum, 2006; Etzion and Ferraro, 2010).

The first phase is mainly based on instrumental motives. Organizations, even the Nonprofit, need to administer their limited resources. CRIs and CSR strategies are perceived as tools to better manage their resources and improve their results. The exhibit below presents evidence from section five; it shows how the four cases ground their newly developed CSR strategy and/or adopted CRI within the activities they are already performing.

**Exhibit 20: The Four Cases Ground CRIs, and Newly Developed CSR Strategies, on Prevailing Practices**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>The four cases ground CRIs, and newly developed CSR strategies on prevailing practices</b>	When Nonprofit organizations became part of the UNGC, they did not change their activities or policies; they just aligned them to the UNGC's principles. The information in the COP presented the activities each department was performing every day.	The Cooperative's CSR program follows three phases. The first one " <i>Implantation</i> " (introduction, establishment). An interviewee explained: " <i>Implantation, the first part of our CSR program, consists in aligning all our CSR activities to the organization's objectives; to the UNGC ten principles; to our Cooperative principles; and to the organization's strategy.</i> "	Interviewees in the Corporation explained how, their adherence to the UNGC helped them to arrange and document the CSR activities they were already performing.	When the Multinational adopted the UNGC, it was grounded on the activities they were already performing; changes in their activities were not required. One of the Multinational's main reasons for joining was that they had everything in place to comply with the UNGC requirements.

**Transition phase: Local grounding restricts but also facilitates 2<sup>nd</sup> phase**

The first phase, local grounding, "*limits*" the new initiative (Etzion and Ferraro, 2010; Sahlin-Andersson and Wedlin, 2008). This phase is not open-ended, but controlled by Sahlin-Andersson and Wedlin's (2008) editing rules: context, logic and formulation.

**1. First editing rule: “context”.**

Translators should present new practices in an engaging way; making them interesting to others. Within the four cases, people introducing the novel initiative, have to know how to convince the receiving audience. They have to “*speak the organization’s language*”. This allows them to present the new initiative in a way that makes sense to people within the organization; and promotes acceptance among organizational members.

**2. Second editing rule: “logic”.**

Newly adopted initiatives are presented as “*plannable*”, emphasizing intentions, actions, and effects. Within the four cases, when new CSR activities are presented to the people involved, translators highlight intentions, actions and effects. They also emphasize the “*business case*”; how these new activities benefit, not just themselves but the organization. Their objective is to make the new initiative interesting to others.

**3. Third editing rule: “formulation”.**

New adopted initiatives are “*dramatized*”. Concepts examples and references are used in order to structure, narrate and make sense. Within the four cases, when new CSR activities are introduced to the people within the organization, examples and references are used. Translators show how other organizations are adopting CRIs. People need to see how it is possible to implement these activities; and how these initiatives are going to benefit the organization and themselves. The exhibit below



summarizes evidence from section five. It shows how the editing rules were used within the four cases.

**Exhibit 21: Editing Rules Controlling Translation within the Four Cases**

<b>Editing Rules</b>	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>Context:</b> Translators should present new practices in an engaging way; making them interesting to others.	Interviewees explained how, information about new social programs flows down in a “ <i>waterfall way</i> ”. This allows each department to present the new practice in an engaging way; talking to people “ <i>at their own level</i> ”; showing enthusiasm and team work. Interviewees also explained how, to convince the top management, it is important to highlight the cost benefit of the new CSR initiative; and to show how it will help the organization to accomplish its objectives.	Interviewees described how new CSR activities are presented through training and meetings. Each area is in charge of its own training; this allows them to present the information in an appealing way. Interviewees also explained how, to convince the top management about a new CSR activity, it is necessary to stress the benefits for the Cooperative, including: cost savings; project sustainability; and the need to be competitive.	To present a new CSR activity interviewees use: training, meetings and coaching. Each department is in charge of its training; this facilitates the tailoring of information. Each department presents the new CSR activity in the way relevant for its audience. To persuade the top management committee, interviewees stress the cost benefit; interviewees know that “ <i>to reduce costs is their survival</i> ”.	“ <i>We had to understand the company’s internal language.... Speaking this language of competitiveness, of how this (CSR) makes us a better company; with better products; accessing new markets... In these terms we speak internally. This is how we were able to place this theme (CSR) within the organization’s internal strategy</i> ”

<p><b>Logic:</b> Newly adopted initiatives are presented as “<i>plannable</i>”, emphasizing intentions, actions, and effects.</p>	<p>Interviewees explained how, during training, the effects of the new initiative are presented; stressing the benefits it brings to the organization and to employees.</p>	<p>When introducing a new CSR activity, interviewees highlight the “triple line” (the importance of generating economic, social and environmental value). Interviewees also point out the importance for the Cooperative to be competitive; and to participate in global initiatives.</p>	<p>Interviewees highlight “<i>a win-win situation</i>” when they present the new CSR activities to employees; interviewees emphasize how the benefits, CSR activities bring to the organization, result in benefits for the workers; Interviewees also highlight the national regulation and the benefits for the environment.</p>	<p>When CSR activities are going to be implemented, they are presented to participants through: meetings, training and campaigns to raise awareness of CSR issues. When presenting them, interviewees highlight that “<i>CSR is everyone in the organization, not just 21 employees in the CSR area</i>”; Interviewees also explain that CSR is employees’ responsibility, as they are the “<i>face</i>” of the organization.</p>
<p><b>Formulation:</b> Newly adopted initiatives are “<i>dramatized</i>”; concepts, examples, and references are used in order to: structure, narrate, and make sense.</p>	<p>In training and meetings interviewees find important to give practical examples; this helps to raise awareness and “<i>to awake individuals’ consciousness</i>”. Through training interviewees increase the sense of belonging and maintain the programs once implemented.</p>	<p>When presenting new CSR activities interviewees give practical examples; they also emphasize the workers’ wellbeing, and stress that “<i>what is good for the organization is good for everyone</i>”.</p>	<p>When interviewees present new CSR activities they: highlight the benefits these activities will bring to employees; giving practical examples; and show evidence.</p>	<p>When presenting new CSR activities, interviewees: show what the Multinational is doing in other parts of the world; give practical examples; and emphasize that, what is good for the company is good for everyone.</p>

Despite the restriction brought by the editing rules, the editing process contributes to changes in organizational practices. Interviewees present the new CSR initiative in the “*organizational language*”; the objective is to achieve acceptance among organizational members. This limits the new initiative, and helps to legitimize it in the organization. However, this also enhances translators’ reflective capacity; they start questioning the value of prevailing activities, opening the door to changes in organizational practices.

### **6.2.3 Phase-two: Modification**

In the second phase, the similarities between existing activities and newly developed CSR strategies and adopted CRIs represent the starting point. The similarity helps to elaborate how some aspects of prevailing activities should be adapted to fit the needs of the novel initiative (Etzion and Ferraro, 2010). Within the four cases, the local grounding performed in the first phase, encouraged translators to reflect on the value of organizations’ prevailing activities; as a result, some practices were modified and others suspended. The objective was to improve the performance, and impact of existing practices. This second phase led to the integration of organizations’ objectives and CSR activities.

The second phase, as the first phase, is mainly based on instrumental motives. Organizations, even the Nonprofit and the Cooperative, wanted to change their CSR activities in order to improve the organization’s performance. Within the

Cooperative, for instance, interviewees emphasized it is important not to lose the “*business focus*” within the CSR program. The exhibit below summarizes evidence from section five; it shows how the four organizations started modifying their existing activities.

**Exhibit 22: The Four Cases Start Modifying Their Existing Practices**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>The Four Cases Start Modifying Their Existing Practices</b>	The UNGC information requirements have encouraged Nonprofit organizations to institutionalize their actions. An interviewee explained: <i>“What we are seeking with Corporate Social Responsibility and the Global Compact is to institutionalize our projects. We want programs to work on their own, independently of the person in charge”</i>	In 2011, the Cooperative started its CSR program 2 <sup>nd</sup> phase: “Development of best practices”; the objective is to <i>“develop, improve and institutionalize”</i> the practices identified in phase-one. This will assist the Cooperative to integrate the strengths of different areas. Other objectives in this second phase are: to produce documental support; to evaluate the practices’ impact; and to develop the adequate governance framework.	In the second phase the Corporation started to: align its CSR activities to its business strategy; and to properly document its CSR practices. This second phase resulted in the modification of some practices and suspension of others.	After developing its CSR strategy, the Multinational started modifying its activities; the objective has been to align existing practices to the CSR strategy. At this second phase, the Multinational also canceled activities which were not in accordance with its CSR strategy.

**Transition phase: Organizations are regularly updating their CSR strategy and identifying new CSR activities.**

According to interviewees, there are two conditions encouraging organizations to constantly revise their CSR programs and strategies: (1) organizations' "*continuous improvement*" culture; (2) organizations' contact with other institutions, working groups, and international organizations. These two conditions persuade organizations to identify new CSR activities to be implemented; bringing them to the third phase "contrast". The exhibit below contains evidence from section five; it shows this transition phase.

**Exhibit 23: The Four Cases Are Regularly Updating Their CSR Strategy and Identifying New CSR Activities**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
The four cases are regularly updating their CSR strategy and identifying new CSR activities	Nonprofit organizations' adherence to the UNGC has assisted interviewees in finding gaps in organizations' performance; and has given interviewees ideas for new activities and programs.	Interviewees explained how many ideas of CSR activities arise every year, from everywhere in the organization. Ideas also arise from the Cooperative's contact with external institutions, including governments and the UNGC. To prioritize which new activities to implement, interviewees base their	Interviewees explained how ideas of new CSR activities can come from anywhere in the organization; but also from their contact with external institutions, like industrial committees, and local and national governments. Interviewees also explained how the Corporation is a recently constituted organization,	The Multinational's competitive environment and continuous improvement approach encourages interviewees to regularly revise their CSR strategy and identify new CSR activities. The Headquarters establish the CSR strategy; however, they are always open to modifications according to suggestions from the participating departments.

		<p>decision on the organization's policies and strategic plans. Moreover, the Cooperative has developed a "<i>continuous improvement</i>" culture, which encourages interviewees to constantly update their practices.</p>	<p>with a flexible structure; it was born with standardization systems and top management committees. This encourages interviewees to constantly find ways to improve their practices and find new ones.</p>	
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#### 6.2.4 Phase-three: Contrast

During the 3<sup>rd</sup> phase, organizations compare and contrast the CSR activities they are already performing against their CSR objectives and strategies. Organizations also compare their CSR activities against what is established by external institutions, including local and national governments, committees, and CRIs. As a result of this comparison, organizations find gaps in their performance and start implementing new practices.

This third phase, as in the first and second phases, is based on instrumental motives. Organizations implement new activities when they are in accordance with their CSR strategies; and ultimately, when organizations consider that those

activities will improve their performance. The exhibit below summarizes evidence from section five showing how the four cases start implementing new CSR practices.

**Exhibit 24: The Four Cases Start Implementing New Practices**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>The Four Cases Start Implementing new Practices</b>	Interviewees explained how ideas for new CSR activities are arising all the time. It is important to decide which ones to implement; the criteria to prioritize are: organizations' objectives; and the needs and expectations of communities and external organizations.	The Cooperative's CSR program 3 <sup>rd</sup> phase is the " <i>Incubation model</i> ". The objective of this phase is to turn CSR activities into " <i>exemplary practices and generate new practices</i> ". However, many ideas of CSR activities arise every year. The Cooperative implements the ones which compliant with the organization's policies and strategic plans; legal requirements are also a priority.	Interviewees consider that the amount of ideas for new CSR activities can be overwhelming. In order to prioritize which ones to implement, interviewees focus on: the cost benefit; the organization's needs, certifications' requirements are a priority; and on the initiatives' impact, the benefits they bring to the communities, and consequently to workers, who live there, are central.	Within the Multinational, phases two (modification) and three (contrast) happened simultaneously. After developing their CSR strategy, the Multinational started modifying its activities. However, at the same time, the Multinational employed its intimate knowledge of the communities' needs, to start implementing new activities.

The second phase "modification" and third phase "contrast" can occur simultaneously. This was the case at the Multinational; where they started modifying their activities and implementing new ones at the same time. On the

other hand the Cooperative, for instance, first started modifying its existing activities and then planned to implement novel practices.

### **Transition phase: Recursive process**

The translation process is recursive. Organizations are constantly revising their CSR activities and strategies; and there are always new initiatives to be implemented. Apart from aiming to constantly improve their internal performance, organizations are also continually trying to promote CSR initiatives among other organizations. This is achieved through their participation in forums and working groups. The Multinational, for instance, has been participating in the GRI working group; and the Cooperative is part of the UNGC Mexican Committee, which promotes the UNGC in Mexico. The exhibit below summarizes evidence from section five; it shows how the four organizations regard the adoption of CRIs as a recursive process.

**Exhibit 25: The Four Cases Regard the Adoption of CRIs as a Recursive Process**

	<b>Nonprofit</b>	<b>Cooperative</b>	<b>Corporation</b>	<b>Multinational</b>
<b>The Four Cases regard the adoption of CRIs as a recursive process</b>	Interviewees explained that there are always new programs to be implemented. And, once implemented and running, programs still need to be monitored in order for them to endure.	Interviewees explained how, ideas of new CSR activities are always arising. And the organization is constantly joining different CRIs. Also, constant monitoring and tracking activities is important in order to maintain	Interviewees explained how, there are ongoing activities they need to perform to maintain CSR initiatives alive, like internal and external audits and the evaluation of training	Interviewees explained how, CSR programs need to be monitored in order to endure. This is performed through audits and supervisions; also through establishing indicators,



		the CSR program alive. Moreover, the area in charge of the CSR program visits the production facilities every year to maintain the program active.	efficiency. Moreover, there are always new initiatives to implement. They are now starting the implementation of OHSAS 18001.	goals, objectives and working plans. It is an ongoing process. Moreover, there are always new CSR activities to be implemented and new CRIs to join.
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This section shows how the four cases are following the same translation process. However, the four cases have a different governance structure; this results in different degrees of social/profit orientation. The Nonprofit and Cooperative are socially oriented by nature; “is part of their reason for being”. The Corporation and Multinational are more profit oriented; they perform social and environmental activities mainly because of their need to operate and be competitive. The next section discusses how these four cases – despite their differences in governance structure – follow the same process when translating the UNGC.

### **6.3 Discussion: Four Organizations with Different Governance Structures Following the Same Translation Model**

The four cases follow the same model when translating the UNGC into the organization. This could appear contradictory. How could organizations, with a fundamentally different governance structure, present the same model of translation? This section discusses the factors causing this phenomenon.

### **6.3.1 Processual Isomorphism and Heterogeneous Actions**

This isomorphic effect, at the processual level, is influenced by the institutional context. The four organizations are from the same country and sector. They are immersed in the same environment and are influenced by similar stakeholders' demands. This resonates with previous findings; Bennie (2007), and Perkins and Neumayer (2010) found how organizations' institutional context influences their decision to join the UNGC. Perkins and Neumayer concluded that organizations in more democratic countries are more likely to join the UNGC. This happens because the Global Compact addresses issues which are normally suppressed in less democratic countries, like labor rights, human rights and corruption (Perkins and Neumayer, 2010). However, this research project goes beyond these findings. It explains how, not just the tendency to join, but the process organizations follow when incorporating the UNGC, is influenced by the organizations' institutional context.

From an institutional perspective, this isomorphic effect can be attributed to three mechanisms: coercive, normative and mimetic (Boons and Strannegard, 2000; Dimaggio and Powell, 1983). This study shows how coercive and normative mechanisms are present; organizations have to comply with government and other industry-specific regulation. Also, mimetic mechanisms were identified; interviewees perceive CRIs are becoming prominent worldwide and, as leading companies in their field, they do not want to be left behind. Interviewees also believe these voluntary initiatives are becoming "accepted practice"; and expect them to be compulsory in the future.

Another factor, influencing this processual isomorphism, is the way in which the UNGC is structured. The UNGC and the other CRIs adopted by the four organizations, including CEMEFI and the GRI, are principle- or reporting-based initiatives. The former are based on generally specified norms of corporate behavior; the latter establish guidelines and indicators to promote the disclosure of information about organizations' social and environmental performance. These two kinds of CRIs are considered technically easy to implement because the initial response to their adoption does not typically interfere with the organizations' core activity i.e. cement production.

Moreover, principle- and reporting-based initiatives can be interpreted in diverse ways by adopting organizations. The UNGC for instance, allows organizations from different countries; diverse industries; and of various sizes to adopt it. It is based on ten principles; organizations decide in which way they support them. Something similar happens with CEMEFI and its auto-diagnosis; it allows organizations to apply it according to their specific context.

On the other hand, certification- and process-based CRIs are more specific and less open to different interpretations. Certification-based initiatives, like SA8000, include auditing and verification instruments; and process-based initiatives, like the standards issued by AccountAbility, establish processes to integrate social responsibility in organizations' operations. We would expect a different adoption process in organizations incorporating certification- and process-based CRIs.

Finally, the cost of adopting principle- and reporting-based initiatives is relatively low. The cost of joining the UNGC and CEMEFI is considered economical. For adhering to the UNGC there is an annual contribution; and CEMEFI has a registration fee; they vary depending on organizations' size. Moreover, once organizations have joined, it is not considered costly to implement. The UNGC only requires the annual Communication on Progress report; and CEMEFI requires an annual self-diagnosis. Previous research supports these findings; Runhaar and Lafferty (2008), for instance, found that organizations adhered to the UNGC because the requirements to join were "*relatively easy to bear*" (Runhaar and Lafferty, 2008 p. 479).

The translation process pre-phase "usual way of working" is the same for the four cases. Organizations were performing CSR activities before developing CSR strategies and adhering to the UNGC and CEMEFI; they were performing social and environmental activities influenced by their governance structure and/or their need to operate. When the concept of CSR, the UNGC, and CEMEFI arrived, organizations realized they had everything in place to comply with these new initiatives. CEMEFI and the UNGC were in accordance with the activities organizations were already performing.

Within the translation process first phase "local grounding", the four cases base newly adopted initiatives on existent practices. At this stage organizations do not change their prevailing activities. However, the four cases start questioning the

value of their practices; and start aligning them to the organization's newly developed CSR strategies.

Also, at this first phase, the four cases started reporting; the objective was to communicate their CSR activities to external stakeholders. However, reporting has also assisted organizations to communicate their CSR activities to internal audiences; helping to enhance employees "sense of belonging". This resonates with Sahlin and Wedlin (2008); they explain how the editing process is not directed only to an audience external to the organization. In the process of editing, organizations present their activities to external rankings, media, assessments, etc. However this information also informs people within the organization about their own situation.

The evidence from the four cases challenges previous findings, which establish that local grounding limits the implementation of new practices and can lead to ritualistic adoption (Etzion and Ferraro, 2010; Sahlin and Wedlin, 2008). This empirical study finds that local grounding limits the implementation of new initiatives; but also problematizes existent activities, leading to changes in organizational practices. The four cases show how, the translation process first phase (local grounding) opened an opportunity for translators to reflect on the organization's day to day activities. Translators realized the lack of objectives and the need to align CSR practices to the organization's strategy; this led to the second and third phases. In these phases organizations started modifying their

existent activities, according to their CSR strategies. Organizations also decided to drop some of their practices; and to implement new ones.

This empirical study shows how the process organizations follow when adopting the UNGC is the same in the four cases. This processual isomorphism is influenced by: the country's institutional environment; and the structure of principle-based initiatives. The study also shows how, even though the overall translation process is the same in the four cases, the specific activities each organization performs are different. Activities depend on the organization's particular context. The Headquarters establish objectives; then, based on these objectives, each department defines its goals according to its specific circumstances. The heterogeneous actions organizations are performing are reflected in their Communication on Progress (COPs) and Sustainability reports. The exhibit below summarizes the main activities organizations reported in 2010. A complete list of the COPs and Sustainability reports used in this study can be found in appendix 2.

**Exhibit 26: Summary of Main Activities Organizations Are Reporting in Their COPs and Sustainability Reports 2010**

<b>Area</b>	<b>Cooperative and Nonprofit Organizations</b>	<b>Corporation</b>	<b>Multinational</b>
<b>Human Rights</b>	<ul style="list-style-type: none"> <li>• Sports facilities total attendance of more than 324 thousand in two venues.</li> <li>• Rehabilitation for people with disabilities more than five thousand</li> </ul>	<ul style="list-style-type: none"> <li>• Donations of 1,264 tons of cement to communities around the production facilities.</li> <li>• Sewage treatment facilities for agricultural</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of 10 million m2 of pavement in Mexico in 2010.</li> <li>• More than 1,500 houses built in</li> </ul>

	<ul style="list-style-type: none"> <li>consultations.</li> <li>• 23,628 medical consultations.</li> <li>• Arts workshops and cultural events more than six thousand participants.</li> <li>• Improvement of sanitation facilities benefiting more than 200 people.</li> <li>• Program “Clean Community”: safe disposal of 3,723 tons of waste from communities surrounding production facilities.</li> </ul>	<p>usage with capacity of 189,216 m3, benefiting 30 thousand people.</p> <ul style="list-style-type: none"> <li>• 1,198 medical consultations to communities surrounding the production facilities.</li> </ul>	<p>Mexico through the “CEMEX vivienda” (CEMEX housing) program.</p> <ul style="list-style-type: none"> <li>• More than 45 thousand families improved their houses through the program “Patrimonio Hoy”.</li> <li>• 97% of the production facilities have developed “community relations ‘plans’”.</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Use of alternative fuels co-processing 20,585 thousand kg of waste.</li> <li>• Environmental training program more than 10 thousand participants.</li> <li>• Garden centers produced more than 13 thousands plants for reforestation in 2009.</li> <li>• Reforestation of more than 36 hectares in 2009.</li> <li>• Unidad de Manejo de Vida Silvestre “UMA”, space for the conservation of 20 endangered species, was visited by more than five thousand people.</li> <li>• Sewage treatment facilities processing 184 thousand cubic meters in 2009.</li> </ul>	<ul style="list-style-type: none"> <li>• Rainwater catchment system provided 70,408m3 to the production’s water requirements in 2009.</li> <li>• Sound and vibration monitoring based on the standards established by the U. S. Bureau of Mines (USBM).</li> <li>• Use of alternative fuels co-processing 964,330 kg of waste.</li> <li>• Sewage treatment facilities processing 16,391m3 in 2009.</li> <li>• Space for the conservation of flora removed from site, preserving nine species and 13,512 specimens.</li> <li>• Production of plants for reforestation 14,306 plants in 2009.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a tool to calculate their carbon footprint. It is being used in 58% of the Multinational world production.</li> <li>• 20.5% reduction of CO2 emissions in 2010 vs. 1990.</li> <li>• 85% of production sites have developed a site rehabilitation plan.</li> </ul>
<b>Labor Rights</b>	<ul style="list-style-type: none"> <li>• Compensation system including benefits for active and retired associates; including: pensions for widowhood, food donation program, children education support, insurance and</li> </ul>	<ul style="list-style-type: none"> <li>• Training in health and safety more than 439 participants.</li> <li>• Medical services more than 5,200 medical consultations.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of more than 600 initiatives based on employees suggestions.</li> <li>• 19% reduction of incapacitating accidents 2010 vs. 2009.</li> </ul>

	<p>medical services, transport, sports facilities, and savings program.</p> <ul style="list-style-type: none"> <li>• Health and Safety training more than 13 thousand attendees.</li> <li>• Medical services more than 1,700 consultations.</li> <li>• More than 1,400 medical tests.</li> </ul>		<ul style="list-style-type: none"> <li>• 54% of the employees are part of a yearly medical test program.</li> <li>• 96% of the operation has access to medical services in site or through an external provider.</li> </ul>
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In this way, this empirical study shows the impact that the formal adoption and compliance with principle and reporting-based CRIs, like the UNGC and CEMEFI, has on organizations' daily activities. In the early stages organizations are not changing the way in which they operate, and it seems these initiatives are being adopted symbolically. However, when analyzing the fine-grained activities performed by individuals to change the established way of working, it is possible to observe how at these early stages organizations are analyzing and questioning their taken-for-granted way of working; leading to the substantive implementation of principle- and reporting-based initiatives. The next section discusses the substantive implementation of the UNGC.

### **6.3.2 The Substantive Implementation of the UNGC**

The path for substantive implementation is explained by Etzion and Ferraro (2010) through "rationales of adoption". Etzion and Ferraro questioned the



established view of institutionalization of new practices, which explains how new practices are first-adopted by organizations which technically need them, and then by the remaining population in the field. This established view concludes that new initiatives are first adopted for technical reasons and later for symbolic ones. Etzion and Ferraro (2010) present a more compelling way of explaining this phenomenon. They explicate how actors are exposed to competing institutional logics. In this environment actors use language and discourse to guide the institutionalization process, appealing to “*logic ethics and emotion*” to persuade and convince. These “*rhetorical strategies*” bring diverse rationales for adoption (Etzion and Ferraro, 2010) p 2. The motives for action can be classified in four categories, instrumental (calculating utilitarian), value rational (pursuing ultimate goals), affective (emotional) and traditional (habituated).

In their study of the Global Reporting Initiative, Etzion and Ferraro established that, within the first phase of institutionalization “equivalence”, the adoption of the new practice is determined mostly by instrumental logics; basing the new initiative (GRI) on instrumental grounds is likely to lead to a superficial or ritualistic adoption, because “*it stressed merely transposing source logics (financial reporting) to a target domain (sustainability reporting)*”. Then, when attention moves to “contrasts” and “modifications” actors are led by value-rational logics. In these two phases, adopters are invited to analyze the consequences of sustainability reporting and to develop “*meaningful responses*” to the changes sustainability reporting was bringing.

Etzion and Ferraro concluded that receptivity to value-rational arguments that supports innovation “*will be greater in later stages of the institutionalization process*”. So, initiatives might be adopted symbolically in early stages and pursue substantive implementation in later stages (Etzion and Ferraro, 2010) p. 13. Another study by (Bansal, 2005) on sustainable development showed similar results (Bansal, 2005; Etzion and Ferraro, 2010).

However, results from this research project challenge the dynamics of multiple competing logics found by Etzion and Ferraro (2010). According to this research, the fact that an adoption is primarily substantive or symbolic does not depend on the shift from instrumental to value-rational logics. This empirical study shows how, at the organizational-level, instrumental logics were always present within the four cases. And at the individual-level, value rational and instrumental logics prevailed. The exhibit below presents evidence of the prevailing rationales of adoption within the four cases, at the individual and organizational-levels.

**Exhibit 27: Prevailing Rationales of Adoption in the Four Cases at the Individual and Organizational-levels**

Level of Analysis	Prevailing Rationales of Adoption within the Four Cases			
	Nonprofit	Cooperative	Corporation	Multinational
<b>Organizational</b>	Interviewees explained how The UNGC emphasized the “business case” in the Nonprofit; how, to convince people at the top of the	Interviewees explained that it is important not to lose the “ <i>business focus</i> ” within their CSR program.	Interviewees explained how CSR activities represent security to operate. An interviewee explained: “ <i>Water, for example, was a</i>	An interviewee explained: “ <i>Something which always helped was to have a business vision in all of this (CSR). We were clear that this theme of</i>

	<p>organization, it is important to highlight the cost benefit of the new initiative; and to show how it will help the organization to accomplish its objectives. Interviewees also explained how their participation in the UNGC has assisted them to “professionalize” and “institutionalize” their social activities.</p>	<p>One interviewee explained: <i>“Implantation, the first part of our CSR program, consists in aligning all our CSR activities to the organization’s objectives; to the UNGC ten principles; to our Cooperative principles; and to the organization’s strategy; turn to the business focus, which the organization should not lose”</i></p>	<p><i>big investment; yes, the economic benefit is minor. But it represents a benefit for the community and also represents security for the organization, because we have water”.</i> Interviewees also explained that CSR activities assist them to fulfill certification requirements, including ISO 14000 or the “Clean Industry” certification.</p>	<p><i>social responsibility was related to competitiveness. It was related to the minimization of risks ..... We had to understand the company’s internal language..... Speaking this language of competitiveness, of how this (CSR) makes us a better company, with better products, accessing new markets..... This is how we were able to place this theme (CSR) within the organization’s internal strategy”.</i></p>
<b>Individual</b>	<p>The factors motivating interviewees to advance CRIs in the organization are: their personal conviction; their sense of belonging to the organization and the community; and the fact that they share the values of the organizations and are grateful to it.</p>	<p>What motivate interviewees to work in advancing CRIs initiatives are their personal conviction; and their concerns about society and the environment. Interviewees explain how they also: enjoy their work and the challenges it brings; identify themselves with the organization and its values; like to fulfill their responsibilities and see results;</p>	<p>What motivate interviewees to perform their work are their personal conviction and their will to transcend (“<i>do my bit</i>”). Interviewees also feel identified with the corporation’s objectives and enjoy their work; they feel committed to the organization; they can see the corporation’s needs and want to collaborate to achieve results.</p>	<p>What motivates interviewees to advance CSR are: the commitment they feel to the organization; the identification they feel with its values; and their personal conviction, vocation, and will to transcend. An interviewee explained: <i>When you realize that your grain of sand, or your little contribution, results in positive changes in others, it gives you strength. Knowing that what you are doing is the right thing to do; and that every time</i></p>

		and enjoy the external recognition they get for their work.		<i>you need more people to join you. So, the day to day, the results you see; or even more, to see how you are changing lives, that is what motivates us more”.</i>
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This research shows how instrumental motives were always present in the translation process; and they were even accentuated in later stages. This prominence of instrumental motives might happen because of the logics brought by the UNGC and by the concept of CSR to organizations. It is well known that CRIs, and specifically the UNGC, are always advocating the “business case” (Kilgour, 2013). In this way they reinforce instrumental logics in organizations which already had them, like the Corporation and the Multinational; and emphasize instrumental logics in organizations based on value-rational logics, like the Nonprofit and Cooperative.

The effect that these instrumental logics, brought by the UNGC and the concept of CSR, had on the four cases is very similar. They encouraged organizations to reflect on their prevailing CSR activities and to modify them according to the organizations’ core objectives. The four cases, even Nonprofit and Cooperative, wanted to modify their CSR practices to improve the organizations’ performance. Interviewees in the Cooperative highlighted that it is important not to lose the “*business focus*” within their CSR program.

So, in the light of this evidence, what leads to substantive implementation is not the shift from instrumental to value-rational motives, but rather the instrumental motives accentuated by the UNGC and the concept of CSR. These instrumental motives encouraged organizations to integrate CSR activities into their business strategies. The next section discusses the UNGC's impact on organizational practices.

### **6.3.3 The UNGC's Impact on Organizational Practices**

This research shows how the UNGC is one of other initiatives used by organizations when developing their CSR programs and strategies. Prior research by Runhaar and Lafferty (2008) found similar results. However, this research also shows how the UNGC impacts organizations in different ways. In the case of the Multinational, the UNGC has assisted them to find different ways to communicate openly with stakeholders; and to stimulate internal change. The UNGC has had a larger effect on the Nonprofit, Cooperative and Corporation; it has assisted them in organizing, documenting and aligning their CSR practices. It has also helped them to develop their CSR strategies.

In the context of this evidence, this phenomenon happens because of organizations' level of development of CSR programs and strategies when adhering to the UNGC. In the case of the Multinational, it already had an

advanced CSR strategy when adhering to the UNGC. On the other hand, the Nonprofit, Cooperative and Corporation, even though were performing CSR activities since their foundation; were in the process of developing their CSR strategies when adhering to the UNGC.

These results challenge prior findings. Runhaar and Lafferty (2008) explained that, in the telecommunications industry, the contribution of the UNGC to the organizations' strategy seems to be limited, independent of the level of development of their CSR strategies. According to Runhaar and Lafferty, this happens because: (1) the similarity of CSR issues confronted by these organizations. (2) The availability of alternative CRIs to develop and implement CSR strategies; initiatives which are more relevant and industry specific. The organizations analyzed in this research project comply with these criteria: (1) they are leading corporations in their field, from the same country and sector, confronting similar CSR issues; (2) they are from the cement industry, where more relevant and industry specific CRIs are available. However, the level of development of organizations' CSR strategies is a factor affecting the UNGC's impact. This research also found how organizations practice is relayed back into the UNGC. The next section discusses this phenomenon.

#### **6.3.4 Organizations' Practices Influencing the UNGC**

This research shows how the heterogeneous actions performed by organizations inform the UNGC and other principle- and reporting-based CRIs. This happens

through organizations' participation in committees and working groups. The Multinational, for instance, has been participating in the Global Reporting Initiative working group. A line manager from the Multinational commented:

*"I was part of the group in charge of redefining indicators for SO1, 2 and 3, these are the social indicators. We were redefining the reporting way. This will appear in the 2013 version of the GRI"*

On the other hand, the Cooperative is part of the UNGC Office Mexico, and has initiated - in collaboration with another eight organizations - the UNGC Committee Mexico. A line manager from the Cooperative explained:

*"To achieve the objective of our CSR program..... we had to work on an internal dimension..... And also on an external one, as a company, with other global initiatives ..... To open this external dimension, we were lucky to participate in the Global Compact Mexican Office. In 2009, the Global Compact Coordinator invited the organizations, which had been actively close to the Global Compact, to a working group. The objective was to create a corporate committee to integrate the new network and the new office. There, we were formally invited to be part of this new committee"*

*"As part of the (UNGC) committee, we worked basically on structuring and organizing the (UNGC Mexican) office. We established the yearly agenda and designed the web page. We also defined the budget and working plan. And we selected the person in charge of managing and administrating the office. Finally we prepared the re-launch of the (UNGC Mexican) office. This was performed between 2009, 2010 and 2011"*

The main objectives of organizations' participation in committees and working groups are: to promote the concept of CSR and the UNGC; and to be an example for other organizations to follow. A line manager from the Cooperative mentioned:

*“We want to have an active participation, not just be a signatory of the UNGC but also promote the participation of more organizations and promote the Communication on Progress report”*

*“Our interest is to be a worldwide example of Mexican organizations with high levels of social responsibility”*

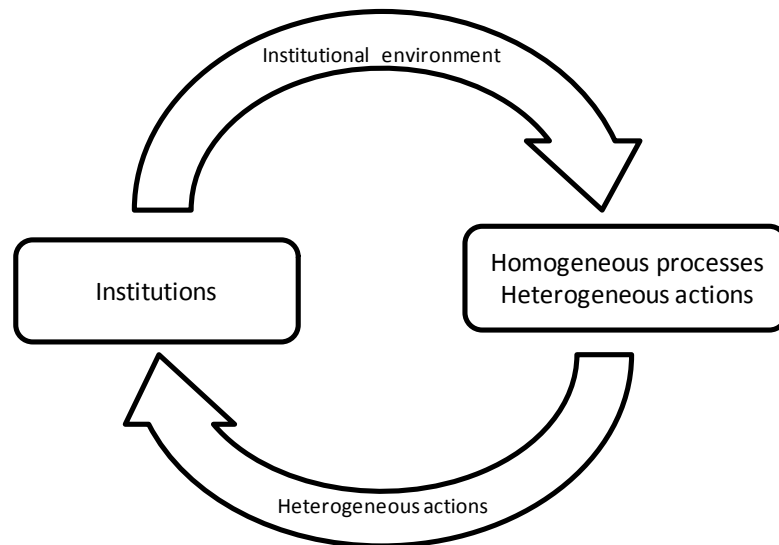
In this way, this empirical study has found how organizations' practice contributes to shape CRIs. This resonates with Etzion and Ferraro (2010); they explain how, in the institutionalization of the GRI, during the contrast and modification phases, the participation of users generated innovations which were integrated into future guidelines.

This research project conceptualizes the relationship between organizational practices and CRIs as a recursive process, in which practice influences corporate responsibility initiatives and corporate responsibility initiatives influence practice. In this way, this study concludes that, at the organizational-level, institutions



influence action and action informs institutions in a recursive cycle. This cycle is presented in the exhibit below.

**Exhibit 28: Recursive Relationship between Institutions and Action at the Organizational-level**



## **7 Embeddedness and the Process of Translation**

This section focuses on the individual-level. It describes the different ways in which actors use their embeddedness during the translation process. This individual-level study answers the second research question: Under what conditions actors use their embeddedness to change established ways of working during the adoption of the UNGC? It is divided in four parts. The first establishes three levels of enabling conditions for action: field, organizational, and individual. It explains how individual-level conditions have been neglected; and how this research project engages with actors at the individual-level. It analyzes how individuals use their embeddedness during the adoption of the UNGC. The second part explains how the three micro-processes used by individuals to achieve change - identified by Reay (2006) - are present in the translation of the UNGC. Then, the third part focuses on how the model of translation can be seen as a process of planned change. It also explains how the four cases have benefited from the four advantages of planned change defined by Czarniawska (2008). Finally the fourth section explains how, to confront the paradox of embedded agency, Battilana and D'Aunno (2009) establish that it is necessary to have a multidimensional view of agency, they suggest the use of the Emirbayer and Mische's (1998) framework to view agency as a multidimensional concept. This concluding section explains how the three constitutive elements of agency identified by Emirbayer and Mische (1998) are present in the UNGC translation process.

## **7.1 Enabling Conditions for Action**

Embeddedness has become an important concept in explaining institutional change (Dacin et al., 1999). However, studies have mainly focused on how embeddedness constrains change. And only recently, scholars have started to recognize embeddedness as constraining but also enabling action (Reay et al., 2006). Battilana and D'Aunno (2009) explain how, in the literature, it is possible to find three levels of enabling conditions for action: field, organizational, and individual. However, individual-level conditions have been neglected. This research project has taken into account the individual-level; it analyzes the fine-grained activities performed by embedded actors when translating the UNGC in the organization. Appendix 3 shows how embedded actors are based on their years of service. The three levels of enabling conditions are explained below.

### **7.1.1 Field-level Enabling Conditions**

Neo-Institutional Theory establishes that patterns of institutionalized activities become taken-for-granted and are difficult to change (Zucker, 1977). Research in this area suggests that when change occurs, it is due to factors which are exogenous to the organization, such as external jolts or the introduction of new players or new technology (Meyer et al., 1990; Reay et al., 2006). This empirical research presents a mixed picture, where a combination of internal and external factors influence organizations' decisions to join the UNGC.

Within the four cases, the decision to become signatories of CEMEFI and the UNGC came from the top management. Interviewees mentioned how the initiative to adhere came from the General Director; the Conglomerate; or the CSR Director. They joined mainly because these initiatives were closely related to the activities they were already performing; a general manager from the Cooperative, with more than 25 years' service, explained:

*“Everything related to the Global Compact, human rights, labor rights..... actions to care for the environmental impact.... we were caring about these issues even before the Mexican regulation started to be stricter... So, we thought, this (joining CRIs) is definitely convenient for us”*

Organizations also joined because they had everything in place to comply with these initiatives. A line manager from the Multinational, with 10 years service, explained:

*“In 2004 we started to formalize more the social responsibility theme..... Also, a year before we had participated in CEMEFI..... So, we had a clear vision of which things we were covering, and which things we were not..... You know the Compact is based on ten principles..... So it was easy to map if we were working on those principles, in which ones and how..... So I think we decided to be part of the Global Compact because we knew we had everything to be part of it”*

Finally, interviewees mentioned they joined the UNGC because they perceived these initiatives as a way to show their work. They knew other organizations were reporting their CSR activities and thought *“We can do this, we have substance, is not just marketing”*. A line manager from the Cooperative, with more than 15 years of service, explained:

*“If we can be a model of an organization which shows its social responsibility... if we can be an example for others to replicate.... That is the point, to inspire others to do it..... That is our main interest, to let the world know about our work”*

Moreover, the Cooperative’s Head-office explained how many things were happening inside and outside the organization when they decided to start their CSR program. Externally, the country’s legislation started to be stricter with regard to social and environmental issues. Internally, the Cooperative needed to adjust its costs. They had been involved with change and continuous improvement processes; and they were open to new administrative schemas. On the other hand, the Multinational developed its CSR department because they wanted to *“cultivate the relationship with their stakeholders”*. The Multinational’s CSR Director, who has 15 years of service, explained:

*“Our interest is to always maintain a dialogue with our stakeholders.... Our employees....the communities, authorities, our supplier chain, costumers, distributors.... because we understand that, if our stakeholders are constantly developing and well equipped, and if we respect the environment, we will continue growing..... We know this is totally linked to our business”*

Translators were using external events - like the fact that Mexican legislation started to be stricter - to advance the UNGC. They also brought people from outside the organization to convince the top management, who were skeptic about the new CRI. A line manager from the Cooperative, with more than 15 years of service, mentioned:

*“I presented the UNGC through a series of talks; however, as it always happens in every organization, I realized they were a bit skeptic. So, in the end, we invited someone from CEMEFI to give a talk to the group of directors. He accepted our invitation. He is very enthusiastic and an excellent speaker. After that talk everybody was positive. There were people from every area attending the presentation, human resources, production, environment; even the lawyer was interested, because he knew the Mexican legislation was starting to be stricter. This is how they ended up convincing themselves”*

This resonates with Reay (2006), who found that embedded actors used external events to legitimize the new practice; she concluded that actors were using their contextual knowledge to achieve change. In this way this empirical research shows how an external jolt was not a determining factor in transforming actors into change agents.

Another field-level enabling condition for action is the degree of institutionalization of organizational fields (Battilana and D'Aunno, 2009). When new organizational fields are emerging, actors have more change opportunities

due to the absence of established norms and rules. However evidence also suggests that change is more likely to occur in highly institutionalized environments, because uncertainty distracts actors from change efforts. A secure predictable environment is required for actors to have the freedom to engage in change activities (Battilana and D'Aunno, 2009). This research project supports the latter view. The cement industry in Mexico is a well-established field. The translation of the UNGC is taking place in this highly institutionalized environment.

### **7.1.2 Organizational-level Enabling Conditions**

Previous research at the organizational-level has established that organizations, at the margins or interstices of organizational fields, are more likely to engage in entrepreneurial activities. Contrastingly, high-status organizations are more likely to maintain the status quo (Battilana and D'Aunno, 2009). Challenging these findings, the four cases in this research are well-established, high-status organizations in the Cement industry; and, by adopting CRIs and developing CSR strategies, they are involved in disrupting the status quo and changing the institutionalized way of working.

### 7.1.3 Individual-level Enabling Conditions

Studies at this level have focused on how high agency and low embeddedness occur. However, recent studies are suggesting that embeddedness can generate the bases for action (c.f. Reay, 2006). Results from this research project present a mixed picture. They show how low embeddedness and high agency occurs; how being an outsider has its advantages; a general manager, with more than 5 years of service, from the Nonprofit Organizations pointed out (this quotation has been presented in section five):

*“In the inside we become bureaucratized”*

A front line employee from the Corporation, with more than 10 years of service, mentioned how people, with a lot of experience in the organization, sometimes need someone from the outside to point out things they cannot see; because they are used to them:

*“We have people with a lot of experience in the organization and new people from the communities.... This new personnel allow us to observe things we were not seeing because we were used to having them every day.... They come from outside and point things out to us.”*



On the other hand, results from the four cases also show how actors use their embeddedness to change established ways of working when translating the UNGC in the organization. How, knowing the organization's language, people, and systems, help actors to translate the UNGC. Even knowing when to bring someone from outside the organization; and when to use external events to advance the new CSR program, are important factors for translators to succeed. The next section explains these findings.

## **7.2 Three Microprocesses Used by Individuals to Achieve Change**

Reay (2006) performed a study of enabling conditions for action at the individual-level. She studied the role of individuals in the process of change; and identified how, through their embeddedness, actors accomplished three micro-processes:

1. Cultivating opportunities for change. This micro-process explains how, actors are constantly alert for situations they can use to introduce the new practice. Actors relied on their strong social connections, previous experience, and their deep understanding of the system to introduce the new practice. This research coincides with these results; it shows how actors are constantly using their experience, social connections, and understanding of the organization's system to advance the UNGC in the organization; a general manager from the Nonprofit Organization, with more than 9 years of service, explained:

*“I have an advantage... I started in the trenches, in the operation, that makes me see things in a different way, I know the people and their needs.... The vision, this experience gave me, is crucial...It helps me to find better solutions”*

2. Fitting the new practice into prevailing systems. At this stage actors concentrated on “hooking” the new practice into existing work procedures; resource allocation; and structures. In the previous section, this research has shown its concurrence with these results; how, during the translation process first stage, translators ground the new initiative into existing practices; thereby gaining legitimacy.
3. Proving the value of the new practice. Reay (2006) concluded that actors used their understanding of their work environments; and their knowledge of how their work colleges where likely to respond, to prove the value of the new practice. Resonating with these results, this empirical research found how actors were constantly using their understanding of their work environment; and their knowledge of the people within the organization during the translation process. A general manager from the Nonprofit Organization, with more than 9 years of service, mentioned:

*“The General Director has never rejected my projects. I think it is important to know how to sell a project. Someone used to tell me “it is because you have learned to read the mystique of the organization; you know how to quickly identify how things work here, with whom to talk, and when”. So when we sell a project to the General Direction we take it with all the arguments and with the certainty that we will have the impact everybody expects”*

Resonating with Reay (2006) this study analyzes the actions performed, not just by the top management, but by middle managers and front line employees; this opens the opportunity to observe how actors use their embeddedness when translating the UNGC in the organization. Previous studies tend to focus at the top of the organization; obscuring how individuals use their embeddedness to change established ways of working. The next section explains other ways in which individuals use their embeddedness to influence established systems.

### **7.3 Influencing the Established System through Planned Change**

Mainstream research on planned change shows how organizations are constantly trying to change themselves without achieving the expected outcomes (Czarniawska, 2008). These mainstream studies focus on how institutionalized “taken-for-granted” ways of working constrain action; without taking into account that actors can influence established ways of working. In contrast, Czarniawska (2008) establishes four ways in which individuals can influence the established way of working in which they are embedded.

The model of translation, developed by this study, can be seen as a process of planned change; as evidence in the four cases shows how translators have planned

the adoption of the UNGC and the development of CSR strategies. Moreover, evidence from this empirical research shows how the four cases have benefited from the four advantages of planned change identified by Czarniawska (2008):

1. Planned change generates an opportunity for reflection (Czarniawska, 2008). Results from this research show how, within the translation process phase-one, translators ground the UNGC on prevailing practices. The action of grounding invites translators to reflect on the value of existent social and environmental activities. A line manager from the Corporation, with more than 15 years of service, explained:

*“The COP information requirements have been a tool for reflection on our CSR practices”*

*“The first time it was explained to us (the COP) we said: we have nothing to report. In fact, in the first meeting they (people from the conglomerate) explained: it is about seeing the good things you do. We said: we do not have anything. They (the conglomerate) had to do a lot of work, because we did not understand the extraordinary part of what we were doing”*

2. Planned change problematizes what has been taken-for-granted (Czarniawska, 2008). This empirical research shows how when translators started reflecting on prevailing practices they also realized: the lack of CSR objectives; the need to change some practices; and suspend others. This reflection and problematization resulted in the establishment of CSR

programs and strategies. It also resulted in the integration of CSR activities into organizations' objectives. A line manager from the Cooperative, with more than 15 years of service, mentioned:

*“Implantation, the first part of our CSR program, consists in aligning all our CSR activities to the organization's objectives; to the UNGC ten principles; to our Cooperative principles; and to the organization's strategy”*

A line manager from the Multinational, with more than 9 years of service, commented:

*“The CSR area needed to understand how the communities' needs related to the organization's business activities; how to integrate the business agenda with the community theme”*

3. Planned change needs to be remembered. The purpose of planned change is *“the divestiture of old routines and the investiture into new ones”* (Czarniawska, 2008; p. 82). Resonating with Czarniawska, this empirical research shows how during the first translation phase, organizations ground the new practice into prevailing systems or old routines. However, during the second and third phases, translators start modifying existing practices and developing new activities, procedures, objectives and indicators. A line manager from the Cooperative, with more than 15 years of service, explained:

(Within our CSR program 2nd phase) *“we are working to systematize our activities, improve our processes, revise our actions, we will review the impact they have; and check if they have comprehensive administrative processes, and an adequate governance framework.... We are also reviewing the normative part, the part of the norm ISO 26000; and the implementation and measurement of GRI indicators”*

4. Planned change facilitates the “emergence of spontaneous inventions” and unintended consequences (Czarniawska, 2008). Evidence from this empirical research resonates with this advantage of planned change; it shows how in the process of translating the UNGC into the organization, translators did not plan for the COP to be an instrument for internal communication. This was an unintended consequence of joining the UNGC. A line manager from the Cooperative, with more than 15 years of service, commented:

*“It was something we gradually discovered. The objective of our first COP was to report to the Global Compact to be an active member of the UNGC..... When we tried to find a document, within the organization, which integrated all the required information (for the COP), we found lots of interesting isolated efforts. A document, which integrated everything, did not exist. There we realized that this document (the COP) could bring more benefits for the organization. We realized it could be an interesting document to enhance internal communication..... The first COP raised a lot of internal interest..... We saw how people within the organization were very interested to find out what their own organization was doing. What are my peers from other areas or other sites doing? We did not plan for this”*

This section has explained how the four cases have benefited from Czarniawska's four advantages of planned change. The next section presents a multidimensional view of agency; as a tool to analyze how individuals, embedded in the organization, influence the established way of working.

#### **7.4 A Multidimensional View of Agency**

To resolve the paradox of embedded agency, Battilana and D'Aunno (2009) establish that it is necessary to have a multidimensional view of agency; and to take into account that agency is not a constant attribute; individual's levels of agency can vary depending on their context, and can change over time. Battilana and D'Aunno (2009) suggest the use of the Emirbayer and Mische's (1998) framework to view agency as a multidimensional concept. Emirbayer and Mische's (1998) identify three constitutive elements of agency: iterative, projective, and practical-evaluative. Most analysis of agency in neo-institutional theory focuses on the projective dimension of agency, overlooking the iterative and practical-evaluative, which are critical to the study of institutional work (Battilana and D'Aunno, 2009). This empirical research shows how the three constitutive elements of agency, identified by Emirbayer and Mische's (1998), are present in the translation process.

1. The projective element describes how agency is projected towards the future through actors' capacity to imagine different possibilities. This empirical research shows how during the transition from pre-phase to phase-one, translators imagining different possibilities; they start developing CSR strategies and programs. In this way they project their agency into the future. A line manager from the Multinational, with more than 9 years of service, explained:

*“We were here and there. And, because we have limited resources, we need to be clear on where we could impact the most..... So we started to develop our community attention strategy”*

2. The iteration element describes how agency is informed by the past, by the formation of habits. This research shows how, in phase-one of the translation process, translators are informed by this habitual aspect; they use their knowledge and experience of organizations' past and current patterns of action to ground the new initiative into prevailing practices. In this way translators are using the iteration element of agency. A front line employee from the Corporation, with more than 10 years of service, explained:



*“(To achieve our objectives) a fundamental element has been our personnel..... There were people, who came from other sites, with plenty of knowledge about our organization”*

*“Here, at this site, I think it was very helpful that people from Hidalgo, where the model is established, were participating..... Then, it was not difficult to integrate all the new people to our way of working..... So, the culture was not difficult to implement. The culture came from all the places where we were already working that way.... I think that explains why it has not been difficult to implement social responsibility practices”*

3. The practical-evaluative element is described as *“the capacity of actors to make practical and normative judgments among alternative possible trajectories of action, in response to the emerging demands, dilemmas, and ambiguities of presently evolving situations”* (Emirbayer and Mische, 1998) p 971. This research explains how, within the four cases, a variety of ideas for new CSR activities arise every year. However, translators have to prioritize which activities to develop and implement, according to the demands and dilemmas of their present situation. In this way translators are exercising their practical-evaluative agency. A line manager from the Multinational, with more than 9 years of service, pointed out:

*“There is a lot of flexibility. The Coordinators are an important source of ideas. They are like a thermometer. They are there in the day to day. They can tell what works and what doesn't. We are constantly piloting. Communities change, they are not always the same. Our neighbors change. For example, the people with whom we started in an area ten years ago, now they are older, their needs are very*

*different. So you need that flexibility within your programs.... Within our structure there is an innovation committee and we define a committee's leader, whose objective is to promote innovation; what would work? How could we do it? Would it work in other sites?.... There is a lot of freedom to create new programs"*

This empirical study shows how, during the translation process, translators used the three dimensions of agency. However, the predominant dimension varied depending on the translation phase. During the transition from pre-phase to first phase, the predominant element is projective; translators project their agency into the future by developing CSR strategies and programs. Then, during the first phase (local grounding) the dominant element is iteration; translators use their knowledge and experience of organizations' past and current patterns of action to ground the new initiative into taken-for-granted practices. Finally in the second and third phases, modification and contrast, the predominant element is the practical-evaluative; as translators modify their prevailing practices and create new ones based on their CSR programs and strategies; but also on the demands and dilemmas of their present situation. The next section discusses these findings.

## **7.5 Discussion**

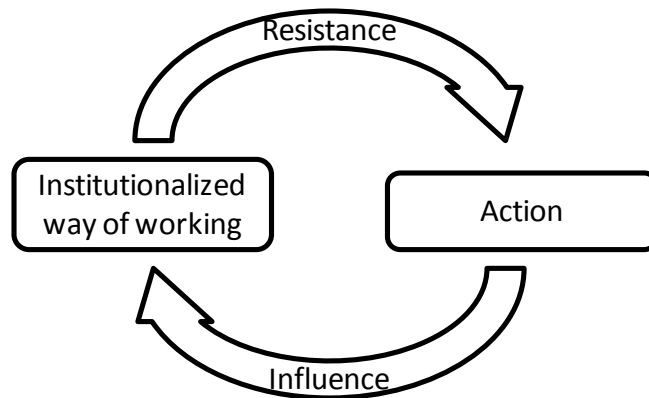
This individual-level study answers the second research question: Under what conditions do actors use their embeddedness to change established ways of working during the adoption of the UNGC? This analysis shows how individuals,

within the organization, use: the iterative; projective; and practical-evaluative elements of agency to change the established way of working during the adoption of the UNGC. The study also shows how the constant presence of resistance encourages translators to use their embeddedness to advance the new initiative in the organization.

In this way this empirical analysis addresses the paradox of embedded agency at the individual-level; and conceptualizes agency as a multidimensional concept, which varies depending on the context and can change over time (Battilana and D'Aunno, 2009). Early neo-institutional studies concentrated on how institutions constrained organizations. These early studies assumed that actors had a limited degree of agency. They explained how institutions are characterized by a high level of resilience; and how actors normally reproduce the institutionalized way of working without requiring the intervention of any authority, making it difficult to change (Battilana and D'Aunno, 2009).

This research shows how the institutionalized environment in the organization is constantly pressing to maintain the status quo, resisting change efforts. However, this research also shows how translators are constantly using their embeddedness to influence the institutionalized way of working. This recursive relationship between translators' constant efforts to influence other members of the organization and the resistance they encounter is presented in the exhibit below.

**Exhibit 29: Recursive Relationship between Institutions and Action at the Individual-level**



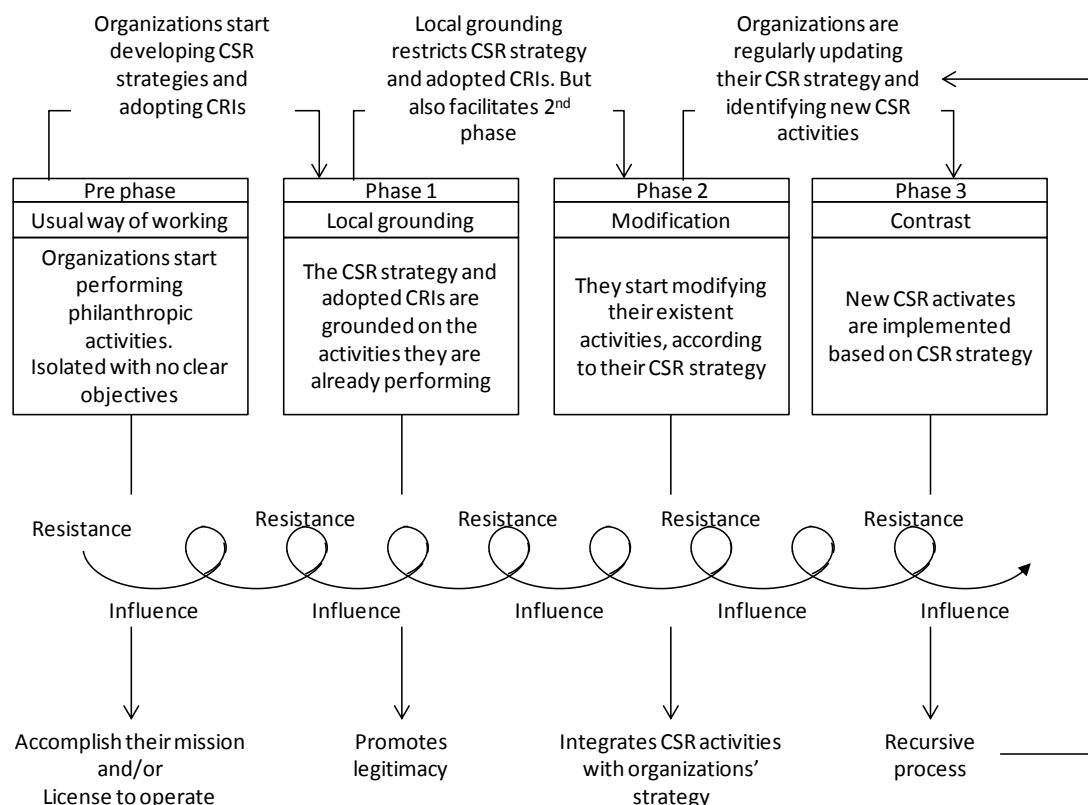
**7.5.1 Resistance and the Translation Process**

Translators encountered different forms of resistance when advancing the UNGC in the organization. Based on Lawrence’s (2008) framework it is possible to identify resistance to influence; discipline; and force. However, resistance to influence is the most prominent; as translators’ preferred way of exercising their agency has been to influence other members of the organization. Coercion has been an option; though rarely used. Translators know that if they do not “*convince*”, it is easy for people to relapse to prior behaviors.

According to Czarniawska (2008) “friction” or resistance is considered a positive factor in the translation model of change. Through resistance existing and new ideas meet. Results from this research project resonate with Czarniawska; they

show how resistance is a positive factor. Resistance is always present in the translation process; it encourages translators to constantly find ways to influence other members of the organizations. In this way, the translation process is fed by the continual interplay between the resistance caused by the institutionalized way of working, and translators' efforts to influence institutionalized practices. This constant interplay is presented in the exhibit below. The next section explains the actions of translators to overcome resistance.

**Exhibit 30: A Model of Translation of Corporate Responsibility Initiatives Including the Interplay between Resistance and Influence**



### **7.5.2 Ways to Overcome Resistance**

In their study on the Global Reporting Initiative, Etzion and Ferraro (2010) found that inclusiveness is an important part of the institutionalization process. They concluded that, in the early stages of institutionalization, a top-down centralized approach could assist the entrepreneur to concentrate resources and focus on legitimizing the new initiative. Then, a more inclusive structure, encouraging the participation of a broad range of field members, can be necessary to facilitate institutionalization.

This study accords with Etzion and Ferraro (2010), it found that defining a person in charge of the adoption process supports the implementation of the UNGC; his/her leadership and vision are considered success factors. Also, this study found that the participation of all the people affected by the new initiative facilitates the translation process. This participation helps to create compromise among organizational members; and to overcome resistance.

However, this study questions Etzion and Ferraro's (2010) findings. In the translation process practical adopters are always involved. When implementing a new initiative a person in charge is designated. This person involves everyone affected by the new practice; the objective is to legitimize it in the organization. Each participating department establishes its own objectives, and each person involved adapts the new practice according to the specific context. The study

shows how both having someone in charge, and having people involved, are vital to the entire translation process.

Finally, resonating with Campbell (2004), this research found how: top management support; and allocation of resources, assist translators to overcome resistance. Hamann (2009) also concluded that leadership commitment is a factor influencing companies to address human rights. The next section explains how the UNGC has also assisted translators to overcome resistance; and to promote CSR within the organization.

### **7.5.3 The UNGC Assisting Translators to Overcome Resistance**

This study found how the UNGC assisted translators to overcome resistance; and to legitimize CSR. The Multinational's CSR Director, who has 15 years of service, explained:

*“.....(the UNGC) helps us to develop behaviors and actions to stimulate internal change. ...., when you say the UN is giving us this guide, then you are talking about something which is really happening and is permanent; and is something which is being promoted worldwide..... this helps internally”*

These results add to knowledge of the UNGC's impact on social responsibility practices. They challenge previous findings which assert that organizations perceive the UNGC principles as "*minimum requirements*" which do not provide many incentives to achieve better results (Runhaar and Lafferty 2008). This empirical research shows how the UNGC legitimizes CSR; not just at field and country levels, as previous results identify, but at the organizational-level. It also shows how, the positive association to the UN has an impact, not just at field and country levels, but within the organization. According with Rasche (2012), these results show how, even though the UNGC is not a regulatory initiative, it helps to legitimize social responsibility.

This empirical research also states that organizations' adherence to the UNGC has enhanced their contact with external organizations. The Multinational's CSR Director, with 15 years of service, pointed out:

*"The UNGC helps us to create alliances with other organizations..... It helps us to have national and international networks, which assist us to improve our programs and initiatives..... It (the UNGC) helps us to learn..... We have learned a lot from international organizations; from the guides they provide to better live our social responsibility"*

This accords with Woo (2010); she describes the well-managed actions and efforts of three multinational corporations to comply with the UNGC principles. These



corporations highlight the importance of being part of a global network with local connections. It allows them to exchange ideas with “*like-minded*” organizations. According to Woo, organizations’ participation in the local network gives them access to: tools; problem solving exercises; and guidance documents. It also gives them the opportunity to establish a multi-stakeholder dialogue to promote mutual understanding.

Another factor which has helped interviewees to overcome resistance is to be embedded in the organization. The next section discusses this factor.

#### **7.5.4 Embeddedness and the Translation Process**

This study finds how translators are embedded in the organization. Their level of embeddedness is positively correlated with their years of service, which is detailed in appendix 3. By being embedded, translators are reproducing prevailing practices. But this research also finds that translators are not automatons; they are conscious of their embeddedness and use it to their advantage when they need to change the institutionalized way of working in which they are immersed. Embeddedness is used by translators in different ways. The evidence is presented below.

Between the pre-phase and phase-one, translators' embeddedness gave them the contextual knowledge necessary to: develop CSR strategies; and adopt the UNGC and CEMEFL. During this phase, translators used the projective element of agency; they projected their agency towards the future, through their capacity to imagine different ways of advancing the new initiatives. This act of planning the required changes enhanced translators' reflective capacity. In this way translators benefited from one the advantages of planned change identified by Czarniawska (2008). She established that planned change generates an opportunity for reflection.

During phase-one, translators grounded the newly adopted initiative on prevailing practices. At this stage translators benefited from their knowledge and understanding of the existent activities within the organization. Through this knowledge translators are able to question and "problematize" prevailing practices; this "problematization" is identified by Czarniawska (2008) as an advantage of planned change. At this first phase, translators were using the iteration element of agency; they were informed by their knowledge and understanding of the organization's past and present patterns of action.

During phases two and three translators use again their understanding of the organization's way of working to modify extant practices and implement new ones. Through their embeddedness, translators knew the "*organization's language... how to convince and when to intervene*". These phases focus more on the practical-evaluative element of agency. Translators are using their knowledge

of: the taken-for-granted way of working; and the CSR plans and strategies, to guide and facilitate changes in organization's practices. During these phases, translators implement new procedures, objectives, and indicators; in this way they benefit from the advantages of planned change established by Czarniawska (2008). She explains how planned change requires the installation of new routines; enhancing change in organizations.

The process of translation also benefited from the "emergence of unintended consequences". This is another advantage of planned change identified by Czarniawska (2008). Interviewees in the Cooperative explained how they did not plan the Communication on Progress report to be an instrument for internal communication; and it has been a useful tool to spread internally the CSR activities of the organization; this enhances employees' sense of belonging.

In this way, this empirical research addresses the paradox of embedded agency at the individual-level. It shows how translators use their embeddedness when employing the different dimensions of agency. Their embeddedness gives them the knowledge to reflect, legitimize, problematize, change/drop, and implement new practices. These results challenge early neo institutional studies, which state that actors normally reproduce the institutionalized way of working without requiring the intervention of any authority; making it difficult to change (Battilana and D'Aunno, 2009). In this research translators are embedded in the organization; and are reproducing the established way of working. However, they are aware of their embeddedness; and use it to overcome resistance and advance the UNGC in the organization.

This section has explained how, in the translation process, embeddedness enables action, and how translators use their embeddedness to overcome resistance. The next section presents interplay between the institutional environment and resistance in the translation process.

#### **7.5.5 The Interplay between the Institutional Environment and Resistance in the Translation Process**

This section shows how the interplay between the institutional environment and the resistance encountered by translators, influences the implementation of the UNGC. This happens in diverse ways in different organizations. Taking environmental principles as an example, it is possible to see how the institutional context - in this case Mexican regulation on environmental issues - is becoming more demanding and is pressing organizations to comply. As a result, we would expect similar environmental activities in every organization. However, as shown in exhibit 26, the environmental activities implemented by the four cases are different.

The institutional context plays a role in the implementation of different activities. The UNGC, as explained in section 6, is a principle-based initiative. This kind of initiative can be interpreted in diverse ways. This facilitates the implementation of diverse actions within each organization.

Resistance also plays a role in the implementation of different activities. Translators know they have to comply with Mexican regulation. However, in order to avoid resistance, they do not impose on people in the organization. Translators involve all the people affected by new initiatives. Participants establish their own objectives and suggest ways to obtain the required results. This happens at every level in the organization. Interviewees explained:

*“Is a combination of everything..... One person on its own cannot do a lot, the ethos of our organization is team work, and I think that through the participation of all my colleagues we have achieved in a short time the implementation of these (environmental) programs. The ideas (of which programs to implement and how to implement them) are from everyone”.*

(Line manager Cooperative)

*“We have a garden center. Gardeners work there. Is very good to have them because they implement things and we do not stop them, because the way in which they reproduce plants is good. It is very interesting, they do not have a very advanced technology, but they do it and obtain good results. We achieve the objectives and sometimes we exceed them.”*

(Front line employee Corporation)

(The implementation of new environmental programs does not just come from the country’s regulation) *“It is a little bit of everything. When the area for a new production plant is defined, we also have to analyze the surroundings. We decided to build our new production plant in Palmar de Bravo Puebla, and we see that we are surrounded by agricultural areas. Our people in the Ecology department start to struggle. They can see the over-exploitation of the wells..... We see the difficulties we will experience with the scarcity of water. Moreover we are the new ones in the area. We cannot just arrive and take all the resources. And ideas start to emerge.”*

(Line manager Corporation)

*“We have an open communication. Cemex is always ahead in communication technologies.... So the communication is very open and fluid..... (In the communication with the headquarters) we sometimes suggest new ideas or sometimes ask for modifications (to the goals the headquarters’ establish). Ideas come even from other areas.... For example if we find a new technology for sewer treatment we put it in the electronic forum...; this technology allows us to be in contact with all the people related to this area.”*

(Line manager Multinational)

*“I have seen impressive improvement initiatives from the people in the operation.... Improvements I would expect from a specialists’ laboratory. .... For example, people in the operation see that new equipment, after certain operation hours, starts to fail. They find out how to fix it, they improve it and share this information with other plants.... This in the end is applied to all the production facilities...; something similar happens with other environmental initiatives, like co-processing.”*

(Line manager Multinational)

This section has addressed the translation process. It has shown how the institutional environment interacts with resistance in the organization. This then results in different activities within each of the case studies. The next section presents the research conclusions and study contributions.

## **8. Research Conclusions and Study Contributions**

This research generates theory on how organizations translate the UNGC. The study is based on four cases from the cement industry in Mexico. Three of the cases are cement producers: the Cooperative, the Corporation, and the Multinational. On the other hand, the Nonprofit is not a cement manufacturer. It is a subordinate organization within the Cooperative; and it is part of the Cooperative's CSR operation. Organizations from the same country and sector are confronted by similar institutional demands. This allowed the researcher to concentrate on actors within organizations, and their activities when translating the UNGC. This chapter presents the study's major conclusions and contributions.

### **8.1 Research Implications**

This study constructed a model, showing how the UNGC is translated in organizations. The model specifies the process that organizations follow to incorporate the UNGC. This allows insight into the principle-based CRIs phenomenon, as there are no previous studies on the process organizations follow when adopting these initiatives.

The model has emerged from the research findings, and has been based on previous studies including: (1) Boxenbaum's (2008) three levels of translation: individual preferences, strategic reframing, and local grounding; (2) Sahlin and

Wedlin's (2008) editing rules: context, logic, and formulation; and (3) Etzion and Ferraro's (2010) three phases of analogical reasoning: equivalence, contrast, and modification.

The study of the translation process provides greater depth to our understanding of institutional theory. It addresses the paradox of embedded agency; how can actors change institutions when they are conditioned by the same institution they are trying to change? This research explains how embedded actors purposefully influence the institutionalized way of working. The study also explains how individual, organizational, and field-level conditions facilitate agency, despite the existence of pressures to preserve the status quo.

This research has been conducted at the individual and organizational-levels; this allows the identification of conditions facilitating agency. The study takes into account the "almost invisible" and most-of-the-time mundane adjustments of translators intending to change the established way of working. This is a more recent strand of research, as early neo-institutional studies focused on how institutions governed action. In this way, neo-institutionalism explained isomorphism within institutional environments and downplayed the role of agency. Agency was considered a secondary phenomenon and was understood as a reaction to institutional pressures.

Also, these early neo-institutional studies neglected the individual-level of analysis, because studies of institutions and organizations emphasized the role of collective. They did not focus on individual actors. However, the three levels of



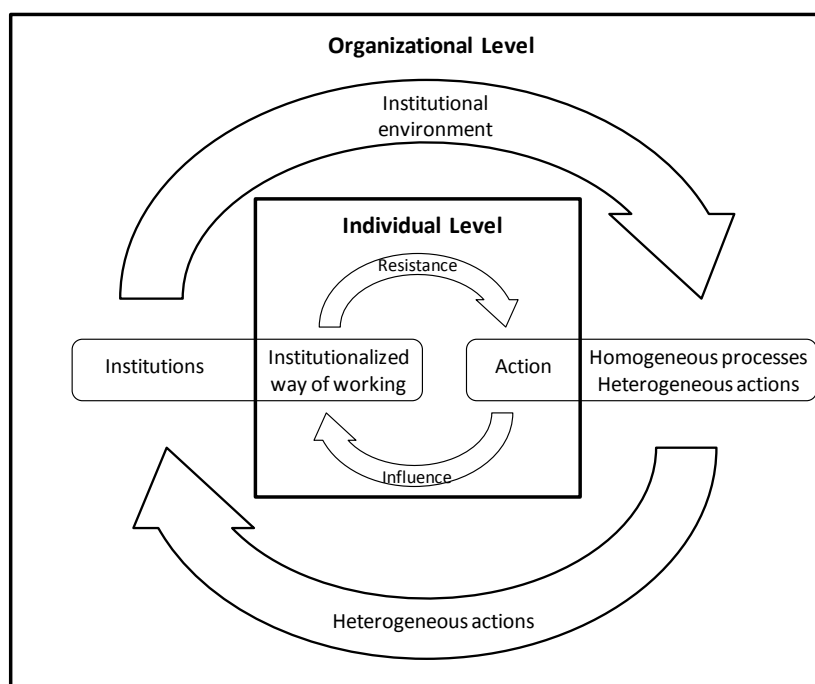
analysis - field, organizational, and individual - are interrelated. Individual behavior is implicitly involved in organizational and field-level phenomena. Recent studies are starting to recognize that solid micro-foundations are necessary to solve the paradox of embedded agency. Micro-foundations help to understand the institutionalization process (Battilana and D'Aunno, 2009).

This empirical study addresses the relationship between three levels of analysis: field, organizational, and individual. It explains how the translation process, which happens at the organizational-level, is influenced by individual and field-level phenomena. The interplay between the institutional environment and the resistance encountered by translators influences the implementation of diverse actions in each organization. The institutional environment, mainly through country regulation, encourages organizations to conform and implement similar actions. However, the institutional environment, through principle-based initiatives, also provides the flexibility required to implement diverse activities. At the individual level, resistance contributes to these differences. Translators know they have to comply with regulation, though, to avoid resistance, they encourage the participation of all the people involved. Participants establish their own objectives and activities to achieve them.

This research shows how, at the individual-level, there is a recursive relationship between the actions performed by translators to influence the institutionalized way of working, and the resistance they encounter. This recursive relationship fuels the translation process. At the field-level, there is a recursive relationship between the institutional environment, which causes homogeneous processes and

heterogeneous actions, and the homogeneous actions within organizations, which influence institutions. These recursive relationships are presented in the exhibit below and are further explained in the next sections.

**Exhibit 31: Recursive Relationship between Institutions and Action at the Individual and Organizational-levels**



### 8.1.1 How Institutions Affect Action at the Organizational-level

At the organizational-level, the four cases are from the same country and sector. They are affected by the same institutional environment and are confronted by similar stakeholders' demands. When they adopted the UNGC, the four cases were already complying with government regulation and with initiatives specific

to their sector. The influence from this institutional environment results in processual homogeneity. The four cases are following the same translation process, despite their different governance structure. This supports the idea that, when organizations are under pressure from their context, isomorphism happens.

Another factor influencing processual isomorphism is the way in which principle-based CRIs are structured. These initiatives are considered easy to implement. They can be pursued superficially, because they do not affect the organization's technical foundation; and are not costly to implement. These characteristics allowed the four organizations to ground the newly adopted initiative on the activities they were already performing; to later modify their CSR practices and implement new ones.

According to institutional theory, this isomorphic effect can be attributed to three mechanisms: coercive, mimetic and normative (Boons and Strannegard, 2000; DiMaggio and Powell, 1983). The processual homogeneity found in the four cases is influenced by these three mechanisms. Government regulation influence organizations to perform socially responsible actions; this shows the influence of normative and coercive mechanisms. Also, a main reason for organizations to start reporting was that they realized others were doing it; this shows the effect of mimetic mechanisms.

Resonating with Rasche (2012), this research found that the main motives for organizations to join the UNGC are instrumental. Interviewees explained organizations' legitimacy and reputation concerns; and their need for a "*license to*

*operate*”. Even though instrumental motives prevail, value rational motives are also present. Interviewees explained how organizations also joined the UNGC because they identified with its values.

According to institutional theory, this need to appear legitimate leads to ritualistic adoption, in which organizations join the new initiative without changing their practices. Etzion and Ferraro (2010) further explain this phenomenon. In their study on the institutionalization of Sustainability Reporting they found that when new initiatives are grounded on existing practices, organizations are mainly led by instrumental logics; this leads to a ritualistic adoption. Then, when organizations start modifying existing practices and implementing new ones, these phases are led mainly by value-rational logics, resulting in substantial implementation.

However, this study challenges the findings of Etzion and Ferraro (2010). Within the translation process’s first phase, organizations ground the newly adopted initiative on prevailing practices. Then organizations start modifying their CSR activities, dropping some of their practices and implementing new ones. All of these phases are mainly led by instrumental motives. These instrumental motives were even accentuated in later stages. This research shows how this happens because of the motives brought by the UNGC to organizations. It is known that CRIs, and specifically the UNGC, advocate the “business case” (Kilgour, 2013).

Based on these findings, it is possible to conclude that being driven by instrumental motives does not contradict substantive implementation. And value rational motives do not guarantee substantive adoption. What leads to a

substantive implementation is the focus on instrumental motives, brought by CRIs. These motives encourage organizations to integrate CSR activities into their business strategies, resulting in changes to organizational practices.

Also, this research shows how the UNGC is one of several initiatives used by organizations when developing CSR programs and strategies. However, it has an impact on CSR practices. This impact depends on the level of development of organizations' CSR strategies. Organizations with advanced CSR strategies benefit less from the UNGC. Organizations, which were in the process of developing their CSR strategies when they joined the UNGC, benefit more.

In summary, this study shows how the influence of the institutional environment on the translation process results in processual isomorphism. However this processual isomorphism does not lead to ritualistic adoption. When organizations translate principle-based CRIs, they are working to integrate their need for legitimacy with their need for internal efficiency, resulting in organizations incorporating these initiatives in their technical processes. This phenomenon is further explored in the next section.

### **8.1.2 How Action Affects Institutions at the Organizational-level**

CRIs detractors worry that organizations adopting the UNGC end up managing two decoupled structures: the formal one, which is visible; and the informal one, which is not and relates to the actions within the organization. They claim that the adoption of initiatives like the UNGC do not change the way in which organizations operate. However, this research has identified the fine-grained activities performed by organizations when translating the UNGC; and has shown how the adoption of the UNGC results in changes on organizational practices. This research shows how resistance supports change. It encourages translators to overcome it. A preferred action to overcome resistance is to involve everyone affected by the new initiative, letting them establish their own objectives and ways to achieve them. This results in changes within the organization.

Within the translation pre-phase, organizations were already performing CSR activities before joining the UNGC and developing CSR strategies. These practices were idiosyncratic. Each organization and each branch was performing CSR activities specific to their context. Within phase-one, when translators start grounding the newly adopted initiative on prevailing practices, far from ceremonially adopting, they started questioning; reflecting; and analyzing the CSR activities the organization was already performing. Then, in phases two and three, when translators started modifying activities and implementing new ones, there was always variation and stratification in the specific actions they put in practice. These activities were adapted to the local circumstances and influenced

by the style of the person in charge. This variation is welcomed and even encouraged, as it is a way of overcoming resistance. Hence, even though the translation process brings processual isomorphism, it also results in heterogeneous actions. These actions are adapted to the specific context. In this sense the translation process is a form of substantive implementation. And resistance encourages heterogeneous actions.

This research also found how organizations' particular experiences and heterogeneous actions influence principle-based and reporting-based CRIs, through organizations' participation in committees and working groups. In this way the actions within organizations inform institutions.

### **8.1.3 Summary: The Organizational-Level Analysis**

This study provides empirical evidence of how institutional pressures are influential. They result in processual isomorphism. However, resonating with Reay (2006), the study goes beyond the macro-processes of isomorphism - which focus mainly on similarities among organizations - treating change as an exception (Boons and Strannegard, 2000; Powell and DiMaggio, 1991). It finds how, in the translation process, change is not an exception, but a way of achieving the substantive implementation of newly adopted practices. And how, resistance encourages change.

The study examines micro-processes explaining intra-organizational phenomena. It finds that even though institutional pressures affect action, thereby causing processual homogeneity, but they also result in heterogeneous actions. These heterogeneous actions are a result of the interaction of institutional pressures and the resistance translators have to confront in the organization. The study also finds how these heterogeneous actions influence institutions; through organizations' participation in committees and working groups. In this way this research shows how the recursive relationship between institutions and action operates at the organizational-level.

The study also increases our knowledge of the UNGC's influence on CSR practices. It identifies the UNGC's intra-organizational impact, and shows how the degree of impact varies according to organizations' level of development of their CSR programs and strategies. The more developed their CSR programs and strategies, the less influence of the UNGC in the organization. The next section shows how the recursive relationship between institutions and action occurs at the individual-level.

#### **8.1.4 How Institutions Affect Action at the Individual-Level**

The study of the translation process organizations follow when adopting the UNGC allowed the analysis of how the action of individuals affects the institutionalized way of working, taking into account that individuals are part of the institutionalized way of working they are willing to change. This study agrees



with the established view of neo-institutional theory that patterns of institutionalized activities become taken-for-granted and are difficult to change (Zucker, 1977). During the translation process, institutionalized activities cause resistance, complicating change efforts. However, this study also finds how resistance is a factor promoting change, by encouraging translators to find ways to overcome it.

Previous neo-institutional research has mainly focused on the diffusion of practices, ignoring the role of resistance (Lawrence, 2008). This study finds how resistance is always present in the translation process. The study shows how translators overcome resistance mainly through the use of influence and coercion. Influence is the preferred way of overcoming resistance. Coercion is applied occasionally. Translators know that if they do not “*convince*”, it is easy for people to revert to prior behaviors.

However, this research goes beyond identifying forms of resistance. It analyzes how resistance is always present, and how it fuels the translation process. It enhances translators’ reflective capacity; it encourages them to constantly find ways to influence other members of the organization. One of the preferred ways to overcome resistance is to invite all the people affected by a new initiative to participate. They establish their own objectives and the actions to achieve them, resulting in intra-organizational change and in the implementation of diverse activities in different organizations. This resonates with Czarniawska (2008); she establishes that, in the translation model, “friction” or resistance is considered a

positive factor, through which existing and new ideas meet (Czarniawska, 2008).

The next section explains the actions of translators in overcoming resistance.

#### **8.1.5 How Action Affects Institutions at the Individual-Level**

Resonating with Reay (2006), this empirical study finds how the process of translation happens through the purposeful actions of individuals; in this case translators, who are embedded in the organization and are reproducing the institutionalized way of working. But translators are not automatons, they are aware of their embeddedness, and, when translating the UNGC, they use it to overcome resistance and advance the new initiative in the organization. Previous studies on institutional change mainly focused on embeddedness as a factor constraining action. Little attention is paid to embeddedness as an opportunity to achieve change (Reay et al., 2006).

This empirical study shows how translators took advantage of their understanding of the organization's established practices; and of their knowledge of other actors. They knew how to convince and when to intervene to advance the new initiative. This assisted them to overcome resistance, influencing and changing the established way of working. In this way, embeddedness and resistance are identified as conditions for action within the translation process.

This study tackles the paradox of embedded agency at the individual-level; it recognizes that agency is a dynamic concept which can change over time. The study analyzes agency through three constitutive elements: iterative, projective and practical-evaluative (Battilana and D'Aunno, 2009; Emirbayer and Mische, 1998). It shows how, through their embeddedness, actors employ these elements during the translation process; and contributes to defining under which conditions these different forms of agency predominate:

- Results show how the projective element of agency predominates in early stages. When translators are confronted by new practices which conflict the established way of working. At this point translators are more oriented to the future, as they start developing CSR programs and strategies to overcome resistance and integrate the contradictory practices.
- After developing CSR strategies and/or adopting the UNGC, translators need to legitimize the new initiatives. At this stage they focus on the iterative dimension of agency. Translators are more oriented to the past as they start grounding the new initiative on prevailing activities. Here, translators benefit from their past experience in the organization. Through this experience they know and understand organizations' patterns of action and ways of resistance. This allows them to reflect on the institutionalized activities.
- As a result of this reflection translators start acting to change the institutionalized way of working. Some practices are changed, others

dropped, and new activities start to be implemented. At this stage, translators are focusing more on the practical-evaluative element of agency. Here, they have to overcome resistance and solve the contingencies of the present, taking into account the past (institutionalized activities) and the future (CSR plans and strategies).

Another way to overcome resistance has been to involve everyone affected by the new initiative; involving everyone helps translators to legitimize the new practice. Etzion and Ferraro (2010) also found that inclusiveness is an important part of institutionalization. However, they concluded that in early stages a top-down centralized approach could assist the entrepreneur in concentrating resources; later, a more inclusive structure can be necessary to facilitate institutionalization.

This research challenges Etzion and Ferraro's (2010) findings. It shows how the locus of change does not move from the person in charge of the implementation to the adopters of the new practice. The two are present during the translation process. Those adopting practices are always involved; organizational members were already performing CSR activities, even before the adoption of the UNGC and the development of CSR strategies. Then, when adopting the UNGC and implementing CSR strategies, each participating department establishes its own objectives; and each person involved adapts the new initiative according to the specific context, resulting in intra-organizational change and in the implementation of diverse activities in different organizations. This shows how

the participation of everyone involved is constantly present. It is a preferred way to overcome resistance and it supports the entire translation process.

The constant participation of everyone affected by the new initiative makes it difficult to trace from where original ideas come from. This, according to Czarniawska (2008), differentiates the translation from the diffusion model of change. Czarniawska establishes that, within a translation model, “*It is difficult to trace back to the original movement*”; ideas exist all the time. On the contrary, in the diffusion model, movement originates at the top of the organization. Initiatives are normally attributed to top management, “*or their agents*” (consultants).

Another way of overcoming resistance has been to encourage changes to the newly adopted initiative. Each participating department establishes its own objectives; and each person involved adapts the new initiative according to the specific context. This, according to Czarniawska (2008), is another differentiator of the translation model. Czarniawska explains how, within the translation model, changes to the original idea are considered as inevitable; these changes facilitate implementation in different contexts. While in the diffusion model, changes to the original idea must be prevented; as they mean distortions.

Finally, this empirical research identifies how translators use the UNGC to overcome resistance. The UNGC assists translators in: creating alliances to participate in national and international networks; learning how to improve their CSR performance; and internally promoting and legitimizing CSR. Hence, the

UNGC contributes to legitimize CSR, not just at field and country levels, as previous research identifies, but at the organizational-level. Also, this research finds how the positive association to the UN has an impact at the organizational-level. In this way this research supports the idea that even though the UNGC is not a regulatory initiative, it contributes to legitimizing social responsibility (Rasche et al., 2012).

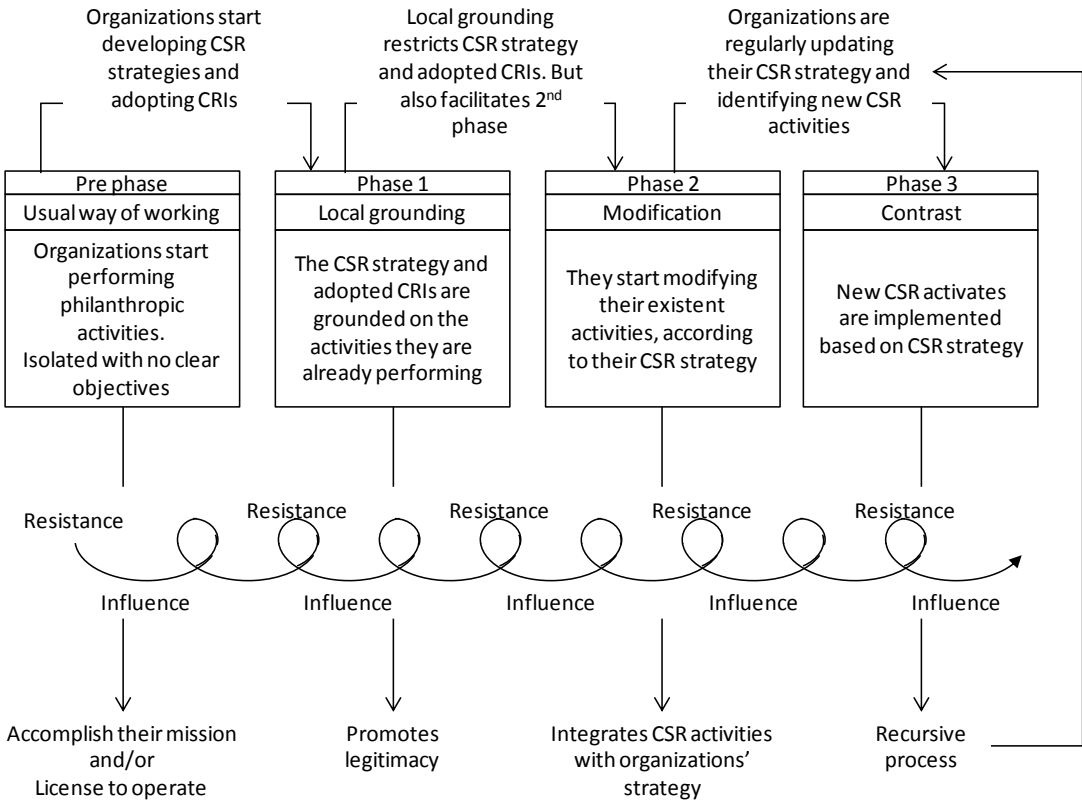
#### **8.1.6 Summary Individual-Level Analysis**

This study advances our knowledge of the relationship between agency and institutions. It explains this relationship at the individual-level and supports the idea that institutions are not “*cognitive totalizing*” structures (Battilana and D'Aunno, 2009). The study shows how translators are embedded in the organization and reproduce the established way of working. However, translators are aware of their embeddedness and use it to overcome resistance. They reflect on: legitimizing; changing/dropping; and implementing new practices. In this way translators are both reproducing and challenging the institutionalized way of working.

This research explains the translation process as the constant interplay between the institutionalized way of working and translators' efforts to overcome resistance. The study shows how institutionalized practices constrain action

through resistance. However, this research also shows how resistance encourages translators to find ways to influence and change the institutionalized way of working. The translation model takes the interplay of agency and resistance from Laurence’s (2008) model and adds a time dimension; conceptualizing resistance and influence as a helix, always present, feeding the translation process. This results in intra-organizational change and in the implementation of heterogeneous actions. This is shown in exhibit 30 below. The exhibit was introduced in section 7.5.1.

**Exhibit 30: A Model of Translation of Corporate Responsibility Initiatives Including the Interplay between Resistance and Influence**



Finally, this research identifies how the UNGC supports translators to legitimize CSR in the organization. This advances our knowledge of the UNGC's impact on CSR practices; and supports the idea that the UNGC contributes to legitimizing social responsibility. The next sections present the study's limitations and, next, suggestions for further research.

## **8.2 Limitations of the Study**

To answer the research questions, theory generation from case study evidence was considered the suitable approach. It helps to analyze phenomena which have been scarcely studied; and to analyze process-related issues (Miles and Huberman, 1994). However, this methodology encounters weaknesses, which are considered below, along with possible ways to overcome them.

First, this research is based on four organizations from the cement industry in Mexico. It is important to be cautious when generalizing beyond this specific context. The results from this empirical research might not directly correspond to other organizations. Further research in different countries and sectors can assist generalization beyond this context.



Furthermore, this research is based on organizations adopting principle- and reporting-based initiatives. The other two kinds of voluntary CRIs, certification- and process-based, are more specific. Certification-based initiatives, like SA8000, include auditing and verification instruments. Process-based initiatives, like the standards issued by AccountAbility, establish processes to integrate social responsibility in organizations' operations. Further research in organizations adopting certification- and process-based CRIs might present different results.

Lastly, this research is based on qualitative data analysis. It is an interpretative study as it is based on interviewees' perceptions. This brings risks, such as the biases caused by interviewees' and researcher's interpretations. Even though diverse tactics were used to reduce these risks, biases can remain. The researcher has been self-aware of personal assumptions. And the use of well-proven methods assists the research's internal and external validity, objectivity and reliability. The methods followed by the project have been detailed. Also, the data was collected across a wide range of respondents, and triangulation across data sources was performed. Finally, the research conclusions have been linked to data and the results were related to prior theory.

### **8.3 Suggestions for Further Research**

This empirical research has analyzed the adoption of the UNGC under a neo-institutional perspective. Institutional theory has been widely used as a theoretical framework to study the diffusion of organizational practices (Scott, 2008). And the use of this perspective in the adoption of the UNGC has brought important contributions to both neo-institutional research and the study of principle- and reporting-based CRIs.

This project has allowed insight into the principle- and reporting-based CRIs phenomenon, as there are no prior studies on the process organizations follow when adopting these initiatives. A model of the adoption of principle- and reporting-based CRIs has emerged. This model explains how these CRIs are not diffused but translated into organizations; resulting in modifications in the way organizations operate. The model also shows how translators' embeddedness has been a factor facilitating the translation process.

This empirical research also provides a wider view of the relationship between agency and institutions. It shows how, at the individual and organizational-levels, action affects institutions without denying the effect institutions have on action. However, more empirical studies are required to enrich the constructs developed in this research. Therefore, three suggestions for further research are explained below.

First, at the organizational-level, this research found how organizations' heterogeneous actions impact CRIs. This happens through organizations' participation in committees and working groups. The Multinational, for instance, has been participating in the Global Reporting Initiative working group; and the Cooperative in the UNGC Committee Mexico. In this way, organizations' particular actions impact institutions. However, further research is required on how practices in organizations influence CRIs. Case studies can advance our knowledge of how particular organizational practices impact the evolution of Corporate Responsibility Initiatives.

Furthermore, at the individual-level, neo-institutional studies have been scarce. Some scholars have addressed human agency, focusing mainly on how high agency and low embeddedness occur (Battilana and D'Aunno, 2009). This empirical study addresses the individual-level of analysis. It considers embeddedness as a factor constraining but also enabling action. The study conceptualizes agency as a multidimensional concept, which varies depending on the context and can change over time (Battilana and D'Aunno, 2009). In this way, this research establishes how different constitutive elements of agency prevail at the different stages of the translation process. However, additional research is required to further understand the interaction between individual action and institutional change. Case studies can advance knowledge of how individual micro-level activities impact the macro-level.

Finally, this research has advanced our knowledge of the UNGC's impact on CSR practices; it has identified the UNGC's intra-organizational influence. This empirical study has established that the UNGC's impact in organizations varies depending on the level of development of their CSR programs and strategies. The more developed their CSR strategy, the less impact of the UNGC. However, further research is required to better understand the factors influencing the UNGC's intra-organizational effect. Qualitative research can help to understand the effects of the UNGC on organizational practices. The next section explains the practical implications of this empirical research.

#### **8.4 Practical Implications**

This research has addressed practitioners' concern about the adoption of the UNGC, and also, the limited research and lack of procedural guidelines on the incorporation of principle- and reporting-based CRIs. Many organizations have difficulties when implementing these initiatives (Jamali, 2010). The major implication for practitioners is a better understanding of these initiatives' adoption processes.

This section explains the importance of regarding the adoption of principle- and reporting-based CRIs as a translation - and not a diffusion - process. Diffusion has been the main stream model to explain how novel initiatives spread, with little alteration, through organizations. The diffusion model has been more accepted

among managers, mainly because it offers the illusion of control. In contrast, translation establishes that initiatives are customized as they spread. The translation model shows the uncertainty and ambiguity of the adoption process. Through translation, foreign initiatives resonate better with receiving organizations, facilitating implementation in different contexts.

The translation of principle- and reporting-based initiatives follows four stages. It starts with a pre-phase “usual way of working”; at this stage it is important to recognize that most organizations, just by complying with regulation on social and environmental issues, are already performing CSR activities. The translation process starts by identifying these existing CSR practices; to then develop CSR strategies and work on plans for the implementation of the new initiative.

The translation process continues with phase-one “local grounding”; it consists in aligning the CSR activities the organization is already performing with the newly-developed CSR strategy; the objective is to legitimize the new initiative. At this first stage it is necessary not to change activities, but to analyze and question prevailing CSR practices. Then, the translation process continues with phase-two “modification”; and phase-three “contrast”. At these last stages existent activities are changed or suspended and new activities are implemented, based on the organization’s CSR strategy and working plans. Finally, it is important to recognize that the translation process is recursive; new activities require constant monitoring in order to prevail; and there are always novel initiatives to be implemented.

The way in which principle- and reporting-based initiatives are structured allows organizations to follow this translation process. Principle- and reporting-based initiatives are considered easy to implement, for three main reasons: first, an initial response to these initiatives does not affect organizations' core activities; second, principle- and reporting-based initiatives can be interpreted in diverse ways by adopting organizations; and third, the cost for their adoption is considered low, and it varies according to organizations' size.

Resistance is an important factor, which is always present when organizations adopt new initiatives. The translation model recognizes the presence of resistance; and uses it in its favor. Resistance is considered a positive factor which fuels the translation process. It encourages organizations to constantly find ways to overcome it.

To overcome resistance, it is necessary to: 1. focus on influencing persuading and convincing other member of the organization; 2. establish discipline, defining: rules, procedures, and reward systems; 3. use coercion, applying sanctions when required. However influence is the favored way to overcome resistance; because, if people are not convinced, it is easy to revert to prior behaviors.

In order to overcome resistance three conditions are essential: 1) top management support; the management team allocates the required resources to advance the new initiative; 2) to appoint a person in charge of the adoption process, this person's embeddedness, leadership, and vision assist new initiatives to advance; 3) to promote the participation of everyone affected by the new initiative; encouraging

and welcoming changes to the original strategy and adoption plan. This third condition could be achieved by allowing each department to establish its own objectives; and working plans.

Finally, at every stage of the translation process it is important to advocate the “business case”; highlighting how CSR activities assist the organization in achieving its objectives. In this way, this project establishes specific procedural guidelines when organizations are adopting principle- and reporting-based CRIs. This will assist organizations in adopting these initiatives.

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## Appendix 1: Semi-Structured Interview Questionnaire

### Semi-structured Interview Questions

Questions	Prompts	Themes	Rationale
Introductory question  <b>1.</b> How long have you been working for this company?	<ul style="list-style-type: none"> <li>Has your position been changing?               <ul style="list-style-type: none"> <li>How?</li> <li>Why?</li> </ul> </li> </ul>	Embeddedness	<ul style="list-style-type: none"> <li>Embeddedness Definition</li> <li>Embeddedness constrains/enables change (Reay et al. 2006)</li> </ul>
		Translation	Boxenbaum's framework:  Individual preference  (Boxenbaum 2006)
<b>2.</b> From where did the idea of implementing this action/ policy/ process come from?	<ul style="list-style-type: none"> <li>Specific person/area</li> <li>This organization</li> <li>Headquarters</li> <li>External Consultants</li> <li>The Local Network</li> <li>The UNGC</li> </ul>	Embeddedness	<ul style="list-style-type: none"> <li>Constrains/enables change</li> <li>External event is required to turn actors into change agents</li> </ul> (Barley and Tolbert 1997, Seo and Creed 2002, Reay et al. 2006)
		Translation	Translation vs. diffusion  Movement originates from top management or consultants



			Czarniawska 2008
<b>3.</b> How do you decide which new activities/ policies/ processes to implement?	<ul style="list-style-type: none"> <li>• What do you take into account? <ul style="list-style-type: none"> <li>▪ What you consider meaningful and valuable?</li> </ul> </li> </ul>	Translation	Boxenbaum's framework: <ul style="list-style-type: none"> <li>• Individual preference (Boxenbaum 2006)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ The organization's requirements/ resources?</li> <li>▪ Relates to what you are already doing or need to do as part of your business activities?</li> <li>▪ It is considered easy to implement? Why?</li> <li>▪ Information from the Local Network?</li> <li>▪ Information from UNGC?</li> <li>▪ Information from external consultants?</li> </ul>	Translation	Boxenbaum's framework: <ul style="list-style-type: none"> <li>• Strategic reframing (Boxenbaum 2006)</li> </ul>
			Translation vs. diffusion Movement originates from top management or consultants Czarniawska 2008
<b>4.</b> What motivates you to find new activities/ policies/ processes to implement?	<ul style="list-style-type: none"> <li>• Why?</li> </ul>	Translation	Boxenbaum's framework: <ul style="list-style-type: none"> <li>• Individual preference (Boxenbaum 2006)</li> </ul>
<b>5.</b> Who is the person responsible for this action/ policy/ process?	<ul style="list-style-type: none"> <li>• Why is this person responsible?</li> </ul>	Embeddedness	<ul style="list-style-type: none"> <li>• Embeddedness Definition</li> <li>• Embeddedness constrains/enables change (Reay et al. 2006)</li> </ul>

6. What was happening inside and outside the organization when the decision of implementing this action/policy/process arose?	<ul style="list-style-type: none"> <li>Any crucial external event?</li> <li>Internal situation?</li> </ul>	Embeddedness	External event is required to turn actors into change agents (Barley and Tolbert 1997, Seo and Creed 2002, Reay et al. 2006)
7. Did you depend on other people to implement this activity/ policy/ procedure?	<ul style="list-style-type: none"> <li>Did you need someone external to help with the implementation? <ul style="list-style-type: none"> <li>Consultant</li> <li>Headquarters</li> <li>Other organization</li> <li>The local UNGC network</li> </ul> </li> <li>Did you also depend on people within this organization?</li> <li>On whom / how/ what did you need from them?</li> </ul>	Embeddedness	<ul style="list-style-type: none"> <li>Constrains/enables change</li> <li>External influence is required to turn actors into change agents (Barley and Tolbert 1997, Seo and Creed 2002, Reay et al. 2006)</li> </ul>
		Translation	<p>Translation vs. diffusion</p> <p>Movement originates from top management or consultants</p> <p>Czarniawska 2008</p>
	<ul style="list-style-type: none"> <li>Does the amount of people involved represent a problem?</li> </ul>	Resistance	<p>Lawrence's framework:</p> <p>Resistance to agency (influence)</p> <p>(Lawrence, 2008)</p>
8. How do you present the new activities/ policies/ processes to the people you need to involve?	<ul style="list-style-type: none"> <li>Leaflets, e-mails, public announcements, presentations, etc.</li> <li>Did you use concepts, categories, examples, references, specific</li> </ul>	Translation	<p>Sahlin and Wedkin's editing rules:</p> <ul style="list-style-type: none"> <li>Formulation</li> </ul>

<p>And/or</p> <p>How were these activities/ policies/ processes presented to you?</p>	“Labels”?		(Sahlin and Wedlin 2008)
	<ul style="list-style-type: none"> <li>What did you emphasize <ul style="list-style-type: none"> <li>Intentions/ aims/ objectives, actors, procedures/ activities, effects?</li> <li>Benefits to the organization (“business case”)/ society/ both?</li> </ul> </li> </ul>	Translation	<p>Sahlin and Wedkin’s editing rules:</p> <ul style="list-style-type: none"> <li>Logic (Sahlin and Wedlin 2008)</li> <li>Instrumental and/or value-rational logic (Etzion and Ferraro, 2010)</li> </ul>
	<ul style="list-style-type: none"> <li>Do you relate it to what they are already doing/what is relevant to them?</li> </ul>	Translation	<p>Boxenbaum’s framework:</p> <p>Local grounding</p> <p>(Boxenbaum 2006)</p>
		Embeddedness	<p>Reay’s framework: fitting the new practice into prevailing systems</p> <p>(Reay et al. 2006)</p>
<p>9. How do you encourage people, you depend on, to follow the new activity/ policy/ procedure?</p>	<ul style="list-style-type: none"> <li>Do you establish benchmarks?</li> <li>Do you measure results?</li> <li>Do you establish key performance indicators?</li> <li>Do you have a system/ program of rewards/ sanctions? <ul style="list-style-type: none"> <li>How does this work?</li> <li>Does this system/program apply to all the people involved?</li> </ul> </li> </ul>	Resistance	<p>Lawrence’s framework:</p> <p>Resistance to discipline:</p> <ul style="list-style-type: none"> <li>Enclosure</li> <li>Surveillance</li> </ul> <p>(Lawrence, 2008)</p>

	<ul style="list-style-type: none"> <li>• Are these activities part of their performance appraisal?</li> <li>• Do you perform internal audits? <ul style="list-style-type: none"> <li>▪ How?</li> <li>▪ When?</li> <li>▪ Do you warn them?</li> </ul> </li> <li>• Do you publish results?</li> </ul>		
	<ul style="list-style-type: none"> <li>• Are external audits performed? <ul style="list-style-type: none"> <li>▪ How?</li> <li>▪ Why?</li> </ul> </li> </ul>	Resistance	Lawrence's framework: Resistance to discipline: Enclosure Surveillance (Lawrence, 2008)
		Translation	Translation vs. diffusion Movement originates from top management or consultants Czarniawska 2008
	<ul style="list-style-type: none"> <li>• Do you celebrate achievements?</li> <li>• How?</li> </ul>	Embeddedness	Reay's framework: strategy of small wins (Reay et al. 2006)
<b>10.</b> How often people do not follow the new activity/ policy/ procedure?	<ul style="list-style-type: none"> <li>• How do they do it?</li> <li>• Do they perform the activity partially?</li> <li>• They do the minimum required?</li> <li>• How often they tell you they will do</li> </ul>	Resistance	Lawrence's framework: Resistance to force (Lawrence, 2008)

	something and do not perform it? • How often do they tend to revert to previous behavior?		
	• Any extreme cases (i.e. insubordination or sabotage)?	Resistance	Resistance to domination (Lawrence, 2008)
<b>11.</b> What do you do to prevent this?	• Are there any consequences for people who do not follow the new practices and procedures? /Which ones?	Resistance	Lawrence's framework: Resistance to discipline (surveillance) (Lawrence, 2008)
<b>12.</b> What motivates you to perform the new activities/ policies/ procedures?	• Internal conviction?	Translation	Reay's framework: Individual preference (Reay et al. 2006)
	• Influence from peers or other people in the organization? • The fact that it is part of your performance appraisal?	Resistance	Lawrence's framework: • Resistance to discipline • Resistance to influence (Lawrence, 2008)

<b>13.</b> Are these activities/processes already part of your daily routine or are they new activities that you are starting to implement?	<ul style="list-style-type: none"> <li>• Does this activities/processes influence your daily work?</li> <li>• How?</li> </ul>	Embeddedness	Reay's framework: Institutionalization process (Reay et al. 2006)
		Translation	Etzion and Ferraro's framework: Superficial vs. substantive implementation (Etzion and Ferraro, 2010)
			The constant encounters between traveling and resident ideas results in the transformation of both local and foreign initiatives and practices (Boxenbaum, 2006)
<b>14.</b> What have you been doing in order to achieve these results?	<ul style="list-style-type: none"> <li>• Take me through the process <ul style="list-style-type: none"> <li>▪ How long has it taken?</li> </ul> </li> <li>• Have you waited for the "right" moment (times/places)? <ul style="list-style-type: none"> <li>▪ How do you know which the "right" moment/place is?</li> </ul> </li> <li>• Have you talked to the "right" people (department/organization/headquarters)? <ul style="list-style-type: none"> <li>▪ How do you know who they are?</li> </ul> </li> </ul>	Embeddedness	<ul style="list-style-type: none"> <li>• Embeddedness definition (the level in which individuals, and their actions, are linked to their social context)  (Powell 1996) (Lee et al. 2004)</li> <li>• Reay's framework:  cultivating opportunities for change (Reay et al. 2006)</li> </ul>

	<ul style="list-style-type: none"> <li>• Have you used information from the local network?</li> <li>• Have you used information from the UNGC?</li> <li>• Have you required external consultants?</li> <li>• Or help from: <ul style="list-style-type: none"> <li>▪ Headquarters?</li> <li>▪ Other organizations?</li> </ul> </li> </ul>	Embeddedness	<ul style="list-style-type: none"> <li>• Constrains/enables change</li> <li>• External influence is required to turn actors into change agents (Barley and Tolbert 1997, Seo and Creed 2002, Reay et al. 2006)</li> </ul>
		Translation	<p>Translation vs. diffusion</p> <p>Movement originates from top management or consultants</p> <p>Czarniawska 2008</p>
	<ul style="list-style-type: none"> <li>• Have you had to convince people?</li> <li>• Did you know how to convince them?</li> </ul>	Embeddedness	Reay's framework: Proving the value of the new practice (Reay et al. 2006)
<b>15.</b> Do you relate new activities/ policies/ processes with other activities/ policies/ processes that are already part of the organization's ways of working?	<ul style="list-style-type: none"> <li>• Which ones?</li> <li>• How do you decide what and how to combine?</li> <li>• What do you focus on similarities/ differences/ adaptation between new and existing policies/ processes/ activities?</li> <li>• Does this result on changes to daily activities? <ul style="list-style-type: none"> <li>▪ Which changes?</li> </ul> </li> <li>• Have this been changing over time?</li> </ul>	Embeddedness	<p>Reay's framework: fitting the new practice into prevailing systems</p> <p>(Reay et al. 2006)</p>
		Translation	<p>Etzion and Ferraro's framework:</p> <ul style="list-style-type: none"> <li>• Equivalence</li> <li>• Contrast</li> <li>• Modification</li> </ul> <p>(Etzion and Ferraro, 2010)</p>

	How?		The constant encounters between traveling and resident ideas results in the transformation of both local and foreign initiatives and practices  (Boxenbaum, 2006)
<b>16.</b> Have anyone opposed to this initiative?	<ul style="list-style-type: none"> <li>• How?</li> <li>• Why?</li> </ul>	Resistance	Lawrence's framework:  Resistance to agency (influence and force)  (Lawrence, 2008)
<b>17.</b> What have you done to convince them?	<ul style="list-style-type: none"> <li>• Do you emphasize benefits to the organization ("business case")?</li> </ul>	Embeddedness	Reay's framework: Proving the value of the new practice (Reay et al. 2006)
		Translation	Instrumental and/or value-rational logic (Etzion and Ferraro, 2010)
	<ul style="list-style-type: none"> <li>• Do you explain that experts, external to the organization, have recommended these changes?</li> </ul>	Embeddedness	External event is required to turn actors into change agents  (Barley and Tolbert 1997, Seo and Creed 2002, Reay et al. 2006)
		Translation	Translation vs. diffusion  Movement originates from top management or consultants  Czarniawska 2008



<b>18.</b> How is the COP annual report developed?	<ul style="list-style-type: none"> <li>• Who is in charge? Why?</li> <li>• Who participates and How?</li> <li>• Why these participants?</li> </ul>	Resistance	Lawrence's framework:  Resistance to control  (Lawrence, 2008)
<b>19.</b> Which problems have you confronted when developing the COP?	<ul style="list-style-type: none"> <li>• People do not deliver the required information?</li> </ul>	Resistance	Lawrence's framework:  Resistance to control  (Lawrence, 2008)
<b>20.</b> How and why have the COP annual report been changing?	<ul style="list-style-type: none"> <li>• Follow UNGC (GRI) guidelines?</li> <li>• To be part of the Notable Participants?</li> </ul>	Translation	Etzion and Ferraro's framework:  <ul style="list-style-type: none"> <li>• Equivalence/ contrast/ modification</li> </ul>

### Questions for CEO and CSR Director

Questions	Prompts	Themes	Rational
1. Why did you decide to join the UNGC?	<ul style="list-style-type: none"> <li>What motivated you?</li> <li>What made you think it was a good thing to do for the organization?</li> </ul>	Translation	Boxenbaum's framework: Individual preference (Boxenbaum 2006) p
	<ul style="list-style-type: none"> <li>What was happening outside and inside the organization?</li> </ul>	Embeddedness	External event is required to turn actors into change agents (Barley and Tolbert 1997); (Seo and Creed 2002); (Reay et al. 2006)
2. Did people within the organization oppose?	<ul style="list-style-type: none"> <li>How?</li> <li>Why?</li> </ul>	Resistance	Lawrence's framework: Resistance to agency (influence and force) (Lawrence, 2008)
3. How did you overcome this resistance?	<ul style="list-style-type: none"> <li>What did you do to convince them?</li> <li>Did you emphasize the benefits to the organization (business case)?</li> </ul>	Embeddedness	Reay's framework: Proving the value of the new practice (Reay et al. 2006)
		Translation	Instrumental and/or value-rational logic (Etzion and Ferraro, 2010)
		Resistance	Lawrence's framework: Resistance to agency (influence and force)

			(Lawrence, 2008)
4. Did you require external support?	<ul style="list-style-type: none"> <li>• External consultants?</li> <li>• Help from the local UNGC network?</li> </ul>	Embeddedness	<p>External event is required to turn actors into change agents</p> <p>(Barley and Tolbert 1997, Seo and Creed 2002, Reay et al. 2006)</p>
		Translation	<p>Translation vs. diffusion</p> <p>Movement originates from top management or consultants</p> <p>Czarniawska 2008</p>

## Appendix 2: List of Communication On Progress (COPs) and Sustainability Reports

### List of Organizations' Communication On Progress (COPs) and Sustainability Reports

<b>Cooperative and Nonprofit Organizations</b>		
<b>Document</b>	<b>Year</b>	<b>Pages</b>
Comunicación Sobre el Progreso Cooperativa La Cruz Azul S.C. L./ El Pacto Mundial	2008	74
Cooperativa La Cruz Azul S.C. L. Comunicación Sobre el Progreso	2009	89
Cooperativa La Cruz Azul S.C. L. Comunicación Sobre el Progreso Pacto Mundial ONU	2010	1-61 78-128

<b>Corporation</b>		
<b>Document</b>	<b>Year</b>	<b>Pages</b>
Cooperativa La Cruz Azul S.C. L. Comunicación Sobre el Progreso Pacto Mundial ONU	2010	62-77

<b>Multinational</b>		
<b>Document</b>	<b>Year</b>	<b>Pages</b>
Cemex Crecimiento con Responsabilidad Social Informe de Responsabilidad Social	2002	20
Cemex Compromiso con Nuestras Comunidades Informe de Competitividad Responsable	2003	20
Cemex Cerca de Ti Informe de Competitividad Responsable	2004	20
Cemex 100 Años Cerca de Ti Informe de Competitividad Responsable	2005	54

Cemex Construimos Juntos Informe de Desarrollo Sustentable	2006	54
Cemex Construimos Juntos Informe de Desarrollo Sustentable	2007	66
Cemex Construimos Juntos Informe de Desarrollo Sustentable	2008	66
Cemex Construimos Juntos Sustentabilidad e Innovación Social Informe de Desarrollo Sustentable	2009	80
Cemex Construyendo un Mejor Futuro Informe de Desarrollo Sustentable	2010	98

### Appendix 3: Interviewees' Years of Service

#### Interviewees' Years of Service

Nonprofit Organization	
Interviewees	Years of service
General Manager 1	34
General Manager 2	7
General Manager 3	9
Line manager 1	20
Line manager 2	40
Line manager 3	25
Front line worker 1	27
Front line worker 2	20
Front line worker 3	23
Front line worker 4	17
Front line worker 5	14
Front line worker 6	2
Front line worker 7	14
<b>Total interviewees 13</b>	

Cooperative	
Interviewees	Years of service
General Director	more than 30
General Manager 1	29
General Manager 2	36
General Manager 3	28
Line Manager 1	37
Line Manager 2	more than 30
Line Manager 3	30
Line Manager 4	32
Line Manager 5	17
Line Manager 6	35
Line Manager 7	19
Line Manager 8	21
Front line worker 1	14
Front line worker 2	10
Front line worker 3	22
Front line worker 4	27
Front line worker 5	23
<b>Total interviewees 17</b>	

Corporation	
Interviewees	Years of service
General Manager	more than 20
Managerial Committee 1	-----
Managerial Committee 2	-----
Line Manager 1	30
Line Manager 2	30
Line Manager 3	27
Line Manager 4	12
Line Manager 5	29
Front line worker 1	6
Front line worker 2	14
Front line worker 3	4
Front line worker 4	12
Front line worker 5	14
Front line worker 6	11
Front line worker 7	5
<b>Total interviewees 15</b>	

Multinational	
Interviewees	Years of service
Director	15
Line Manager 1	10
Line Manager 2	5
Line Manager 3	25
Line Manager 4	4
Line Manager 5	10
Front line worker 1	17
Front line worker 2	6
Front line worker 3	12
<b>Total interviewees 9</b>	

## Appendix 4: Summary of the Four Cases

### Summary of The four Cases

Questions	Nonprofit	Cooperative	Corporation	Transnational
From where do ideas of which programs to implement come from?	<p>From everywhere in the organization and beyond:</p> <p>Contact with external organizations, communities, government, external events</p> <p>Headquarters</p> <p>Departments</p> <p>Individuals</p> <p>The organization's needs are a source of ideas of which programs to implement.</p>	<p>From everywhere in the organization and beyond:</p> <p>Contact with external organizations, government, legislation, UNGC)</p> <p>Headquarters</p> <p>Departments</p>	<p>From everywhere in the organization and beyond:</p> <p>Contact with external organizations, Audits, government, legislation, Industrial Committees)</p> <p>Conglomerate</p> <p>Headquarters</p> <p>Departments</p> <p>All the areas participate when establishing objectives</p> <p>From their need to:</p> <p>Operate and be competitive</p> <p>From their awareness of the situation with the environment</p>	<p>From everywhere in the organization and beyond:</p> <p>Contact with external organizations, communities, government, legislation, forums participation)</p> <p>Headquarters (CEO, Directors)</p> <p>Directors vision</p> <p>Organization's strategy</p> <p>Ethics code</p> <p>Business Units</p> <p>Employees' opinions</p> <p>From their need to:</p> <p>Construct and consolidate the organization's reputation</p>



				Their need to operate
	They rarely use external consultants	They rarely use external consultants  When they use them they adapt their programs	They rarely use external consultants	They rarely use external consultants  They prefer to develop their programs internally (the appropriation is important)
To prioritize which programs to implement they base their decision on:	Needs of the organization  Their Objectives  Their ethic responsibilities  Their need to professionalize their social activities  Needs and expectations of communities and external organizations	Organization's policies  Economic benefit  Production efficiency  Strategic plans  Technological improvements  Legal requirements  Everyone participates	Their need to be competitive  Cost benefit  They need the community to let them work  Certifications  Benefit for the community and consequently for the workers  What happens in the world (i.e. global warming)  Priorities are defined by all the areas involved	From their Sustainability strategy (what has more impact)  What helps to realize the organization's mission and vision  Impact  Organization's needs  When they have everything to achieve it
What makes you implement programs which represent more an		Due to the cooperative values and principles  They see the expense as a no recoverable investment	Vision (it could represent an economic benefit in the future)  Investment (to achieve certifications)  Represent "security for the	There is a connection between sustainability activities and a positive effect on the business  They are activities which help them to fulfill their compromises (i.e. Cement

expense than an economic benefit?		<p>The cost benefit is not tangible</p> <p>Investment in benefit of the common good</p> <p>Benefit for the organization (no necessarily economic)</p> <p>To gain prestige</p> <p>To show they are transparent</p> <p>Needs of the market</p> <p>Needs to be competitive</p>	<p>organization”</p> <p>Is a benefit for the community</p>	<p>Sustainability Initiative)</p> <p>Some investors take into account sustainability</p> <p>The programs give a return on the investment</p> <p>The programs start to be sustainable</p> <p>The mission and vision of the organization has a social element</p> <p>The projects enhance the organization’s image</p>
What was happening inside and outside the organization when the idea of implementing new social programs arise	<p>Internal grow of the organization and</p> <p>External needs of the community</p>	<p>External</p> <p>The legislation started to be more strict</p> <p>Internal</p> <p>CEO’s interest</p> <p>It is part of what they were already doing</p> <p>Openness of the cooperative to</p>	<p>Certifications (i.e. ISOs, “Industria Limpia” (clean industry)</p>	<p>Internal</p> <p>Internal:</p> <p>Structural changes of the organization</p> <p>Need to operate and be competitive</p> <p>Need to improve the organization’s image</p> <p>Internal knowledge of a market with a low purchasing power which need to be attended</p>

		<p>new administrative schemas</p> <p>The organization had performed processes of change and continuous improvement</p> <p>Internal need to adjust costs</p>		<p>External:</p> <p>Pressure from communities</p> <p>Participation in projects and groups (i.e. ONU, CSI)</p> <p>See best practices from companies all over the world</p> <p>Introduction of the UNGC in Mexico</p>
Who is in charge of these activities?	<p>It is important to have an individual in charge of the new activity according to his:</p> <p>Interference in the process and</p> <p>The functions this person performs</p>	<p>HR because they have achieved ISOs' certifications</p> <p>Participation of everyone</p> <p>Importance to have a person in charge</p> <p>Important that everyone take responsibility</p>	<p>The information for the annual report is the responsibility of the same department in charge of ISO certifications</p> <p>Participation of the head of each area</p> <p>Responsibility is shared by all the involved areas</p>	<p>Each are is responsible of their own processes</p> <p>Each business unit is responsible of their own CSR activities</p> <p>The organization has specialized departments in each area</p> <p>The sustainability area reports to Operations Headquarters</p>
Do you depend on other people to perform these	<p>In order to implement new activities they depend on the collaboration with other organizations:</p> <p>Other organizations within</p>	<p>The amount of people involved represented a problem</p>	<p>The amount of people involved represented a problem</p>	<p>They depend on the communication between CEO and directors</p> <p>Depend on volunteers in each business unit</p>

activities?	the conglomerate Other institutions Government			Depend on the relationship between Community Relations Coordinators and the Business Unit Director
The new activities are presented through:	Meetings  Training (the charisma of the trainer is important)  The presence of the headquarters is important  The information flows down in a “waterfall way”	Training (Awareness raising, Consciousness raising)  Procedures and processes  Talk directly to each person  Meetings  Spreading information through internal media	Training (and training evaluations)  Consciousness raising  External training  Meetings  Couching  Direct contact with people  Matrix reflecting all the important information	Through the Directors  Meetings  Training  Communication  Campaigns to raise awareness
When activities are presented you highlight:	Benefits for the worker  Examples  Awareness raising  Consciousness raising  Show to the employees that their health is important for the	Examples  Workers wellbeing  What is good for the organization is good for everyone  Triple line (economic, social and environmental value)	Benefits for the employees  Benefits for the organization and consequently for themselves (win- win situation)  Practical examples  National regulation	Involve families  Good for the company good for themselves  Show what the company is doing in other parts of the world  Practical examples  Important to have a business vision in

	organization	<p>The organization's participation in a global initiative</p> <p>Business case (the cooperative needs to be competitive)</p>	<p>Benefits for the environment</p> <p>"to reduce costs is our survival"</p>	<p>CSR</p> <p>Highlight the benefit at the end of the year</p> <p>Is their responsibility as they are the "face" of the organization</p> <p>CSR is everyone no just 21 employees in the CSR department.</p> <p>Headquarters highlight: impact and importance of the program. The situation of crisis and insecurity</p>
When presenting the activities is important to:	<p>Involve everyone</p> <p>Meetings to increase the sense of belonging</p>	<p>Because they are a cooperative they were already performing these activities, all they needed was to document the practices.</p> <p>Participation and responsibility of everyone</p> <p>Multidisciplinary group</p> <p>Take into account everyone's point of view</p> <p>Create consent no impose</p>	<p>Involve everyone</p> <p>They should feel it is their program</p> <p>Shared responsibility</p> <p>Involve the employees families (the kids)</p> <p>Convince the top management committee</p> <p>Publish it</p>	<p>Headquarters are open to modifications according to the opinions of the business units.</p>
In order to encourage	Constant monitoring (through reports and	Constantly monitor and track	Audits (external and internal)	Establish a person responsible

people to follow the new activities we:	<p>electronic tools to plan and evaluate)</p> <p>Supervision</p> <p>Indicators</p> <p>Well defined objectives</p> <p>Training (talks, meetings presentations)</p> <p>Encourage people (recognition, open communication)</p> <p>Publish results</p> <p>Certifications</p> <p>Create compromise</p> <p>Document everything</p> <p>Have one person in charge</p> <p>Participation of everyone</p> <p>Links with external organizations</p>	<p>the programs</p> <p>Reports</p> <p>Audits, Inspections and Visits</p> <p>Evaluations</p> <p>Indicators</p> <p>Procedures and regulations</p> <p>Top management support</p> <p>Inspire the employees (involve their families, show the benefits for themselves)</p> <p>Publish results</p> <p>Recognize achievements</p> <p>Generate compromise (each area establish its own compromises, and is in charge of its own process)</p> <p>Committees</p>	<p>Establish objectives</p> <p>Create compromise</p> <p>The people involved should establish their own objectives</p> <p>Show them it is part of their work</p> <p>Reports signed by all the people involved</p> <p>Participation of everyone</p> <p>Training to raise awareness</p> <p>Make people feel they are part of a whole (Environment)</p> <p>Recognize people for their achievements</p> <p>Communication</p> <p>Know how to convince people (practical examples)</p> <p>Training evaluation</p> <p>Present evidences</p> <p>Performance appraisal</p>	<p>Audits</p> <p>Work plans (supervisions)</p> <p>Objectives monthly follow up</p> <p>Indicators and goals</p> <p>Sustainability results are part of the performance appraisal and affect directors' bonus.</p> <p>Training</p> <p>Meetings</p> <p>Participation of all the areas involved</p> <p>Directors participation</p> <p>Rise awareness</p> <p>Involve the people and their families</p> <p>Show results</p> <p>Recognize achievements</p>
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	They feel they should celebrate more their achievements	They celebrate success through publishing them vs.  They do not celebrate (they see them as part of their work)	They celebrate discretely vs. They do not celebrate (they see them as part of their work)	The do not celebrate much, they know is part of their work. They celebrate through the innovation day.
How often people do not follow the new activity	There is resistance  Things can get difficult due to people's ignorance  People tend to resist operations control	There is no much resistance	Some people had certain resistance to implement something new (there will always be resistance)  There are difficult areas  Some areas do not want to take health and security and environmental initiatives as their responsibility  There were not extreme cases	Some people do not give the required importance to Sustainability  There is always resistance  No much resistance. They have developed mechanisms to tackle it.
What do you do to avoid this?	Support (talks, information)  Remind people the organization's regulations  Audits  Talk to their boos  There an special format in the program  It can get difficult if there is not disciplinary	Group pressure  Lead by example  Focus on inviting people to participate no sanctioning  Cultivate the sense of belonging  Constantly monitor and track the programs  Inspections	Top management support  Training (raise awareness)  Well supported projects  Highlight benefits for the employee  Show results  Talk person to person (convince do not impose)  Crate compromise (work in	Audits  Talk to the people to raise awareness  Recognition  Sanctions  Show results  Develop indicators  Economic incentives

	measures	Reports Sanctions	committees) Establish objectives and clear responsibilities Sanctions	
What motivates you to perform these activities?	Personal conviction Sense of belonging to the community Share the values of the organization The organization's kindness Compromise with the people who supports us Compromise with the organization	Personal conviction Care for the environment Family Solidarity He enjoys his work Sense of identification with the values of the organization Challenges See results External recognition Fulfill responsibilities Compromise with the organization Needs of the industry	Personal conviction Transcendence "do my bit" Sense of identification with the objectives of the organization Sense of belonging Enjoy his work See the needs of the organization See results Compromise with the organization Because is a requirement for continuous improvement	Personal conviction Vocation Transcendence "do my bit" The support from the organization The organization values sustainability Compromise with the organization



Are these activities already part of the organization's way of working	<p>There is always the need to monitor</p> <p>People see these programs as part of their job</p> <p>They handle the terminology</p>	<p>There is still resistance</p> <p>To link the UNGC principles to the organization's actions is part of the organization's strategic plan</p> <p>The annual report is already part of the organization's work program</p>	<p>There is a health and safety culture</p> <p>It turns into a way of living</p> <p>There is always the need to raise awareness</p> <p>Programs as ISO 18000 are just starting</p>	<p>Volunteers are aware of their obligation</p> <p>Social Responsibility is part of the daily operations</p> <p>Health and Security is not yet an integral part of the processes</p> <p>At some point the directors ask for security not because of the economic incentive but because they see the value.</p>
What are the important factors to achieve these results?	<p>Links with external organizations</p> <p>Support from the conglomerate</p> <p>Support from the headquarters</p> <p>Support from managers and directors</p> <p>To have a budget</p> <p>Organization's prestige</p> <p>Internal consultants</p>	<p>To be a cooperative</p> <p>Everyone is an owner</p> <p>Contact with external organizations</p> <p>Top management support</p> <p>Adoption of ISOs</p> <p>Establish achievable goals</p> <p>Participation of everyone</p> <p>Employees commitment</p> <p>Communication</p>	<p>Support from top management</p> <p>Management committee integration</p> <p>Teamwork</p> <p>Align the activities with the business strategy</p> <p>Develop clear objectives</p> <p>Have the required information</p> <p>Be borne with Administrative systems (ISOs)</p> <p>ISOs (audits, procedures, create habits)</p>	<p>Top management support</p> <p>The fact that sustainability is an strategic part of the organization</p> <p>Establishment of control and transparency mechanisms</p> <p>Vision of the CSR Director</p> <p>Contact with external organizations</p> <p>Interrelate everything (business case)</p> <p>ISO certifications</p> <p>Continuous improvement attitude</p>

<p>Establish objectives</p> <p>Annual planning</p> <p>Alignment</p> <p>Participation of everyone</p> <p>Personnel motivation</p> <p>Communication</p> <p>Develop sense of belonging</p> <p>Auto-evaluations</p> <p>Have one person in charge</p> <p>Monitoring</p> <p><b><u>In favor of embeddedness</u></b></p> <p>To grow with the organization</p> <p>To have experience in the organization helps</p> <p>To be a new employee is a</p>	<p>Training</p> <p>Perseverance and creation of habits</p> <p>Constant training</p> <p><b><u>In favor of embeddedness</u></b></p> <p>The cooperative system helps</p> <p>The values are embedded in the organization</p> <p><b><u>Against embeddedness</u></b></p> <p>In the cooperative there is resistance to change. To change the idea that every past time was better sometimes is difficult</p> <p>They had to bring someone from the outside CEMEFI to convince the top management (“no one is a prophet in his own land”)</p>	<p>Create compromise (everything written down)</p> <p>Training</p> <p>Participation of everyone</p> <p>Take into account employees’ opinions</p> <p>Convince no impose</p> <p>Establish challenges for the employees</p> <p>Communication of results</p> <p>Openness and compromise of the employees</p> <p>Flexible structure</p> <p>Work with external organizations (governments)</p> <p><b><u>Against Embeddedness</u></b></p> <p>Be a new plant</p> <p>Have young personnel with professional qualifications</p> <p>We need someone from the outside to</p>	<p>Competitive environment</p> <p>Communication</p> <p>Show results</p> <p><b><u>For embeddedness</u></b></p> <p>I have been in the organization 25 years this allows me to establish consensus. The internal social network is important</p> <p>Important to understand the “organization’s internal language”</p> <p><b><u>Against embeddedness</u></b></p> <p>External consultants push us to dedicate time to programs otherwise we would not have time to attend.</p> <p>The value of the CSR activities was recognized first by people outside of the organization</p> <p>(“no one is a prophet in his own land”)</p>
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	<p>disadvantage</p> <p><b><u>Against embeddedness</u></b></p> <p>Is good to come from the outside</p> <p>We become bureaucratized</p>		<p>point out things we cannot see because we are use to them</p> <p><b><u>For embeddedness</u></b></p> <p>Combination of new and old personnel helped</p> <p>Knowledge of the people with a lot of experience</p> <p>People who come from other parts of the conglomerate who had experience in the CSR model.</p> <p>Helped to know the conglomerate way of working</p> <p>Difficult because he did not come from the conglomerate</p> <p>Helped to know how to motivate them</p>	
How do you do to convince your superiors	<p>Read the “mystique” of the organization</p> <p>Highlight the cost benefit</p> <p>Show how it help us to reach the objectives</p> <p>Show how it is within the</p>	<p>Benefits for the cooperative</p> <p>Highlight costs savings</p> <p>Give the necessary information</p> <p>Highlight Project sustainability</p> <p>Highlight the need to be</p>	<p>Cost benefit</p> <p>Good communication</p> <p>Look for a balance between the social and the economic</p>	<p><b><u>To convince the CEO</u></b></p> <p>Business case (how it will improve performance)</p> <p>Clear indicators, present results</p> <p>Have a business vision in CSR</p>

	<p>organizations' principles</p> <p>Develop specific objectives</p>	<p>competitive</p>		<p>activities</p> <p>Use the organization's language</p> <p><b><u>To convince business unit directors</u></b></p> <p>Business case (license to operate)</p> <p>Show results (in numbers)</p> <p>Involve them</p> <p>Rise awareness</p> <p>Work as a team</p> <p>Create sense of belonging (involve everyone)</p>
<p>Which problems have you confronted?</p>	<p>Difficult to change the way of thinking and people's habits</p> <p>Resistance</p> <p>Organizations' priorities</p> <p>Lack of budget</p> <p>The fact that we depend on everyone</p> <p>Lack of general</p>	<p>Negative attitude (indifference)</p> <p>Difficult to change habits (The engineers are too technical)</p> <p>Resistance to change (organization with traditional values)</p> <p>"no one is a prophet in his own land"</p> <p>Lack of resources</p>		<p>Difficult to inspire people</p> <p>Difficult to change way of thinking</p> <p>To convince the Top Management is a process</p> <p>Difficult the arrival of new people or new directors</p> <p>Sometimes the focus is just on the operation</p>

	<p>committees in the conglomerate (duplicity of activities)</p> <p>Lack of evidence</p> <p>Lack of a system to detect needs</p>	<p>Because they are a cooperative they have to convince more people</p> <p>Amount of people involve</p> <p>Participation of people over whom we do not have authority</p> <p>Lack of systematization of practices</p> <p>Lack of compromise form some managers</p> <p>There is no a manual we need to create</p>		<p>Lack of time</p> <p>Lack of focus</p>
Has someone refused to perform these activities?	<p>There is resistance to change</p> <p>Ignorance</p>	<p>In the beginning the directors where skeptic (lack of knowledge, apprehension)</p> <p>Lack of compromise form some managers</p> <p>Work load</p> <p>Difficult to change habits</p> <p>There have not been extreme cases</p> <p>Resistance from people with</p>	<p>There is always resistance</p> <p>No extreme cases</p>	<p>Indifference, ignorance, perceive it as a waste of time</p> <p>Sometimes directors do not agree with the headquarters initiatives. They perform them because is an indication from headquarters</p> <p>The priority is the operation</p> <p>Sometimes they perceive accidents as normal because of the kind of industry</p>

		<p>more years in the organization</p> <p>Resistance because they are not use to bringing programs from outside the organization</p>		
<p>What have you done to convince them?</p>	<p>Highlight the importance for the institution</p> <p>Highlight the benefits for the employees</p> <p>Communication</p> <p>Show enthusiasm</p> <p>Team work</p> <p>Put myself at the level of the different professionals</p>	<p>Show results</p> <p>Show what is being done in other parts of the world</p> <p>Awareness raising,</p> <p>Consciousness raising</p> <p>Affect the department's rate</p> <p>Disciplinary measures</p> <p>Highlight: "since we are a cooperative we are socially responsible</p> <p>Highlight this will soon be compulsory</p> <p>Top management support</p> <p>Bring someone form CEMEFI</p> <p>Expose employees to external authorities</p>	<p>Show results</p> <p>Detect problems and attend them from their root</p>	<p>Knowing how to convince them</p> <p>Talk the same language</p> <p>Translate to numbers</p> <p>Involve them (help them to achieve the organization's goals)</p> <p>Talks to raise awareness</p> <p>Show results (let people perceive the value)</p> <p>Highlight license to operate</p> <p>Highlight importance of word tendencies</p> <p>Support for CEO</p> <p>When the value of their activities is pointed out by an outsider</p>

How was the UNGC presented to you?	The conglomerate informs them about the COP (Communication on Progress Report)	Information flows down from the headquarters		The CSR area request information to all the involved areas
How do you develop the COP?	<p>The headquarters are in charge of the report</p> <p>The information flows to Headquarters</p> <p>All the areas participate in the creation of the report</p> <p>COP presents what they do every day (they document what they have being doing)</p> <p>They already had their policies. They just aligned them to the UNGC.</p>	<p>They inform what they have being doing. Is the same information they use in the annual report to the CEO</p> <p>The information comes from everywhere. Everybody participates</p>	<p>Within the management committee</p> <p>Participation of the different areas affected</p>	<p>The report is developed by the CSR committee (where all the areas participate)</p> <p>The CSR area requests information through e-mail (They send the format)</p> <p>The CSR area puts all the information together</p> <p>The environmental area requests its information to all business units</p> <p>They centralize the information to fulfill the requirements of different programs in which they participate including legal requirements</p>
COP is a tool which assist the organization	<p>To motivate the employees</p> <p>Tool for internal communication</p> <p>Tool for transparency</p>	<p>To motivate the employees</p> <p>Show what they do</p> <p>Tool to create CSR strategies</p> <p>Tool for reflection</p>	<p>Tool for internal and external communication</p> <p>Tool to realize the extraordinary part of their work</p> <p>Tool to document the activities they</p>	<p>Annual report:</p> <p>Tool for employees motivation</p> <p>Tool to increase the employees' sense of belonging</p> <p>Tool for internal and external</p>

	<p>Tool for alignment</p> <p>Tool for institutionalization</p> <p>Source of ideas for new activities</p>	<p>Tool for alignment</p> <p>Tool for external communication</p> <p>Unplanned consequences</p> <p>Tool for internal communication</p>	<p>are doing</p> <p>Tool to give an order to the activities they were already performing</p>	<p>communication</p> <p>Tool to organize and put all the sustainability information together.</p> <p>COP Opportunity of yearly follow up</p> <p>COP guide of how to better communicate</p> <p>COP guide of how to maintain open communication with stakeholders</p> <p>COP helps to stimulate internal change (is not just us who are doing it but the UN)</p>
<p>Problems when producing the annual report</p>	<p>Resistance</p> <p>Lack of knowledge</p> <p>Lack of evidence</p> <p>Lack of indicators</p> <p>Lack of clear objectives</p> <p>Lack of systematization</p> <p>The headquarters ask for information without</p>	<p>They had “philanthropic” actions but they were not part of a strategic plan</p> <p>The amount of programs which were part of CSR</p> <p>Lack of evidence</p> <p>They did not see the reach of what they were doing</p> <p>Need to link requirements from</p>	<p>Lack of information to understand the reach of the UNGC</p> <p>They could not understand the extraordinary part of what they were doing</p> <p>They did not understand which information was required</p> <p>Lack of information</p> <p>Different terminology</p>	<p>Administrate the information in order to fulfill very compromise.</p> <p>Lack of information</p> <p>Make the reports more practical (with the information which is valuable for the stakeholders)</p> <p>Lack of time</p> <p>Communicate better the report internally</p>



	explaining why	<p>different programs</p> <p>Work load caused delays</p> <p>Lack of lead time when asking for information</p> <p>They ask for information in their own jargon</p>	<p>Lack of alignment (duplicate work)</p> <p>Work load</p> <p>They get involved latter than the rest of the conglomerate (rush)</p>	<p>No one wanted the first report</p> <p>There is not space to put everything</p> <p>Resistance of the areas to publish the information</p> <p>Resistance of the areas to specify their objectives in the report</p>
How and why the annual report has been changing?		<p>It gets more structured each time</p> <p>Each time employees have a clearer idea of the support they are giving to the UNGC</p> <p>The fact that they started the work of knowing the CSR activities and their alignment</p> <p>They want to have an outstanding COP</p> <p>It is not possible to have an outstanding COP and to use the COP as a communication tool</p>		<p>They have been realizing where is the report's value</p> <p>Change of needs and information requirements form directors and stakeholders</p> <p>Make it more clear and precise, useful and detailed</p> <p>Need to create compromise</p> <p>Contact with external organizations (i.e. GRI)</p> <p>See what other organizations do in Mexico</p>