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**PHD**

## **Corporate Social Responsibility in Developing Countries: An Institutional Analysis**

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*Award date:*  
2015

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**CORPORATE SOCIAL RESPONSIBILITY IN  
DEVELOPING COUNTRIES:  
AN INSTITUTIONAL ANALYSIS**

Alberto Willi

A thesis submitted for the degree of Doctor of Philosophy

University of Bath

School of Management

*September 2014*

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## Summary

Corporate Social Responsibility (CSR) has become an increasingly significant element in contemporary business. Globalisation, a growing concern for environmental degradation, and evident social inequality have installed CSR on the global agenda. Companies around the world are introducing CSR programs, and many of the Schools of Management or Business Schools have CSR courses in their core programmes, including their MBAs. Organisations such as EFMD ([www.efmd.org](http://www.efmd.org)), ABIS ([www.abis.org](http://www.abis.org)) and PRME ([www.prme.org](http://www.prme.org)) are prompting universities and business schools to implement CSR as well as sustainability courses and seminars.

Conceptual research concerned with the influences on firms' socially responsible actions has recently emphasized the importance of institutional factors. However, current institutional accounts of corporate social responsibility implicitly assume the presence of well-developed and relatively stable institutional characteristics found in developed countries. In order to address this gap, this thesis presents a conceptual model, which explores how institutional pressures configure a local company's CSR practices in developing countries.

This thesis presents empirical findings drawn from in depth open-ended interviewees to managers of local companies in Argentina, taking into account type of industry, size, and the presence of multinational companies (MNCs). In so doing, this study contributes to extending the application of institutional theory to developing countries context and to theoretical analysis of local companies CSR practices in such contexts. Within this analysis, this study places particular emphasis on the role of MNC and the State in the processes of adoption of CSR practices by local companies in a developing country. Finally, this thesis contributes with practical implications for managers of local companies and managers of MNCs' subsidiaries in developing countries.



## **Acknowledgements**

Doing a part-time PhD in a foreign country, and in a foreign language, was a challenging and enrichment experience. As in every learning experience many people was involve. In these lines I want to thanks to all these people that help me to get here.

For their support, patience, and permanent inquiry I want to thanks to my supervisors. Andrew Millington challenges and supports me in all moments, sharing with me his good humour, and giving me “five years of his eyes life expectancy”. Stephen Brammer and Stephen Pavelin teach me with their advice, patience, and commitment. Likewise I want to thanks to all the community of the Centre for Business, Organization, and Society of the School of Management at the University—professors, lecturers and PhD students- for generating such an excellent work environment. In particular, I want to thanks Johanne Ward-Grosvold and Krista Bondy for their support. Finally, nothing would happen without the generosity and efficiency of Suzanne Swallow and Chris Barnes from the Graduate Office.

My time in Bath also gave me one the most precious gifts that one can obtain, the friendship of Stephan Hoejmosé and Emma Bevan. Thanks for your companion, good humour, generosity and family environment that generate during my stays.

This PhD could not be done without the financial, and human support of IAE Business School, Universidad Austral in Argentina, where I am based, teach, and learn every day from my colleagues and students. In particular, I thank the permanent support, patience, and prayers of Marcelo Paladino, Raúl Medina Fernández, Rodolfo Rivarola, Ariel

Casarin, Roberto Vassolo, Paola Delbosco and Pablo Fernández. A special recognition is reserved to Tomás Farchi, a friend and colleague with whom I share family and Argentinean time in Oxford. Thanks Tomás for listen to me, encourage me, and for our great intellectual conversations.

Finally, a special thanks to my family, for their confidence, time, and trust. To my parents who teach me that education is not the easy road, but the correct one, and that effort and constancy made everything possible. To my beloved wife Florencia who deserves my entire gratitude and recognition, thanks for your love, patience and inspiration. I cannot image this journey without you. To my kids Santiago, Clara and Justina, I hope one day I can give you back all the time and love you gave during all this years.

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## List of Abbreviations

The following abbreviations are used in this thesis:

ABIS:	Association for Business in Society
CSR:	Corporate Social Responsibility
CEN	European Committee for Standardization
EFMD:	European Foundation for Management Development
GRI:	Global Reporting Initiative
ILO	International Labour Organization
IMF	International Monetary Fund
ISO	International Organization for Standardization
MNC	Multinational Company
NGO	Non-Governmental Organizations
PRME:	UN Principles for Responsible Management Education
UN:	United Nations
UNGC:	United Nations Global Compact
WBCSD:	World Business Council for Sustainable Development
WTO	World Trade Organization

# 1. Introduction

## 1.1. Corporate Social Responsibility in Developing Countries

Corporate Social Responsibility (CSR)<sup>1</sup> has become an increasingly significant element in contemporary business. Globalisation, growing concern for environmental degradation and evident social inequality have put CSR on the global agenda. Companies around the world are introducing CSR programmes and many Schools of Management and Business Schools have CSR courses in their core programmes, including MBAs. Organisations such as the European Foundation for Management Development (EFMD, [www.efmd.org](http://www.efmd.org)), the Academy of Business in Society (ABIS, [www.abis.org](http://www.abis.org)) and the Principles for Responsible Management Education (PRME, [www.prme.org](http://www.prme.org)) are prompting universities and business schools to implement CSR and sustainability courses and seminars.

The concept of CSR originates from and is grounded in the institutional features of developed “Western” economies, such as the United States and Western European countries. Most empirical and theoretical research on this subject comes from these nations (Visser, 2008) and applies not only to companies but also to non-governmental organizations (NGOs) and other agencies, including the United Nations and the World Bank (Fox, 2004; Frynas, 2006; Graham & Woods, 2006). The CSR repertoire – norms, standards, reports – has been designed in developed countries<sup>2</sup> for companies in developed countries or for multinational companies (MNCs) operating in developing

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<sup>1</sup> In recent years, the term sustainability has begun to replace the term corporate social responsibility (CSR) in the corporate context, but the literature continues to use CSR to cover both CSR and sustainability.

<sup>2</sup> To give two examples: the Global Reporting Initiative (GRI – [www.globalreporting.org](http://www.globalreporting.org)) is based in the Netherlands and the International Organization for Standardization (ISO – [www.iso.org](http://www.iso.org)) is based in Switzerland.



countries. Moreover, MNC subsidiaries' dissemination of CSR elements may have thwarted the development of indigenous CSR approaches (Frynas, 2006).

In recent studies that review business and society literature, Margolis and Walsh (2003) and Wood (2010) illustrate how current works on CSR focus on developed countries. Both studies draw on the KLD Socrates Index as an information source to measure the relationship between CSR and financial performance. Wood identifies this limitation when she states that "many studies make use of the *Fortune* 'Most Admired' rankings and the KLD Socrates database and its predecessors" (Wood, 2010: 63) to test their hypotheses. *Fortune* rankings and the KLD database gather data from companies in developed countries; thus most hypotheses are tested using data from developed countries and the results apply to developed countries.

In contrast, relatively little research has addressed CSR efforts in developing countries, which remain largely unexplored (Gugler & Shi, 2009; Muthuri & Gilbert, 2011). While there is a growing interest in capturing this phenomenon, existing papers focus primarily on how MNC subsidiaries roll out CSR practices (e.g. Ite, 2004; Jamali, 2010) and the bulk of the current literature neglects how local companies engage in CSR efforts in their native environments. No clear answers have been provided so far to explain why and how local companies in developing countries engage in CSR practices. Similarly, the role of the State and MNC subsidiaries in local companies' adoption of CSR practices also remains largely unexplored (Valente & Crane, 2010; Wiig & Kolstad, 2010).

However, a significant strand of research based on developing nations highlights the distinctive nature of CSR and the broader relationship between business and society that unfolds in such settings (Blowfield & Frynas, 2005; Wiig & Kolstad, 2010). This suggests a need to be careful regarding the extent to which CSR constructs (including practices) developed in the literature so far can be applied in developing economies. This study intends to examine how CSR constructs and the role of business in society change or need to be modified from North to South (Fox, 2004; Frynas, 2006).

### **1.2. The Institutional Theory as theoretical framework**

This dissertation will address the influences affecting local companies' CSR efforts in Argentina, a developing country in Latin America, drawing in institutional theory in organizational analysis. This theory makes it possible to unearth distinctive insights about CSR practices in emerging and developing economies because it deals with social complexity from a macro point of view and offers a framework to understand new realities. CSR topics challenge traditional corporate approaches to “engage society”, introducing the more complex view of companies as both social and economic agents. With its sociological foundations, institutional theory helps management gain a more complex and thorough understanding of these new challenges (Scott, 2001).

Institutional theory assumes that companies respond to both a competitive and an institutional rationale to survive (Lounsbury, 2007; Meyer & Rowan, [1977] 1991). The institutional rationale is a novel element for explaining organizational behaviour, including institutional pressures among its features (Meyer & Rowan, [1977] 1991). These regulative, normative and cultural-cognitive (Powell & DiMaggio, 1991; Scott, 2001) pressures are embedded in every context, shaping and reinforcing social routines

(Zucker, [1977] 1991) but operating in diverse ways, depending on power relations among social actors (Scott, 2001).

Actors can also change structures in bottom-up processes (Oliver, 1991, 1992). Every society features institutional voids (Mair, Martí, & Ganly, 2007) due to the fact that societies are constantly changing and social pressures tend to reinforce existing routines. These institutional voids provide opportunities for actors to become institutional entrepreneurs, creating new social habits and routines (Lawrence, Suddaby, & Leca, 2009). At the same time, social agents are under institutional pressures (top-down dynamics) and can change these dynamics with their own actions, depending on their individual power and role in society (bottom-up dynamics).

In common with the CSR literature, institutional theory was largely written and tested in developed countries (Farashahi, Hafsi, & Molz, 2005; Marquis, Glynn, & Davis, 2007). However, recent CSR research in developing countries has begun to use an institutional approach to understand firms' CSR activities. These research studies aim to shed light on institutional pressures on MNC subsidiaries (Gifford & Kestler, 2008; Gifford, Kestler, & Anand, 2010; Jamali & Neville, 2011; Muthuri & Gilbert, 2011). This new trend brings an opportunity to revisit institutional theory assumptions and dynamics in a new context to make a theoretical contribution to institutional theory (Scott, 2008).

Hence, developing countries, characterized by a lack of both certainty and long-term rules (Peng, 2001), challenge companies to reinforce or change CSR dynamics. In these settings, CSR issues have an international and a local side; and the challenge for MNCs lies in transforming international CSR trends into indigenous practices (Kostova &

Roth, 2002). While MNC subsidiaries play a prominent role in this contextualization process, domestic companies must also rise to the challenge on account of their superior knowledge regarding local specificities (Vives, 2006).

Finally, institutional theory as a lens allows understanding of the complexity of developing countries, capturing the macro context (local and international) of the problematic. As Jamali and Neville note, in choosing institutional theory to understand the CSR process in a developing country, it is “particularly suitable in trying to account for the diffusion of organizational practices in new contexts and for complex interactions between different kinds and levels of institutional pressures” (2011: 600).

### **1.3. Aims and Research Questions**

This research intends to explore how institutional pressures shape and condition local companies' CSR actions (the dependent variable) in developing countries. To address this issue, a conceptual framework that captures the dissemination of CSR practices in emerging contexts has been developed. For the purpose of this thesis, the study is undertaken in Argentina. However, the findings may also prove applicable to other developing countries.

Institutional pressures are at play everywhere, but they work in different ways, as they stem from what has been done, is done and is expected to be done in the future. Given the lack of research focusing specifically on developing countries, using an institutional theory lens (Farashahi et al., 2005) and focusing on CSR practices (Jamali & Mirshak, 2007), this thesis intends to gain a better understanding of the social determinants of

local companies' CSR practices in emerging contexts, addressing the following question:

*What institutional pressures shape local companies' CSR practices in developing countries?*

To answer this overall question, it seems necessary to look at the types of pressures that shape CSR practices (mandatory and non-mandatory) on the one hand and to identify the agents that formulate and spread institutional pressures on the other hand. Regulatory, normative and cultural-cognitive pressures are intertwined and determine how social agents behave, but at the same time, these pressures are dynamic, changing the way in which they interact with social agents. As noted earlier, CSR practices are relatively new and lack ironclad definitions; hence, CSR is construed as an umbrella concept (Blowfield & Frynas, 2005) which includes different types of practices. In this light, a more refined research question would be:

*What types of institutional pressures shape each type of CSR practice?*

Both the State and MNC subsidiaries wield great power in developing countries' business environments and are relevant actors in their configuration (Gugler & Shi, 2009; Wiig & Kolstad, 2010). Both governments and multinational subsidiaries thus shape local institutional settings. Government has the regulatory power to enforce (and control) new practices and a normative ability to prescribe desirable policies and practices. In turn, MNC subsidiaries can and do influence their suppliers' CSR practices and the general business environment – they are role models which import new practices and standards.

As a result of the above, this thesis also considers the following questions:

*What role does the State play in shaping local companies' CSR practices in developing countries?*

*How do MNCs influence local companies' CSR practices in developing countries?*

The answers to these research questions will generate practical and theoretical contributions, as described below.

### **1.4. Contributions**

This thesis intends to contribute substantively to current research on local companies' CSR efforts in developing and emerging economies, offering a better understanding of how and why local companies adopt new CSR practices and exploring the institutional forces that condition their adoption. This will also shed more light on the institutional logics that underlie CSR practices in developing countries, which will help local managers embrace a clear CSR vision in order to pursue suitable strategies for their adoption.

Current literature on MNCs generally discusses how these companies adapt to local institutional environments and how they manage the “institutional distance” between the host country and their subsidiaries (Jamali, 2010; Kostova & Roth, 2002; Kostova, Roth, & Dacin, 2008). This thesis argues that MNC subsidiaries operating in developing countries have a great influence on the local institutional environment when it comes to the global issue of CSR practices (Jamali, 2010) and thus it intends to enrich the MNC

literature with a better understanding of the role these companies play in developing countries, especially in disseminating CSR practices. At the same time, this thesis will help MNC managers to adapt CSR strategies to local needs and circumstances.

Whilst there is no unique view of the role of the State in emerging countries, widespread consensus has deemed it relevant to understand how governments enable or curtail social actions (Djelic & Sahlin-Anderson, 2008; Geppert, Matten, & Walgenbach, 2006; Peng, 2001). This thesis examines how governments create – or fail to create – the necessary institutional conditions for CSR practices.

Theoretically, this work contributes to several fields of literature. From an institutional theory perspective, it compares how institutional pressures originate and behave in developing countries, bringing an architectural innovation – in Voss's (2003) terms – to examine a new situation or context in which the nature of relations may be different. At the same time, by analysing how MNCs and local companies affect institutional dynamics, this thesis contributes to a better understanding of interactions among top-down and bottom-up dynamics.

Today's literature on business and society needs to understand both Northern and Southern agendas and how the limits between those two realms are transforming the role of business in society (Fox, 2004). This thesis helps to overcome this challenge by exploring those boundaries and the role of actors in setting a CSR agenda for local and multinational companies.

### **1.5. Document structure**

The rest of the thesis is divided into nine chapters.

- *Chapter 2* presents a review of the current literature on CSR in developing countries, drawing on conceptual and empirical studies to show how environmental specificities change the State's role and presence, the role of MNCs and the way in which companies address CSR issues.
- *Chapter 3* provides a review of the institutional theory literature to demonstrate the usefulness of this approach in studying how CSR practices are adopted in developing countries. This chapter also introduces the conceptual constructs that will serve as the foundation for the conceptual model.
- *Chapter 4* presents the conceptual model and testable propositions. This model aims to incorporate the complexity of developing countries by factoring in the roles of both institutional and MNC forces, as well as different kinds of CSR practices.
- *Chapter 5* explains the research design, including the epistemological position of the thesis, data gathering methods and analytical tools. The methodological design draws on theory to deduce propositions (deductive movement), but at the same time, it remains open to new elements that may help refine or enrich the theory (inductive movement).
- *Chapter 6* presents an outlook of CSR practices in Argentina. The objective is to present the CSR practices of local companies in Argentina. The CSR practices are discussed in relation to three stakeholders: the community, employees and the environment.



## **Chapter 1. Introduction**

- *Chapter 7* presents the findings and discussion regarding proposition one of the conceptual model. This chapter will discuss the relationship of coercive institutional forces and the CSR practices of local companies in Argentina.
- *Chapter 8* presents the findings and discussion regarding proposition two of the conceptual model. This chapter will discuss the relationship of normative institutional forces and the CSR practices of local companies in Argentina.
- *Chapter 9* presents the findings and discussion regarding proposition three of the conceptual model. This chapter will discuss the relationship of cultural-cognitive institutional forces and the CSR practices of local companies in Argentina.
- *Chapter 10* presents the main contributions and limitations of the thesis and indicates directions for future research. This chapter aims to provide a synthesis of the entire study, reconnecting and combining the research questions with the findings and discussions.

## 2. CSR in Developing Countries: Literature Review

CSR literature has no clear limits and spans from environmental standards and regulations to community work and philanthropy. To cope with this complexity, some authors have forged new concepts to address specific CSR areas, such as Corporate Social Action (Marquis et al., 2007), Corporate Community Involvement (Brammer & Millington, 2003), or Corporate Social Performance (Wood, 2000). Despite these efforts to isolate and clarify several components of its construct, CSR remains the most widely used concept in current literature to refer to business-society relationships (Wood, 2010). Garriga and Mele (2004) argue that, in spite of differing theoretical CSR assumptions and foundations, there is consensus around the idea that CSR refers to a new role of business in society (see also Vogel, 2005; Waddock, 2004). As Muthuri and Golbert state: *“In essence, CSR addresses the role and responsibilities of companies in society”* (2011: 467).

While CSR literature focuses mostly, from a conceptual and empirical perspective, on developed countries (Gugler & Shi, 2009; Jamali, 2010), a growing trend zeroes in on developing countries (Robertson, 2009). The purpose of this chapter is to review current literature works on CSR in developing countries to frame the phenomena explored in this thesis -local companies' CSR practices in developing countries. To this end, this chapter is divided into three sections. The first section summarises the characteristics of the selected literature, analysing type of paper (conceptual or empirical), places of publication, theoretical approach, methodologies and research design used to address these phenomena. The second section discusses the conceptual contributions made by these studies and describes developing countries' key characteristics, showing how

## Chapter 2. Literature Review CSR in Developing Countries

these settings influence the way companies tackle CSR issues. The third and final section examines the implications of these findings for this thesis.

### 2.1. Characteristics of the papers in the sample

Overall, fifty-three documents were reviewed –fifty-two journal papers and one book chapter; editorials and conference papers were excluded. Selected studies date from 2002-2014 (June). This search was conducted in EBSCO (Business Source Premier), JSTOR, and Google Scholar, using relevant key words, such as ‘corporate social responsibility’, ‘social responsibility’, ‘developing countries’, ‘emerging countries’, and ‘emerging economies’. A snow-ball strategy was pursued to further research based on an initial sample.

As compared to the bulk of general CSR literature, there is not a great amount of literature on CSR in developing countries, either conceptual or empirical. However, it should be noted that over 80% of the documents were published in the past eight years, which suggests a growing interest in CSR in developing countries (see Table 1). In 2006 and 2009, both the *Journal of Corporate Citizenship* and the *Journal of Business Ethics* published special issues on CSR in developing countries, respectively; as a result, a larger number of papers were published in those years.

As to the type of journals where those studies were published, none of them were published in the top ten journals, following the ISI factor (see Appendix A and Table 1). Most of the publications in recent years were featured in one of the leading CSR journals -the *Journal of Business Ethics*. While CSR practices in developing countries seem to be largely neglected by top journals, specialist journals are paying growing

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attention to them. As explained below, most selected papers are empirical and used qualitative methods, which may be the reason why they were not published by top journals that usually prefer conceptual or empirical quantitative papers.

Table 1. Sample Documents' Year of Publication and Source

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Source of Publication
1 Reed (2002)	1													Business & Society
2 Rivera (2002)	1													Policy Sciences
3 Fox (2004)			1											Development
4 Ite (2004)			1											Corporate Social Responsibility and Environmental Management
5 Rivera (2004)			1											Society & Natural Resources: An International Journal
6 Blowfield (2005)				1										International Affairs
7 Chapple and Moon (2005)				1										Business & Society
8 Child and Tsai (2005)				1										Journal of Management Studies
9 Frynas (2005)				1										International Affairs
10 Ahmad, S. (2006)					1									Journal of Corporate Citizenship
11 Amaeshi et al. (2006)					1									Journal of Corporate Citizenship
12 Baskin (2006)					1									Journal of Corporate Citizenship
13 Eweje (2006)					1									Business & Society
14 Graham and Woods (2006)					1									World Development
15 Husted and Allen (2006)					1									Journal of International Business Studies
16 Kooskora (2006)					1									Business Ethics: A European Review
17 Newell and Muro (2006)					1									Journal of Corporate Citizenship
18 Peinado-Vara (2006)					1									Journal of Corporate Citizenship
19 Prieto-Carrón et al (2006)					1									International Affairs
20 Vives (2006)					1									Journal of Corporate Citizenship
21 Zulkifi and Amran (2006)					1									Journal of Corporate Citizenship
22 Jamali (2007)						1								Business and Society Review
23 Jamali and Mirshak (2007)						1								Journal of Business Ethics
24 Rwabizambuga (2007)						1								Business and Society Review
25 Gifford and Kestler (2008)							1							Journal of International Management
26 Visser (2008)							1							Book: Oxford Press
27 Ayra and Bassi (2009)								1						Business & Society
28 Ayra and Zhang (2009)								1						Journal of Management Studies
29 Beckman et al (2009)								1						Journal of Business Ethics
30 Coutinho de Arruda (2009)								1						African Journal of Business Ethics
31 Dobers and Halme (2009)								1						Corporate Social Responsibility and Environmental Management
32 Gugler and Shi (2009)								1						Journal of Business Ethics
33 Halter and Coutinho de Arruda (2009)								1						Journal of Business Ethics
34 Jamali et al. (2009)								1						Journal of Business Ethics
35 Lindgreen, Swaen and Campbell (2009)								1						Journal of Business Ethics
36 Muthuri et al. (2009)								1						Journal of Business Ethics
37 Özen and Küskü (2009)								1						Journal of Business Ethics
38 Rettab et al. (2009)								1						Journal of Business Ethics
39 Robertson (2009)								1						Journal of Business Ethics
40 Torres-Baumgarten and Yucetepe (2009)								1						Journal of Business Ethics
41 Duarte (2010)									1					Journal of Business Ethics
42 Gifford, Kestler and Anand (2010)									1					Journal of World Business
43 Jamali (2010)									1					Journal of Business Ethics
44 Valente and Crane (2010)									1					California Management Review
45 Wiig and Kolstad (2010)									1					International Business Review
46 Idemudia (2011)										1				Progress in Development Studies
47 Jamali and Neville (2011)										1				Journal of Business Ethics
49 Muthuri and Gilbert (2011)										1				Journal of Business Ethics
50 Maamoun (2013)												1		Business Studies Journal
51 Hah and Freeman (2014)													1	Journal of Business Ethics
52 Sharif and Rashid (2014)													1	Quality and Quantity
53 Zheng et al. (2014)													1	Journal of Business Ethics
<b>Total</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>14</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>3</b>	
<b>%</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>8</b>	<b>23</b>	<b>6</b>	<b>4</b>	<b>26</b>	<b>9</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>6</b>	

Out of these fifty-three documents, thirty-seven (70%) are empirical, and sixteen (30%) are conceptual (see Table 2). As to their theoretical approach, twenty-seven (58.5%) papers do not have an explicit theory, while fourteen (26.4%) papers use mixed theories. Only eight (15%) studies have an explicit theoretical framework, and, among them, six

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(11.3%) rely on the institutional theory approach, while one follows a resource-based theory (1.9%), and another, the stakeholder theory (1.9%).

This literature review reveals a lack of interest in understanding conceptual foundations, focusing, instead, on a description of CSR practices in developing countries. These papers usually introduce CSR classical constructs (e.g. Carroll, 1979, 1999; Frederick, 1994) and proceed to depict how MNCs or local companies address CSR issues in different contexts (e.g. Arya & Bassi, 2009; Baskin, 2006; Chapple & Moon, 2005; Eweje, 2006; Ite, 2004; Wiig & Kolstad, 2010). This tendency to understand *what companies are doing* is related to the type of methodologies that most papers used - cases and interviews (see Table 3).

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Table 2. Document Type and Theoretical Approach

	Type		Theoretical Approach				
	Conceptual	Empirical	Stakeholder	New Institutionalism	Resourced-based	Mixed Theories	No explicit theory
1 Reed (2002)	1		1				
2 Rivera (2002)		1			1		
3 Fox (2004)	1						1
4 Ite (2004)		1					1
5 Rivera (2004)		1		1			
6 Blowfield (2005)	1						1
7 Chapple and Moon (2005)		1					1
8 Child and Tsai (2005)		1				1	
9 Frynas (2005)		1					1
10 Ahmad, S. (2006)		1					1
11 Amaeshi et al. (2006)		1					1
12 Baskin (2006)		1					1
13 Eweje (2006)		1					1
14 Graham and Woods (2006)	1						1
15 Husted and Allen (2006)		1				1	
16 Kooskora (2006)		1					1
17 Newell and Muro (2006)	1						1
18 Peinado-Vara (2006)	1						1
19 Prieto-Carrón et al (2006)	1						1
20 Vives (2006)		1					1
21 Prieto-Carrón et al (2006)	1						1
22 Zulkifi and Amran (2006)		1					1
23 Jamali (2007)		1				1	
24 Jamali and Mirshak (2007)		1				1	
25 Rwabizambuga (2007)		1					1
26 Gifford and Kestler (2008)		1		1			
27 Visser (2008)	1						1
28 Ayra and Bassi (2009)		1					1
29 Ayra and Zhang (2009)		1					1
30 Beckman et al (2009)		1				1	
31 Coutinho de Arruda (2009)	1						1
32 Dobers and Halme (2009)	1						1
33 Gugler and Shi (2009)	1					1	
34 Halter and Coutinho de Arruda (2009)	1					1	
35 Jamali et al. (2009)		1				1	
36 Lindgreen, Swaen and Campbell (2009)		1				1	
37 Muthuri et al. (2009)		1					1
38 Özen and Küskü (2009)	1			1			
39 Rettab et al. (2009)		1					1
40 Robertson (2009)		1				1	
41 Torres-Baumgarten and Yucetepe (2009)		1					1
42 Duarte (2010)		1					1
43 Gifford, Kestler and Anand (2010)		1		1			
44 Jamali (2010)		1				1	
45 Valente and Crane (2010)		1					1
46 Wiig and Kolstad		1					1
47 Idemudia (2011)	1						1
48 Jamali and Neville (2011)		1		1			
49 Muthuri and Gilbert (2011)		1		1			
50 Maamoun (2013)		1					1
51 Hah and Freeman (2014)	1					1	
52 Sharif and Rashid (2014)		1				1	
53 Zheng et al. (2014)		1				1	
<b>Total</b>	<b>16</b>	<b>37</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>14</b>	<b>31</b>
<b>%</b>	<b>30,2</b>	<b>69,8</b>	<b>1,9</b>	<b>11,3</b>	<b>1,9</b>	<b>26,4</b>	<b>58,5</b>

Most empirical papers (see Table 3, where conceptual papers are excluded) rely on a qualitative methodology (77%), especially cases (32%) and interviews (32%). Other methods, such as website reporting analysis (Chapple & Moon, 2005; Muthuri & Gilbert, 2011), codes of best practices analysis (Arya & Bassi, 2009) or index analysis (Baskin, 2006), are less common (13%).



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Table 3 also shows that most of the studies were carried out in Africa (35.1%), followed by Asia (29.7%), and Central and Latin America (24.3%). The poorest continent in the world, Africa is rich in natural resources, with large population of extracting MNCs -in fact, five of the twelve papers focusing on Africa refer to the oil industry (Eweje, 2006; Frynas, 2005; Ite, 2004; Rwabizambuga, 2007; Wiig & Kolstad, 2010), while the remaining seven deal with African CSR practices in general but also make references to extracting industries (Amaeshi, Adi, Ogbechie, & Amao, 2006; Arya & Bassi, 2009; Arya & Zhang, 2009; Lindgreen, Swaen, & Campbell, 2009; Muthuri, Chapple, & Moon, 2009; Muthuri & Gilbert, 2011; Robertson, 2009). A relevant issue in the literature on Africa is the role of MNCs and the need to strengthen local institutional frameworks rather than to deploy isolated initiatives (Wiig & Kolstad, 2010). This issue will be analysed in depth in the next section.

In Asia and Latin America, CSR topics do not follow a specific theme or country pattern, as selected papers span from mining (Gifford & Kestler, 2008; Gifford et al., 2010), and tourism (Rivera, 2002) to accounting (Zulkifi & Amran, 2006) and from Lebanon (Jamali, 2007, 2010; Jamali & Mirshak, 2007) and Turkey (Robertson, 2009) to Peru (Gifford & Kestler, 2008; Gifford et al., 2010), Brazil (Duarte, 2010) and Costa Rica (Rivera, 2002). The absence of a pattern may point to the large range of experiences found in these regions.

When the characteristics of the sample of papers are analysed, it seems relevant to conclude that the literature on CSR in developing countries is highly empirical. The underlying reason seems to be that it tries to understand how CSR unfolds in developing countries, while a lack of conceptualization renders this literature rather descriptive. As



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a result, the study found a difficulty in disconnecting conceptual models and insights from empirical findings, as these studies set out to describe the course of events.

### **2.2. Conceptual contributions to CSR in developing countries**

This literature review reveals some common features that unveil how CSR practices develop in developing countries. First, developing countries settings' specific traits should be taken into account to understand companies' CSR behaviour (Reed, 2002). Two characteristics prove key in understanding how context influences CSR development in these countries: the role of the State (Fox, 2004) and the role of MNCs (Jamali, 2010). As a result, the literature shows a change in the way companies address CSR issues in general (Blowfield, 2005), which, in turn, points to a need to revisit the notion of development in developing countries (Frynas, 2005).

The first part of this section analyses how developing countries' settings affect the role and presence of governments and MNCs, as well as implications involved for CSR practices. The second part analyses the impact of these changes in the way companies address CSR issues and how the literature reframes CSR concerns as development issues.

### *2.2.1. Developing Countries' Setting*

Current CSR research does not entirely reflect the reality of developing countries. Developing countries specificities change the circumstances in which companies face business and society concerns (Muthuri & Gilbert, 2011). Reed argues that “there has been relatively little work on how corporate responsibilities may change when firms operate under the different circumstances that tend to typify developing countries” (2002: 166). It has been widely agreed that responsibilities tend to increase when companies operate in developing countries (Chapple & Moon, 2005; Fox, 2004; Kooskora, 2006; Muthuri & Gilbert, 2011; Reed, 2002). Current literature hints at the fact that developing countries differ from developed nations and require particular attention (Blowfield & Frynas, 2005).

The literature suggests that different countries have different economic, political, social, and cultural settings, where corporations operate and relate to their stakeholders (Lindgreen et al., 2009; Visser, 2008). Taking into account indigenous traits is part of the challenge when companies run a CSR program, especially in the case of MNCs that have to adapt policies imported from headquarters (Amaeshi et al., 2006). The danger, as noted by Blowfield and Frynas, is that “...CSR will legitimize and reproduce values and perspectives that are not in the interests of developing economies or the poor and marginalised” (2005: 510).

Visser (2008) argues that developing countries feature specific CSR drivers that make local settings different, including cultural traditions, crisis responsiveness, governance

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gaps, stakeholder activism, investment incentives, and political reforms. A 2006 survey conducted among 1,300 small and medium companies in Latin America found that the main CSR drivers are ethics and religious values (Vives, 2006).

Developing countries generally feature pervasive uncertainty and abrupt changes in rules and contracts (Peng, 2003). Social problems, such as poverty, social exclusion, and illiteracy, are common in these contexts, and, compounded by economic and political instability, they turn developing countries into very specific environments for companies to operate (Idemudia, 2011; Newell & Muro, 2006). The role and presence of the State in these countries play a significant role in this, as explained below.

### ***2.2.2. Governments' Role and Presence***

In the current literature, the role and presence of the government in developing countries surfaces as the most salient requirement to understand CSR processes and dynamics. Out of the fifty-three papers reviewed here, twenty-four explicitly (45%) mention the Government. Table 4 provides a list of sample papers, characterising their type and other traits.

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Table 4. Papers on Government

	Conceptual	Empirical	Type				Region				
			Quantitative	Qualitative			Africa	Asia	Europe	Central and South America	Worldwide
				Cases	Interview	Others					
1 Reed (2002)	1									1	
2 Fox	1										
3 Ite (2004)		1		1			1				
4 Rivera (2004)		1	1								
5 Blowfield (2005)	1										
6 Child and Tsai (2005)		1		1				1			
7 Frynas (2005)		1		1			1				
8 Graham and Woods (2006)	1										
9 Newell and Muro (2006)	1										
10 Peinado-Vara (2006)	1									1	
11 Prieto-Carrón et al (2006)	1										
12 Rwabizambuga (2007)		1			1		1				
13 Gifford and Kestler (2008)		1		1							
14 Visser (2008)	1										
15 Ayra and Bassi (2009)		1				1	1				
16 Ayra and Zhang (2009)		1	1				1				
17 Coutinho de Arruda (2009)	1										
18 Dobers and Halme (2009)	1										1
19 Gugler and Shi (2009)	1										1
20 Muthuri et al. (2009)		1		1			1				
21 Jamali (2010)		1		1	1			1			
22 Valente and Crane (2010)		1		1							
23 Idemudia (2011)	1										
24 Muthuri and Gilbert (2011)		1				1	1				
	<b>12</b>	<b>12</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>

All of the conceptual papers depict the Government as an influential factor to understand CSR in developing countries. Only one empirical paper (Wiig & Kolstad, 2010) featured interviews with government officials, while all of the others drew their conclusions on the role of the State from general literature on developing countries (Travis, 1997).

The three overriding issues addressed by current literature are (in order of importance) Governments' weakness to enforce CSR practices, the positive impact of State regulation on CSR promotion, and the role of Government as the natural agent to ensure social development (see Figure 1).

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Figure 1. Main Government issues addressed by current literature

Main Issue	Papers
In DCs governments are weak and have difficulties to enforce CSR practices given the type of practices: there is an absent of the State regarding CSR.	Reed (2002), Fox (2004), Ite (2004), Frynas (2005), Graham and Woods (2006), Newell and Muro (2006), Peinado-Vara (2006), Prieto-Carron et. All (2006), Rwabizambuga (2007), Gifford and Kestler (2008), Visser (2008), Gugler and Shi (2009), Muthuri et al. (2009), Jamali (2010), Valente and Crane (2010), and Muthuri and Gilbert (2011)
Positive Impact of Government Regulations as a way to incentive CSR actions	Rivera (2004), Graham and Woods (2006), Ayra and Bassi (2009), Ayra and Zhang (2009), Coutinho de Arruda (2009), and Idemudia (2011)
Government is the natural actor to ensure social development	Ite (2004), Blowfield (2005), Gifford and Kestler (2008), Dobeis and Halme (2009)

In general, both the State and public sector share a role that hinges on mandating, facilitating, and serving as a partner and endorser (Fox, 2004). In developing countries, this role is weakened by governments' inability to meet basic human needs (Valente & Crane, 2010), which garners little satisfaction from the population and undermines government authority. Developing countries' governments usually uphold their own self-serving goals, trying to remain in power, fuelling greater uncertainty and jeopardising social agents' commitment (Peinado-Vara, 2006).

This situation is especially magnified when it comes to CSR issues -in other words, CSR issues are often missing in developing countries governments' agendas (Jamali, 2010). Özen and Küskü (2009) argue that governments' lack of regulation and commitment to environmental and social issues come as a result of a neglect for long-term consequences, surrounding uncertainty and short-term goals (Özen & Küskü, 2009). This opens the door to self-regulation as companies seek to replace traditional

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state regulation (Graham & Woods, 2006), looking for efficiency and in order to avoid “government risks” (Muthuri & Gilbert, 2011). It should be noted that in controversial industries, like energy, mining and tobacco, there is more awareness of governments than in other sectors, as they are viewed as potential strategic partners and sources of resources (Rwabizambuga, 2007).

While the selected literature sample addresses the impact of lacking government regulations on CSR issues, a share of these papers argue that institutional environments change dramatically when governments introduce new regulations (Arya & Zhang, 2009). As noted by Graham and Woods (2006), MNCs’ self-regulation efforts usually replicate international contexts, but government regulations help to contextualise CSR initiatives, engaging all the local agents. Coutinho de Arruda (2009) states that government regulations push SMEs to launch CSR programs by offering tax reductions and free training on CSR initiatives.

Idemudia (2011) encapsulates this notion in the need for a more active governmental role -not only in regulation but also in facilitation. This author writes, “government does not only need to devise a national policy framework to support CSR initiatives, but also there is the need to strengthen and support the institutional and technical capacities of local civil society groups that can demand for and monitor CSR practices in the face of governmental failure” (Idemudia, 2011: 5).

Moreover, to offset governments’ failure to regulate and facilitate CSR efforts, MNCs become key agents in the dissemination of CSR practices. However, the current literature points out that governments are naturally responsible for social issues

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(Blowfield, 2005; Gifford & Kestler, 2008; Ite, 2004) –so much so that, as Ite (2004) describes, Shell’s efforts to improve social conditions in the Nigerian Delta were thwarted by the government’s failure to assume basic responsibilities in education and health (Ite, 2004). Gifford and Kestler (2008) came to the same conclusion when they studied the case of a mining company in Peru.

Blowfield (2005) also noted that governments are responsible for setting the conditions for long-term development processes, stressing that “even when CSR makes a positive contribution to development goals, there will still be gaps that need to be tackled by government and civil society” (2005: 523). To conclude, it is interesting to point out that current literature on CSR in developing countries establishes that the presence and role of the Government (absent or proactive) is a key element to understand the configuration of CSR in those contexts.

### ***2.2.3. Multinational Companies’ Role and Presence***

Out of the fifty-three papers selected, eighteen (34%) explicitly analyse the role of MNCs. These papers are mostly empirical (see Table 5) and use case studies as the most common methodology. This literature describes how MNCs affect local settings and, at the same time, are affected by them. The fact that these papers primarily rely on case studies indicates that this literature is currently undergoing an exploratory phase.

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Table 5. *Papers on Multinational Companies*

	Conceptual	Empirical	Type				Region					
			Quantitative	Qualitative			Africa	Asia	Europe	Central and South America	Worldwide	
				Cases	Interview	Others						
1 Ite (2004)		1		1			1					
2 Rivera (2004)		1	1								1	
3 Chapple and Moon (2005)		1				1		1				
4 Frynas (2005)		1		1			1					
5 Eweje (2006)		1		1			1					
6 Husted and Allen		1	1								1	
7 Newell and Muro (2006)	1											
8 Jamali and Mirshak (2007)		1			1			1				
9 Rwabizambaga (2007)		1			1		1					
10 Gifford and Kestler (2008)		1		1							1	
11 Gugler and Shi (2009)	1											
12 Torres-Baumgarten and Yucetepe (2009)		1				1					1	
13 Gifford, Kestler and Anand (2010)		1		1							1	
14 Jamali (2010)		1		1	1			1				
15 Valente and Crane (2010)		1		1								1
16 Wiig and Kolstad (2010)		1		1			1					
17 Maamoun (2013)		1		1								1
18 Hah and Freeman (2014)		1						1				
	3	15	2	9	3	2	5	4	0	5	2	

These papers study MNCs' CSR practices in developing countries from four major perspectives (see Figure 2). First, they look at how MNCs use CSR programs to acquire legitimacy and social license, especially when they operate in extracting industries, such as oil and mining. Second, some of these studies delve into the tension created by efforts to comply with an international CSR agenda while meeting local social expectations and CSR demands. Third, they show that, while MNCs have great power (resources and network) to implement CSR programs, they cannot solve some social problems (e.g. education, poverty, among others) by themselves; this argument reveals governments and civil society organisations as natural partners in effective development processes. Finally, fourth, only one paper put the accent in the corporate social irresponsibility of MNCs, and the consequence double standard behaviour.



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Figure 2. Major issues addressed by literature on MNCs

Main Issue	Papers
MNCs are looking for legitimacy and social license in local contexts through CSR practices (stakeholder management)	Rwabizambuga (2007), Gifford and Kestler (2008), Gifford et. al (2010), Jamali (2010), Hah and Freeman (2014)
Tension between Global and Local CSR agenda (imported vs indigenous CSR strategies)	Rivera (2004), Chapple and Moon (2005), Newell and Muro (2006), Husted and Allen (2006), Jamali and Mirshak (2007), Gugler and Shi (2009), Gifford et. al (2010), and Jamali (2010), Hah and Freeman (2014)
MNCs have great power to change the local environment but cannot replace the government in social issues (role of actors in development processes)	Ite (2004), Fynas (2005), Eweje (2006), Valente and Crane (2010), , Torres-Baumgarten and Yucetepe (2009), and Wiig and Kolstad (2010)
MNCs irresponsably behavior and double standard	Maamoun (2013)

Multinational subsidiaries in developing countries need to acquire a social license to operate, as local approval does not come automatically. Rwabizambuga (2007) argues that “MNCs are used to relying on the legal and normative frameworks of nation states to ensure the legitimacy of their activities. However, they have faced increasing difficulties in sustaining this legitimacy in contexts where there are legal and institutional gaps” (2007: 410). Three out of four papers that address this issue focus on MNCs in extractive industries (oil in Rwabizambuga, 2007, and mining in Gifford and Kestler, 2008, and Gifford et al., 2010), where this particular issue becomes more controversial.

In these settings, MNCs are under heavy media and NGO (local and international) scrutiny, particularly when it comes to labour and environmental issues (Gifford et al., 2010; Jamali, 2010). These studies explain that the main strategy for legitimisation hinges on stakeholder dialogue and engagement in CSR agenda formulation (Gifford &

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Kestler, 2008; Gifford et al., 2010). As part of this strategy, local communities and NGOs participate in MNCs' infrastructure and environmental planning, and coordinating agencies, such as corporate foundations, are created to manage pre-established programs -see the example of Gold Mining in Peru in Gifford et al. (2010).

MNCs' CSR behaviours in developing countries have to be reconsidered, as, on the one hand, sustainability and labour issues are part of what is expected from MNCs, and, on the other hand, MNCs' CSR agenda, in these settings, struggles with tensions between global and local expectations (Gugler & Shi, 2009). While MNCs face international pressures to adopt international conduct standards and to self-regulate their behaviour (Graham & Woods, 2006), companies are also expected to embrace local CSR issues (Husted & Allen, 2006). As a result of cultural gaps and a misunderstanding of social needs, a closer analysis is needed to adjust CSR programs to local needs (Wiig & Kolstad, 2010).

The tension between international and local strategies hinders the improvement of CSR practices and the fulfilment of local expectations. Indeed, Jamali concludes that (2010: 196):

“Taken together, the evidence presented in this article hence clearly suggests that the subsidiaries of MNCs are tailoring their CSR strategies to reflect characteristics of the subsidiary in question as well as the nature of the specific market environment encountered, which in combination have translated in the Lebanese context into token responses to corporate directives, rather than significant substantive attempts at impacting local communities and making a difference in the context of host societies”.

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MNC subsidiaries are constrained by this tension between global and local CSR agendas. Chapple and Moon (2005) argue that, although national business systems shape the character of MNCs' CSR efforts, their CSR culture and drive come from their headquarters. Hence, in those settings, MNCs have a polycentric approach rather than a geocentric approach, as a result of their adaptation of international requirements to local needs and traits (Chapple & Moon, 2005; Newell & Muro, 2006).

MNCs have a great impact on local economies in developing countries, creating jobs, building capacity, improving and transferring technology, and professionalizing suppliers (Ite, 2004). From a normative point of view, following Tavis (1997) and Reed (2002), the Kew Gardens Principles broaden MNCs' responsibilities in developing countries: their proximity to social needs (need and proximity), their capabilities (capability), and the absence of the State and a social network (last resort) increase their responsibility to address social problems. Therefore, the role of MNCs has become more prominent in developing countries, where MNCs "are expected to provide some social services and welfare programs in addition to their normal economic activities" (Eweje, 2006: 94).

In light of their power and local governments' failure to formulate and enforce CSR legislation, the boundaries of MNCs' responsibilities in developing countries are not clearly marked. Valente and Crane (2010: see page 59) state that MNCs in developing countries have a public responsibility and these authors developed a model to explain such responsibility. They propose four different kinds of public responsibility strategies, depending on whether companies provide a public service in their non-core operations (supplement), or in their core operations (substitute), or whether companies supply the

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infrastructure for public goods as part of their non-core operations (support), or their core operations (stimulate).

From another perspective, Frynas (2005) and Eweje (2006) study the role of MNCs in community development, with efforts to mitigate poverty, social exclusion and illiteracy. From public services to social issues, MNCs have to tackle a wide range of issues in developing countries. However, all these papers agree that it is impossible for MNCs to remedy developing countries social problems by themselves, and that their most important task is to contribute to the construction of social networks, transferring capabilities rather than resources (Wiig & Kolstad, 2010).

### **2.3. Final Remarks**

The discussion suggests that it is not the same to manage a CSR initiative in a developed country as in a developing one. As mentioned earlier, context changes the roles of both Governments and MNCs, and it is not possible to import -without a critical analysis- CSR program implementation modes. Fox (2004) argues for a shift in the CSR agenda when MNCs go from North to South, underscoring that “[MNCs’] agenda has also attracted criticism for being insensitive to local priorities and potentially harming prospects for sustainable livelihoods in the South” (Fox, 2004: 29).

One particular aspect that changes the way companies address CSR topics in developing countries is the type of issues that companies address in either developed or developing countries. In developing countries, the foremost issues include HIV/AIDS, poverty alleviation, childhood nutrition, and a number of structural social problems (Blowfield & Frynas, 2005). MNCs usually work in alliance with knowledgeable NGOs that can

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“handle the complexity of the context”<sup>3</sup>. At the same time, partnerships with NGOs brings about a collaboration capability for both companies and NGOs (Austin, 2000). While this type of work is not exclusive of this type of setting, it becomes crucial and acquires singular characteristics in developing countries.

This literature allows understanding in deep the role of both State and MNCs, as well as the way to address CSR in these settings (Eweje, 2006; Fox, 2004; Frynas, 2005, 2006; Robertson, 2009; Visser, 2008; Wiig & Kolstad, 2010; Zulkifi & Amran, 2006). These authors question the positive and negative effects of Northern and Southern CSR dynamics (Fox, 2004), and reclaim further research.

Ite’s (2004) analysis of Shell’s role in the Nigeria Delta provides a good example. The author describes how a leading multinational like Shell, with sound CSR programs, vast resources, partnerships with leading NGOs in the region, and committed employees, was unable to help local communities to further their development. He concludes that support from both, governments and civil society, are required for effective development progress.

Countries rich in natural resources, where a large number of MNCs base their subsidiaries, have lower performance than countries lacking natural resources in what has been dubbed the “resource curse” (Sachs & Warner, 1997). However, Wiig and Kolstad, suggest that “*countries with ‘good’ institutions of democratic accountability and rule of law tend to escape the resource curse, whereas countries with ‘bad’ institutions do not*” (2010: 178). In this light, the question about the role of CSR efforts

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<sup>3</sup> See HBS case *Merck Global Health Initiatives (A) and (B): Botswana*.

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in nations' development acquires a new meaning. Thinking in the long term, should MNCs focus more of their attention on the institutional quality of the countries where they operate or just continue to work on philanthropic causes?

Summing up, current literature on CSR in developing countries has shed some light on a complex landscape, providing a better understanding of the roles of local and foreign companies, international NGOs, and States. Finally, developing countries bring an opportunity to study this new phenomenon in its early development phase.

### **2.4. Chapter conclusions**

Overall, this chapter shows that there is an incipient literature on CSR in developing countries that focuses more on the description of its phenomena than in conceptualisation. Most of the papers selected here relied on qualitative methods -cases and interviews- that reveal an exploratory intention. In terms of regions, Africa garnered the attention of most papers, largely as a result of both greater MNC presence and massive, unsatisfied human needs that render CSR programs particularly relevant.

This chapter also reports on how current literature underscores the role and presence of Governments and MNCs as crucial to understand CSR practices in developing countries' contexts. At the same time, the sample papers describe a lack of government regulations on CSR, which play a key role as incentives for CSR practices. Governments are naturally endowed to facilitate and regulate CSR activities largely fail to do so in developing countries. As a result, MNCs find this "institutional void" and

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use CSR strategically to obtain social license. In this process, MNCs have to cope with a tension between “imported CSR culture and practices” and local pressures and expectations.

For the purpose of this thesis, the literature analysed in this chapter shows how important it is to understand the role and presence of Governments and MNCs to appreciate how and why CSR practices are adopted by local companies in developing countries. With these ideas in mind, the next chapter reviews the institutional theory literature, introducing this theory as a pertinent theoretical standpoint to gain a better understanding of CSR features in developing countries.

### 3. Institutional Theory: Literature Review

Institutional theory in organizational analysis has been “perhaps the dominant approach to understand organisations” (Greenwood, Oliver, Sahlin, & Suddaby, 2008: 2) over the past decade (see Greenwood et al., 2008: 2 Figure 1.1). Institutionalism has a long tradition in sociology, but it was in the late 1970s and early 1980s – with the landmark papers of Meyer and Rowan ([1977] 1991) and DiMaggio and Powell ([1983] 1991) – that institutional theory applied to organisations became one of the most common approaches in management studies.

CSR practices are relatively new in companies and as the previous chapter discussed, CSR practices in developing countries are highly conditioned by context, especially by the roles of governments and MNCs. Taking into account these characteristics, institutional theory has proven useful to understand the phenomenon addressed by this thesis, because it sheds light on the contextual elements that drive local companies to adopt CSR practices. The general research question in this document – *what are the institutional pressures that shape local companies’ CSR practices in developing countries* – seeks to combine institutional theory with local companies’ CSR practices in developing countries.

The purpose of this chapter is to review major institutional theory ideas as a prelude to the conceptual chapter, in which a set of hypotheses predicting local companies’ CSR practice adoption from an institutional perspective will be proposed. The literature review of institutional theory is founded on the major authors of institutional theory and in particular the framework of Scott (2001), representing a synthesis of the different roots of institutionalism. In this sense, no distinctions among different categorization of



institutionalisms are made in this thesis, such as “old”, “new” or “neo”. As mentioned, this works will follows the synthesis provided by Scott (2001), which includes the economic, political and sociological roots of institutionalism in its framework.

The first section presents the conceptual foundations of institutional theory from a historical and critical point of view and links its constructs to the aims of this thesis. The second section describes empirical findings concerning institutional theory in relation to both its general hypothesis and its links to CSR issues. Finally, the third section explains the main implications of institutional theory for the objectives of this thesis.

#### **3.1. Institutionalism in Organisational Analysis -Conceptual Foundations**

All forms of institutionalism share a common reaction against classical and neo-classical economic traditions, particularly in reference to the agent as an individual with perfect rationality and full information. The main critique of utilitarianism is that it is an action theory that focuses only on agents and their motivations, neglecting the role played by the environment (Powell & DiMaggio, 1991). Powell and DiMaggio write:

“Both the old and the new approaches [of institutionalism] share a scepticism toward rational-actor models of organisation, and each views institutionalisation as a state-dependent process that makes organisations less instrumentally rational by limiting the options they can pursue”. (1991: 12)

The great insight of sociology reveals that agents, organisations and societies in general are open systems that influence each other and cannot be analysed as separates realities without missing social life dynamics (Scott, 2001). The idea of openness underscores unconscious processes, such as how values and habits develop. Ultimately, institutional

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theory tries to make the unconscious conscious in order to understand how society creates new meanings and values (Scott, W., & Associates, 1994). This notion of openness is reflected in Selznick's classical conception of institutions as adaptive organisms (Selznick, [1957] 1984).

Despite stressing different ideas in their interpretations, institutionalisms share common ground on the nature of organisations and institutions (DiMaggio, 1991; Powell & DiMaggio, 1991; Selznick, 1996). Selznick sees a natural evolution within institutionalism, rather than a disruptive change (Selznick, 1996). In a nutshell, institutionalism may be summarised by asking: *How do institutions and organizations pressure and shape organisations?*

The answer to this embodies the topic of this section, but before actually responding, it is necessary to look at how institutions and organisations are construed by institutionalism.

#### ***3.1.1. Institutions and Organisations***

Selznick, considered one of the major institutional theory sources (Scott, 2008), posits that an organisation is a conscious process created with clear aims, with everyone knowing what to do. An institution is a "natural product", a consequence of social needs, and as a result, it is ambiguous, lacking clear boundaries and established roles (Selznick, [1957] 1984). However, Selznick emphasizes that this is a distinction needed for the purpose of the analysis, but that there is no ideal institution or organisation and the line between them is not crystal clear. Selznick writes:

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“This distinction is a matter of analysis, not of direct description. It does not mean that any given enterprise must be either one or the other. While an extreme case may closely approach either an “ideal” organisation or an “ideal” institution, most living associations resist so easy a classification. They are complex mixtures of both designed and responsive behaviour”. ([1957] 1984:5-6)

Hodgson (2006) concludes that an *organisation is a type of institution*. Following the tradition of institutionalism (Parsons, 1985; Selznick, [1957] 1984; Stinchcombe, 1997), Hodgson defines institutions “as systems of established and prevalent social rules that structure social interactions” (2006: 2), sharing the same notion with Selznick, who views institutions as a result of social needs, providing stability to the overall system.

Hodgson (2006) identifies some special features that are unique to organisations, including a) the freedom to act autonomously and to distinguish their members from non-members and b) a capacity to decide “who is in charge”, so that the chains of command are clearly established and responsibilities are clear (Hodgson, 2006). Like Selznick, Hodgson describes organisations more as “rational actors” (vs. “natural actors”), where differences are given by context and circumstances (Scott, 2003; Selznick, [1957] 1984).

The tradition of institutionalism also agrees that organisations may be treated as single actors and institutional theory follows this notion. In this light, in the structure versus agency debate, organisations are actors (agency) acting in settings in which social rules are established by institutions (structure). In his seminal book on institutions and organisations, Scott remarks:

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“Organizations are not simply the product of increasing technical sophistication, as had long been argued, or even of increasingly complex relational patterns; they also result from increasing rationalization of cultural rules that provide an independent basis for their construction.” (2001: 43)

In the same work, Scott offers an overarching notion of institutions that may prove useful here:

- “Institutions are social structures that have attained a high degree of resilience.
- Institutions are composed of cultural-cognitive, normative, and regulative elements, that together with associated activities and resources, provide stability and meaning to social life.
- Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artefacts.
- Institutions operate at multiple levels of jurisdiction, from the world system to localized interpersonal relationships.
- Institutions by definition connote stability but are subject to change processes, both incremental and discontinuous”. (2001: 48)

To conclude, the early discussion stresses the idea that an organisation is a more rational type of institution with clearer boundaries and autonomy. Organisations and institutions are interwoven and affect each other as they are part of the same social process and share the social outcomes of their interaction.

### 3.1.1.1. How do institutions pressure and shape organisations?

Meyer and Rowan state that any formal organisation reflects “the myths of their institutional environments instead of the demand of their activities” ([1977] 1991: 41).

Moreover, Meyer et al. contend that:

“...social action in modern societies is highly structured by institutionalized rules. These rules take the form of cultural theories, ideologies, and prescriptions about how societies work or should work to attain collective purposes, especially the comprehensive and evolving goals of justice and progress...” (1994: 9)

Institutional theory argues that the main pressures that shape the behaviour and form (internal structure) of organisations are institutional pressures (cognitive, coercive and normative) and efficiency pressures (Meyer & Rowan, [1977] 1991). These two pressure sources act differently: efficiency pressures attempt to control and coordinate activities, whereas institutional pressures try to give legitimacy to organisational behaviour in general. Managing an organisation implies dealing with resource control and coordination pressures, as well as pressures for social legitimacy (Meyer & Rowan, [1977] 1991). Institutional theory authors turn to a practical solution to this double pressure, namely decoupling actions (Meyer & Rowan, [1977] 1991; Oliver, 1991), which means having two separate structures inside organisations: one that responds to efficiency pressures and another that responds to legitimacy pressures (environmental myths and ceremonies).

This tension between efficiency and legitimacy pressures is also analysed as a tension between performance and conformance (Heugens & Lander, 2009) – the type of pressure that drives a company to make the decision to improve its performance or to conform to social expectations. Conformance and performance actions are not separated

### Chapter 3. Institutional Theory: Literature Review

by a clear boundary and managers sometimes navigate these pressures without being fully aware of the route they are following (Scott, 2003).

Another institutional theory insight is the concept of isomorphism -first introduced by Meyer and Rowan ([1977] 1991) and developed in the landmark paper by DiMaggio and Powell ([1983] 1991). Isomorphism is the process by which organisations incorporate external elements that are legitimised by field myths and ceremonies in order to *reduce turbulence and maintain stability*. These actions are intended to assure organisations' success and survival (Meyer & Rowan, [1977] 1991). DiMaggio and Powell write:

“Instead, we contend, bureaucratization and other forms of organizational change occur as the result of processes that make organisations more similar without necessarily making them more efficient. Bureaucratization and other forms of homogenization emerge, we argue, out of the structuration of organisational fields. This process, in turn, is effected largely by the state and the professions, which have become the great rationalisers of the second half of the twentieth century... highly structured organisational fields provide a context in which individual efforts to deal rationally with uncertainty and constraint often lead, in the aggregate, to homogeneity in structure, culture, and output.” ([1983] 1991: 64)

For these authors, isomorphism is the concept that best captures the process of homogenisation, identifying the same type of pressure an organisation needs to survive – *competitive isomorphism* (efficiency) and *institutional isomorphism* (legitimacy).

Institutional theory states that institutional isomorphism is driven by *coercive*, *mimetic* and *normative* forces. *Coercive forces* are the political influences, formal and informal pressures that convey the state's authority and organisations' search for legitimacy.

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*Mimetic forces* arise as a consequence of environmental uncertainty; to reduce this uncertainty, organisations imitate legitimate and successful organisations. The mimetic process (modelling) is the most efficient process to acquire legitimacy. *Normative forces* are derived from a key homogenisation actor: professions and professionalization processes<sup>4</sup> (DiMaggio & Powell, [1983] 1991).

In the long run, rational decisions produce an institutional isomorphism that works against competitive forces (Scott, 2001). Ultimately, this does not drive efficiency, but it does provide social and organisational legitimacy, and, in this balance, social legitimacy prevails. Indeed, this “side” of the institutional theory stresses structure, cultural persistence and homogeneity rather than institutional and organisational change. A hypothesis underlies these key institutional theory notions: the greater the level of institutionalisation, the stronger the forces of isomorphism – especially coercive and normative forces (Zucker, [1977] 1991). The next section discusses the institutional forces that shape and pressure organisations to gain a better understanding of these notions.

#### 3.1.1.1.1. *Institutional Order Pillars and Drivers*

To understand how institutional forces work, it is useful to take a look at their individual characteristics, the basis for compliance, as well as their rationale and mechanisms. Scott’s (2001) book, *Institutions and Organizations*, re-categorised these forces as Institutional Pillars – regulative, normative and cultural-cognitive pressures that determine the institutional atmosphere of a particular setting (Scott, 2001). These three

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<sup>4</sup> “...we interpret professionalization as the collective struggle of members of an occupation to define the conditions and methods of their work, to control ‘the production of producers’, and to establish a cognitive base and legitimation for their occupational autonomy” (DiMaggio & Powell, [1983] 1991, p. 70).

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pillars reinforce each other and work together because they are part of the same social system. Table 6 below summarises the main characteristics of each pillar and as an introduction, Scott describes how these pillars work:

“... [There are] three types of ingredients that underlie institutional order: regulative, normative, and cultural-cognitive elements. Regulative elements stress rule-setting, monitoring, and sanctioning activities. Normative elements “introduce a prescriptive, evaluative, and obligatory dimension into social life”. And cultural-cognitive elements emphasize the “shared conceptions that constitute the nature of social reality and the frames through which meaning is made”. The three elements vary substantially in the type of institutional order they support, each differing in the bases of order, motives for compliance, logics of action, mechanisms, and indicators employed. Each offers a different rationale for claiming legitimacy, whether by virtue of being legally sanctioned, morally authorized, or culturally supported. Thus, it makes a difference whether one complies out of expedience (to avoid a punishment), because one feels morally obligated to do so, or because one cannot conceive any other way of acting. But at the same time, each is properly seen as providing or contributing to an institutionalized social order: all support and sustain stable behaviour” (2008: 428-29).

Table 6. Scott: Three Pillars of Institutions

	Pillar		
	<i>Regulative</i>	<i>Normative</i>	<i>Cultural-Cognitive</i>
<i>Basis of compliance</i>	Expedience	Social Obligations	Taken-for-grantedness/ Shared understanding
<i>Basis of order</i>	Regulative rules	Binding expectations	Constitutive schema
<i>Mechanisms</i>	Coercive	Normative	Mimetic
<i>Logic</i>	Instrumentality/	Appropriateness (role)	Orthodoxy
<i>Indicators</i>	Rules/Laws/Sanctions	Certification/ Accreditations	Common beliefs/Shared logics of actions
<i>Basis of Legitimacy</i>	Legally sanctioned	Morally governed	Comprehensible/ Recognizable/Culturally supported

Source: Scott, 2001



#### Regulative Pillar

The regulative pillar bases its legitimacy on legally-sanctioned rules and laws and its basis of compliance is expedience. The mechanism of this pillar is coercion and its logic is instrumental, assuming that organisations, faced with strong law enforcement, usually comply with the law. This pillar is driven by power systems, especially governance systems with protocols and standards that require organisations to comply with mandated specifications. As mentioned before, this pillar relies on explicit rules and laws (Scott, 2001) and its typical, foremost agent is the state.

#### Normative Pillar

The normative pillar bases its legitimacy on morality and perceived social obligations, with or without formal enforcement. This pillar is built around the expected role of the organisation in society (goals and activities) and it primarily relies on normative proceedings, with an implicit enforcement capacity. While normative systems impose constraints on social behaviour, they also enable social action through rights and responsibilities (Scott, 2001). This pillar is built on values and norms translated into certifications, standards and professional codes of conduct. In this conception, values account for a desirable situation, whereas norms indicate how things should be done in order to achieve that desirable situation. From a different perspective, the relationship between values and norms may be viewed as the relationship between ends and means. Finally, chambers and professional associations play a key role in this pillar, creating a “normative environment” and overseeing its informal enforcement (DiMaggio & Powell, [1983] 1991).

#### Cultural-cognitive pillar

The cultural-cognitive pillar confirms the influence of sociology in institutional theory and the general assumption is that meanings arise from the interaction and “are maintained and transformed as they are employed to make sense of the on-going stream of happenings” (Scott, 2001: 57). Therefore, this pillar bases its legitimacy on culturally-supported meaning and a shared understanding of conduct, drawing its order from the constitutive scheme that supports local identity. It relies on mimetic mechanisms, reproducing the status quo rationale and shared understandings (Berger & Luckmann, [1966] 1989; Zucker, [1977] 1991) – by nature, not explicit or conscious. This cultural-cognitive pillar is driven by categories, frames and characterisations. Thus, its isomorphism is structural and so profound that it lacks a clear formulation, but everybody knows what it is (Zucker, [1977] 1991). This pillar is founded in “the way we do the things”.

These three pillars feature a movement from explicit to implicit elements, from formal laws to common beliefs and shared rationales. It is hard to establish clear boundaries between them. As a result, institutional theory assumes that the context always imposes pressures on organisations. However, poorly institutionalised settings raise a new question: *How do institutional pressures work?* The answer to this question could provide more room for organisational initiatives, while making it possible to understand institutional pressures in a different way.

### 3.1.1.2. How Organisation pressure and shape Institutions?

Do organisations (actors) respond passively to institutional pressures? DiMaggio argues that “any theory that denies the reality of purposive, interest-driven, and conflictual behaviour is limited in the range of problems to which it is applicable” (1988: 5). This aspect of institutional theory is relevant because it incorporates a dynamic element to the static view of organisations receiving pressures and adapting to them. Can organisations change institutional environments and if so, how do they do it?

The consequence of defying static structures and capturing the dynamics of social relations is the recognition of organisational change and the efficiency of human action to drive social change (Sewell Jr., 1992). This is a key notion of this thesis – as a result of the lack of formal institutionalisation in developing countries, organisations have more leeway to change some institutionalised logics. Indeed, in developing country societies, institutionalisation processes are perceived as *more open* on account of their uncertainty and lack of long-term rules (Peng, 2003). These settings feature a substantial possibility to find new ways of understanding regulative, normative and cultural processes.

So, in this light, institutional theory states that organisations have the capacity to change institutional processes. Barley and Tolbert clearly explain this key argument:

“Like structuration theorists, institutional theorists acknowledge that cultural constraints do not completely determine human action... [I]nstitutions set bounds on rationality by restricting the opportunities and alternatives we perceive and, thereby, increase the probability of certain types of behaviour... Through choice and action, individuals and organisations can deliberately modify, and even eliminate, institutions.” (1997: 94)

Combining institutional theory with resource dependence theory (see Pfeffer & Salancik, 2003), Oliver (1991) builds a model to understand organisational responses to institutional pressures. In Oliver's (1991) model, organisational responses range from passive conformity to active resistance, depending on their interest and power (resource structure). Furthermore, the author shows how different antecedents may lead to different responses and argues that context is a key element that conditions these responses. When certainty about the future, rules and social actors' interconnectedness are high, the acquiescing option is higher; when certainty and interconnectedness are low, the manipulation option is higher (Oliver, 1991).

This relationship between institutions and organisations may be presented as a nested system (Holm, 1995): in nested systems, there are several interconnected levels and hierarchies. Therefore, when an institution or an organisation produces a change in a part of the system, the entire system is changed and institutional pressures rearrange themselves (Scott, 2001). In this nested system, when organisations or individual actors exert their power to change an institution, a process that Oliver (1992) defined as de-institutionalisation ensues. De-institutionalisation is the "process which erodes or discontinues the legitimacy of an established or institutionalized organisational practice" (Oliver, 1992: 564).

In a de-institutionalisation process, the practices recreated by an institution lose their legitimacy as a result of an organisational challenge (with enough power) and a proposition of new practices. The factors that predict this de-institutionalisation process may be political, technological, social, or competitive (Oliver, 1992). For example, in

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the case of CSR practices in developing countries, a source of change comes from international pressures regarding environmental issues, with MNCs importing their environmental CSR practices from headquarters and spreading this pressure across their value chains (Child & Tsai, 2005; Kostova & Roth, 2002), imposing their environmental standards on local companies as a legitimate practice.

A final notion involved in institutional change is the role of crises. Sharfman argues that “only under conditions of extreme environmental shock is an institution likely to change” (Sharfman, 1994: 242). Furthermore, Sharfman adds that in a severe crisis, there is a window of opportunity to re-think institutions and actors can assume a leading role in a new institutionalisation process (Sharfman, 1994). In critical or uncertain settings, many organisations play subsidiary roles. As noted earlier, MNCs, given the power that they have, may play the role of the state in developing countries, changing established practices and imposing or proposing new ones, not necessarily using the same methods as the state (Kirton & Trebilcock, 2004). Similarly, local companies may also change habits and routines.

In developing countries, organisations may act as social entrepreneurs (Beckert, 1999),<sup>5</sup> trying to change established routines and providing certainty in institutionalised procedures. Although Beckert (1999) did not refer to developing countries, it may be argued that in a setting which features structural uncertainty, entrepreneurial behaviours can certainly change social routines. Indeed, it is interesting to associate the notion of social entrepreneurship in studies indicating that developing countries feature institutional voids as a result of their poor institutionalization (Mair & Martí, 2008;

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<sup>5</sup> In this categorisation of managers and entrepreneurs, Beckert (1999) is following Schumpeter's thoughts.

Mair et al., 2007). Social entrepreneurs are adequate agents for filling institutional voids and thus bottom-up change processes become more relevant in developing countries than in developed countries (Mair et al., 2007).

Institutional theory incorporates the notion of *institutional work*, a concept that captures the essence of what Scott (2008) refers to as bottom-up processes: “institutional processes operate not only in a top-down, but also a bottom-up direction” (Scott, 2008: 431). Institutional work is defined as “the intentional actions taken in relation to institutions, some highly visible and dramatic... but much of it nearly invisible and often mundane, as in the day-to-day adjustments, adaptations, and compromises of actors attempting to maintain institutional arrangements” (Lawrence et al., 2009: 1).

As a general conclusion, it may be argued that organizations have the capacity to pressure and shape institutions, as they have the power and resources required to impose and propose new practices. In turn, as a result of gaps (institutional voids) created by environmental crises and uncertainty, organizations can create new practices or import practices from abroad (international isomorphism).

#### **3.2. Institutionalism in Organisational Analysis –Empirical Findings**

This section analyses the empirical findings regarding institutional theory in general and specifically as related to CSR practices. Institutional theory covers a wide range of phenomena and contexts in its attempt to understand why and how institutions and organisations change – from museums to educational systems. Indeed, one of the main concerns of institutional theory research is finding the institutional causes for the transformation of organisations (Fligstein, 1991), organisational fields (DiMaggio,

1991; Galaskiewicz, 1991) and even countries or regions (Orrù, Biggart, & Hamilton, 1991).

To introduce empirical findings related to institutional theory, this section is organised as follows. First, an analysis is undertaken of two studies that systematically reviewed empirical papers on institutional theory – one (Farashahi et al., 2005: 5) employing synthesis analysis of aggregate data (qualitative methodology) and the other (Heugens & Lander, (2009) using meta-analysis (quantitative methodology). Both papers aim to review the general propositions of institutional theory and their empirical correlations. Given the great variety of issues and contexts covered by authors in the field of institutionalism over the years, these papers provide an opportunity to understand common findings and most importantly, to see which institutional theory hypotheses have been confirmed over the years. As Heugens and Lander (2009) argue, “meta-analysis allows us to address the aforementioned debates<sup>6</sup> empirically with data that are closer to definitive than those reported in any single primary study” (Heugens & Lander, 2009: 62).

The focus of this thesis is on understanding the institutional determinants of local companies’ CSR practices in developing countries. Accordingly, the second part of this section focuses on the analysis of empirical findings in institutional theory associated with CSR practices, addressing this issue by:

- a. Analysing the findings of aggregate studies on institutional theory in general, one qualitative and the other quantitative.

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<sup>6</sup> These debates will be analysed in greater depth in the following section.

- b. Discussing this empirical research with a focus on institutional theory, developing countries and corporate social responsibility.

### ***3.2.1. Aggregate Studies***

#### ***3.2.1.1. Qualitative study***

Farashashi et al. (2005) embarked on “a research synthesis aggregate analysis of empirical studies grounded in institutional theory” (2005: 5) to review the main trends and questions in 20 years of empirical research on institutional theory. Farashashi and colleagues analysed 101 top journal papers<sup>7</sup> and only considered empirical research (leaving conceptual and non-empirical articles aside). Drawing on qualitative methodology, “these studies were randomly divided between the three authors to be reviewed and codified according to a summary form with 18 pre-designed measures” (Farashahi et al., 2005: 5).

The authors found a growing tendency to use institutional theory in management and economic studies since 2000, with sociology as the theoretical foundation of the papers reviewed (96%). Regarding institutional forces, isomorphism was scholars’ central concern and the dominant sources of institutional pressures were normative and regulative (77% and 44% of studies, respectively). While the authors did not attempt to explain why cultural-cognitive pressure was the least studied, it may be safe to assume that this was due to the complexity involved in capturing the implicit elements of this institutional pressure (Scott, 2008).

Farashahi et al. (2005) also found that the main direction of effect (81% of the papers) was a top-down relationship, i.e. institutions affecting organisations. Hence, 26% of the

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<sup>7</sup> This paper included an Appendix containing the 101 papers used to run the study (pp. 20–24).



papers examined the effect of organisations on institutions (bottom-up relationships). All other papers studied institution–institution relationships. It should be noted that, according to the authors, the papers that analysed bottom-up relationships were the most recent studies in the sample.

The last conclusion is highly relevant for the purpose of this thesis. The authors pointed out that:

“Most scholars selected their samples from the USA (68% of studies), other developed countries such as Canada, Japan, UK and other European countries (20% of studies) or from the USA and one or more other developed countries (7% of studies). It is only in the most recent years that a few studies (fewer than 5% of studies) have tried to test institutional theory in developing country contexts”. (Farashahi et al., 2005: 7)

Consequently, the hypotheses tested in empirical studies assume developed country contexts, giving rise to an opportunity to add new insights to institutional theory when testing institutional dynamics in developing country contexts.

#### 3.2.1.2. Quantitative study

Heugens and Lander’s (2009) study is a meta-analysis in which the authors tried to capture three fundamental debates in the institutional theory literature in an attempt to understand what the conclusions of empirical institutional theory literature on those debates are. These three fundamental debates are: structure versus agency, conformance versus performance and the influence of organisational fields. The authors explained that “the purpose of this study is to elucidate these areas of theoretical and empirical tension with the help of meta-analytic techniques” (2009: 62). The paper drew on 136

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studies published in ten top-tier journals from 1983 to 2007 and eight unpublished studies.

In the case of the structure versus agency debate, their conclusion confirms the structure hypothesis, namely that the degree of coercive, normative and mimetic pressures in an organisational field is positively related to the degree of inter-organisational homogeneity in that field. However, the authors noted that “their magnitudes suggest that they hardly represent an institutional iron cage from which no escape is possible” (Heugens & Lander, 2009: 76). In this regard, it may be said that there is a place for agency and that the balance between structure and agency should be studied further in the future.

Galaskiewicz and Wasserman (1989) found that the role of agency is greater in uncertain settings and that mimetic behaviours (DiMaggio & Powell, [1983] 1991) are based on trust in personal relationships. Thus, the role of elites in “informal” economies is relevant and the structure hypothesis may change in developing country contexts. From a complementary perspective, Peng and Luo (2000) also conclude that in developing countries the role of managers (elites) proves crucial in understanding institutional changes.

Findings on the conformance versus performance debate confirmed the hypothesis of performance, in that the conformist adoption of isomorphic templates for organizing by focal organisations is negatively related to their substantive performance. In this case, the authors underscored the notion of isomorphism, as there is one isomorphism for conformance practices and another for performance practices. Following Meyer and

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Rowan's (1977) argumentation, organisations decoupled their activities (and decisions) and acted isomorphically in relation to both conformity and performance. Ultimately, actors display an instrumental rationality, adapting their decisions to the context and searching for benefits. The authors recommended analysing isomorphism separately in future research to capture the differences and possible relationships.

Finally, in the debate concerning organisational field influence, the authors confirmed the hypothesis –organisational field-specific factors moderate the relationship between the degrees of coercive, normative and mimetic pressures and the degree of isomorphism in a field. In this last debate, it should be noted that context is highly influential for both organisational field and institutional pressure setups.

To conclude, both aggregate studies give us a clear picture of state-of-the-art empirical findings in institutional theory, proving how major theoretical debates are confirmed or rejected empirically. Following Farashahi et al.'s (2005) finding, it should also be noted that both studies are based on papers published mostly in developed countries, which points to the need to test institutional theory in developing countries.

#### ***3.2.2. Institutional theory and CSR practices in developing countries***

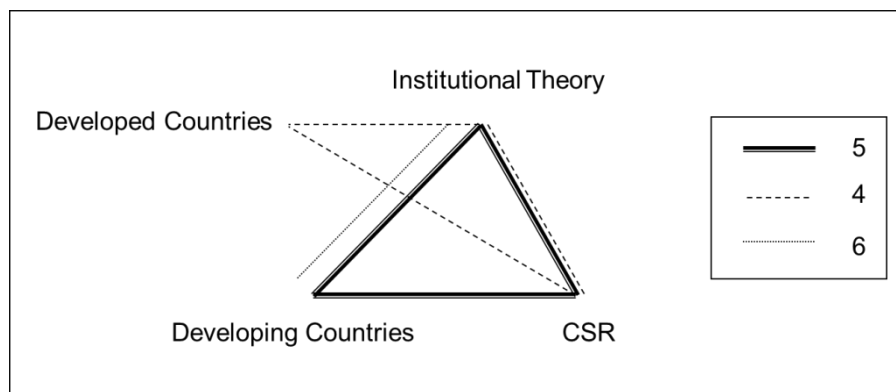
This section reviews empirical papers on CSR practices in developing countries as viewed from an institutional theory perspective. However, given the lack of empirical research on institutional theory propositions in developing countries, this part will also focus on empirical findings combining institutional theory and developing countries (on any subject). Finally, it seems convenient also to include studies that combine

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institutional theory and CSR practices in developed countries in order to review the findings from an institutional theory perspective.

The review is limited to three combinations: a) CSR practices in developed countries as viewed from an institutional theory perspective; b) institutional theory propositions tested in developing countries (not specifically on CSR issues) and c) CSR practices in developing countries as viewed from an institutional theory perspective (the topic of this thesis). Figure 3 plots the papers found at each intersection.

Figure 3. Empirical Studies on CSR and Institutional Theory



As shown in Figure 3, there are few empirical papers on these issues and the existing papers include four by the same authors, using the same data sample (Galaskiewicz & Burt, 1991; Galaskiewicz & Wasserman, 1989; Gifford & Kestler, 2008; Gifford et al., 2010; Jamali & Neville, 2011). Whilst it has been argued that institutional theory is an appropriate paradigm for explaining company behaviour in emerging economies (Dunning & Lundan, 2008; Hoskisson, Eden, Lau, & Wright, 2000; Jamali & Neville, 2011; Peng & Luo, 2000; Shenkar & von Glinow, 1994), not many authors have used it in their research – probably as a result of institutional theory’s complexity. Yet, it is its

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complexity that makes institutional theory suitable for understanding developing contexts.

Table 7 below summarises the goals, locations and institutional elements tested in the studies reviewed. These data reveal that most papers are quantitative (eight of 13), while most of the qualitative studies (three of four) are based in developing countries. As noted in Chapter 1, most CSR studies conducted in developing countries tend to have been qualitative.

*Table 7. Literature review: institutional theory, CSR and developing countries*

		<i>Aim of Study</i>	<i>Country</i>	<i>Type of Study</i>	<i>Institutional Elements</i>
	<b>NIT / CSR / Developed Countries</b>				
1	Galaskiewicz and Wasserman (1989)	How managers make a decision in uncertainty environment	USA	quantitative	Mimetic Processes
2	Galaskiewicz and Burt (1991)	What type of contagion models are used by corporate managers	USA	quantitative	Symbolic communication / Ritual and Frames of Action
3	Goodstein (1994)	Institutional pressures and organizational strategic choice	USA	quantitative	Institutional Pressures and Strategic Responses
4	Boxenbaum (2006)	Institutional emergence behind CSR constructs	Denmark	qualitative	Institutional Change: deinstitutionalization and reinstitutionalization
	<b>NIT / Developing Countries</b>				
5					
6	Guillen (2002)	Interorganizational effects in foreign expansion	China	quantitative	Mimetic Processes
7	Guillen (2003)	Interorganizational effects in foreign expansion and joint-ventures	China	quantitative	Mimetic Processes
8	Brouthers et al. (2005)	Exporting product strategies to Triad Nations markets	China and Romania	quantitative	Mimetic Processes
9	Child and Tsai (2005)	Firms strategies regarding environmental protection	China and Taiwan	qualitative	Mimetic Processes and Institutional Pressures
10	Uhlenbruck et al. (2006)	The impact of Corruption on Entry Strategies	Worldwide	quantitative	Mimetic Processes
	<b>NIT / CSR / Developing Countries</b>				
11	Rivera (2004)	Institutional Pressures over Voluntary Environmental Programs	Costa Rica	quantitative	Institutional Pressures
12	Gifford and Kestler (2008)	MNCs legitimacy in developing countries through community sustainable actions	Peru	qualitative	Organizational Legitimacy
13	Gifford et al. (2010)	MNCs legitimacy in developing countries through CSR actions	Peru	qualitative	Organizational Legitimacy
14	Jamali and Neville (2001)	CSR Convergence versus Divergence	Lebanon	qualitative	Institutional Pillars
15	Muthuri and Gilbert (2011)	Institutional determinants to CSR actions	Kenya	mixed methods	Institutional Pressures

The most common institutional elements analysed were mimetic processes and organisational legitimacy. Mimetic processes embody a significant insight from institutional theory (Scott, 2008) and in highly uncertain settings, such as developing countries, it is understandable that these processes have been researched. In turn, papers

on organisational legitimacy tried to understand how organisations acquire social legitimacy in new environments, especially MNCs.

#### 3.2.2.1. Institutional theory / CSR / Developed Countries

Galaskiewicz and various colleagues published a series of papers that studied how networks and interpersonal connections isomorphically influence the acquisition of attitudes towards philanthropic behaviours (Galaskiewicz, 1985, 1991; Galaskiewicz & Burt, 1991; Galaskiewicz & Wasserman, 1989). These papers confirmed DiMaggio and Powell's (DiMaggio & Powell, [1983] 1991) hypothesis that in uncertainty contexts (in this case associated with the issue – corporate philanthropy – and not the context itself), mimetic processes are created to “manage the uncertainty”. Indeed, Galaskiewicz's findings confirmed that elites play a key role as social uncertainty moderators, as they become “behavioural role models”.

Another relevant finding is the notion that there is a consistent relationship between organisational size and CSR engagement. This is because large organisations are accountable to various constituencies and need to undertake more CSR actions to ensure their legitimacy (Goodstein, 1994; Greening & Gray, 1994). Indeed, size is positively related to CSR management development in terms of setting up a structure to work on these issues: formalization, committee, resources, integration with planning and functions (Greening & Gray, 1994).

Finally, Boxenbaum (2006) found that as a construct, CSR operates like an institution, proposing new practices and frameworks for companies. This paper analysed how a new institution emerged from “precipitating jolts” and embarked on independent

innovation to find solutions to perceived problems (Boxenbaum, 2006). The author argued that the CSR construct may be defined as an institutional hybrid, as it is a foreign institution “adapted selectively to suit local economic and institutional circumstances” (2006: 58) and it is very malleable and open to change. This paper concludes that CSR constructs viewed as institutional hybrids provide a good opportunity for organisations to introduce new practices in their organisational field. At the same time, these findings bring a new challenge as organisations need to align novel CSR practices to new values that question old practices. In this process, legitimate institutions or organisations play a crucial role (Boxenbaum, 2006).

In light of these findings, it is pertinent to ask who are the role models (elites) for CSR practices in developing countries? Are they MNCs or international NGOs? What is the relationship between organisational size and CSR engagement in developing countries? And, finally, how are CSR constructs created and how do they influence local environments?

#### 3.2.2.2. Institutional theory - Developing Countries

The general issue that most of the reviewed papers addressed is how uncertainty – lack of knowledge and capacity for long-term planning – changes the rules of the game in emerging economies, infusing such settings with unique characteristics that change the ways in which new practices are adopted and implemented (Child & Tsai, 2005; Chung & Luo, 2008; Guillén, 2002, 2003).

In these contexts, Guillén (2002, 2003) shows that uncertainty and lack of knowledge influence entry strategies; firms tend to expand beyond their national borders in an

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incremental and sequential way as they attempt to overcome uncertainty, lack of knowledge and legitimacy by taking progressively bolder steps. Indeed, when deciding and taking the first steps to enter into a foreign country, companies are highly influenced by institutional pressures, but once they are well established in the host country, these pressures subside. Thus, studies show how companies shift from conformity to performance over time.

In the same vein, Uhlenbruck et al. (2006) state that MNCs change the mode of entry in developing countries, depending on corruption perceptions (pervasiveness and arbitrariness) – MNCs choose between equity entry and non-equity entry. As a result, they argue that corruption brings so much uncertainty to the environment that MNCs prefer to enter into these countries through joint ventures or for specific projects, rather than opening a subsidiary. Again, for their early entry strategies, MNCs opt for mimetic strategies through joint ventures.

Regarding how context influences relationships and behaviours, another key finding that surfaced when applying institutional theory to developing countries involves the role of MNCs. Child and Tsai's (Child & Tsai, 2005) findings show how MNCs become change agents as, with low institutional constraints, they can pursue responsible or exploitative strategies. MNCs have the power to manipulate their environment to adopt new policies, as concluded by many of these studies (Brouthers, O'Donnell, & Hadjimarcou, 2005; Child & Tsai, 2005; Guillén, 2002, 2003; Peng & Luo, 2000).

It is interesting to note that the vast majority of this literature deals with MNCs and how they adapt to local contexts. Hence, there is a lack of literature on the reaction and the



role of local companies and how they adapt to MNCs' entrance. As a result, this thesis will contribute to current literature by focusing on how CSR practices are adopted by local companies.

Finally, from a research standpoint, Chung and Luo (2008) conclude that emerging economies offer a good environment in which to test institutional processes because foreign firms, coming from settings with different corporate governance models, may bring their home country-based understandings to bear and influence local strategic orientations as institutional pressures are lower for country-based companies and higher in those countries in which the companies have subsidiaries. The author argues that analysing how institutional pressures behave in developing countries may change the nature and dynamic of institutional forces as we know them in developed countries (Chung & Luo, 2008).

#### 3.2.2.3. Institutional theory / CSR / Developing Countries

The studies at this intersection focus on three main topics: how institutional pressures shape CSR practices (Muthuri & Gilbert, 2011; Rivera, 2004), how MNCs need social legitimacy to operate, especially in controversial industries (Gifford & Kestler, 2008; Gifford et al., 2010) and the CSR convergence versus divergence question (Jamali & Neville, 2011). Rivera (2004) and Muthuri and Gilbert (2011) found that institutional pressures create institutional environments which facilitate the acquisition of CSR practices in developing countries. Government regulations, industry and trade association memberships and shared beliefs are positively related to the incorporation of CSR practices, not only in MNCs but also in local companies. However, a limitation of these studies is the fact they do not explain how this acquisition is made; the papers only

state that institutional pressures are important, but they do not delve any further into this topic.

Social legitimacy and social license is another significant issue. Gifford and Kestler (2008) and Gifford et al. (2010) found that in developing countries, MNCs have no automatic social legitimacy and they need to work with all their stakeholders to achieve it. These authors indicate that NGOs and neighbouring communities are key actors in MNCs' legitimisation processes. Again, the limitation in these papers is that they focus solely on a controversial industry – mining – and MNC subsidiaries. Also, as in other studies, MNC subsidiaries are the most studied agents.

Finally, Jamali and Neville (2011) developed a multi-level conceptual model, using institutional theory, to understand CSR convergence and divergence theory. This paper addresses how different forces, through diverse actors, work to engender a more global and rational CSR with common standards and a more local and emotional CSR embedded in local identity and local religious beliefs.

### **3.3. Final Remarks**

Based on the analysis of the literature, it may be concluded that developing countries are understudied (Farashahi et al., 2005; Muthuri & Gilbert, 2011) and provide a good context in which to apply and test institutional theory (Hoskisson et al., 2000; Peng & Luo, 2000). This is particularly so when it comes to CSR practices, both because these practices are new and on account of developing countries' low institutionalisation and recurring crises. Indeed, some studies have found a positive relationship between institutional pressures and CSR practices in these contexts (Muthuri & Gilbert, 2011;

Rivera, 2004), but they do not differentiate between types of pressure and types of practice.

The current literature depicts MNCs as key actors in emerging economies as a result of their power and influence. Heugens and Lander's (2009) meta-analysis argues in favour of the structure hypothesis over agency, but it leaves room for organisations to become proactive, especially if they have great power. Again, the meta-analytic papers studied were published mostly in developed economies. As the literature on emerging economies analysed reveals institutional voids, there are several possibilities for creating new practices and frameworks. This combination offers MNCs an opportunity to play a proactive role in shaping CSR practices and frameworks in developing countries.

Finally, methodologically speaking, there is a mix of methodologies and methods – surveys, interviews and case studies – and it seems that qualitative methodologies are used more commonly in developing countries than in developed countries. It may be safe to say that new phenomena require a qualitative approach first in order to gain insights through an inductive process (Patton, 2002).

#### **3.3. Chapter conclusions**

This chapter has sought to show that institutional theory is an adequate theory for analysing the institutional determinants of local companies' CSR practices in developing countries. It focuses on institutional theory's conceptual foundations and empirical findings as a prelude to the next chapter, in which a conceptual model

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designed to capture the dynamics of institutional determinants of local companies' CSR practices is presented.

This chapter illustrates how the conceptual foundations of institutional theory describe fundamental movements. The top-down movement seeks to understand how institutional pressures shape organisations and what types of pressures shape each type of organisational action, whereas the bottom-up process shows how organisations change institutional frameworks and social habits, challenging old habits and proposing (or imposing, depending on the power) new ones. Reviewing both dynamics reveals the relationship between them and it is necessary to understand both to capture the constitution of social practices. It should be noted that studying both movements at the same time more often than not causes methodological problems and the vast majority of studies choose to analyse only one dynamic, this being the most prominent one.

Empirical findings show that empirical research in institutional theory has primarily been conducted in developed countries and focuses largely on top-down dynamics. They also suggest that companies seek social legitimacy in the same way that they seek competitive performance. At the same time, these studies display a clear bias towards regulatory and normative pressures, rather than cultural-cognitive pressures. In the same vein, top-down relationships are the dynamics most studied. Findings on CSR reveal that elites and MNCs are instrumental in imposing and proposing new practices in developing countries. MNCs are the most studied agents and, whilst they need a social license to operate, they are key actors with great influence in setting local CSR agendas.

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The next chapter draws on both literature reviews to present a conceptual model that seeks to gain a better understanding of the institutional determinants of local companies' CSR practices in developing countries, where governments and MNCs have a central role as conduits of institutional pressures.



## **4. Conceptual Model: Institutional Influences upon CSR Practices of Local Companies in Developing Countries**

To understand complex scenarios is part of the new challenges of future research in organizational behaviour (Scott, 2008), and for that task it seems necessary to combine lenses and perspectives (Okhuysen & Bonardi, 2011). This dissertation combines two complex realities: on one hand, CSR practices, and on the other hand, developing country context. CSR practices are redefining the limits of companies and their relation to society and redefining companies' responsibilities towards society (Blowfield & Frynas, 2005; Matten & Moon, 2008). Developing country contexts challenge assumptions on the roles and responsibilities of social actors, and in particular, companies are indicated as crucial actors to build a sustainable development (Blowfield & Frynas, 2005; Frynas, 2006).

The objective of this chapter is to present the conceptual model and its testable propositions combining institutional theory and CSR practices in a developing countries context in order to understand how institutional pressures shape CSR local companies' behaviours in developing countries. The chapter is structured as follows: in a first section, the study reviews other conceptual models that aim to understand CSR practices from an institutional theory point of view. The second section makes a differentiation and a classification between CSR practices, arguing that under the CSR umbrella there are mandatory and non-mandatory CSR actions. In the third section, the study introduces a discussion about the role of MNCs as conduits of institutional

pressures in developing countries. This section rests on the previous analysis about MNCs in developing countries. The fourth section presents the conceptual model and its propositions. Finally, the fifth section recapitalises the whole chapter and explains the implications and limitations of the model.

### 4.1. Institutional Theories of Corporate Social Responsibility

As it has already been noted in Chapter 2, the attention paid to institutional explanations of firm CSR behaviours has been negligible in comparison to other motivations including those related to firm's financial resources and performance, values and culture, and ownership structure (Campbell, 2007; Marquis et al., 2007; Sharfman, Shaft, & Tihanyi, 2004). At the same time, strands of research have emerged, particularly, but not exclusively, in recent years, which strands suggest that institutional influences play an important role in shaping business engagement on a range of social and environmental issues. Jones (1999) emphasizes that various institutional levels, including the socio-cultural environment, national economic development, industrial environment, culture, and individual value systems, are relevant to and set the conditions for the practice of ethical decision making and social responsibility.

Notwithstanding this research, most relevant to our analysis are four recent institutionally-inspired models of engagement with corporate responsibility outlined in Aguilera et al., (2007), Campbell (2007), Marquis et al., (2007) and Matten and Moon (2008). These studies will be analysed from a general to a particular scope perspective, that is, from the macro structure – National Business Systems- to the micro structure – manager's motivations.



Matten and Moon's (2008) model tries to address "why forms of business responsibility for society both differ among countries and change within them" (2008: 404). Their model analyses the institutional factors that affect CSR behaviours from a National Business Systems (NBSs) viewpoint. Different types of NBSs generate different forms of CSR: "implicit" or "explicit". Consistent with the varieties of capitalism approach, Matten and Moon (2008) draw upon two stylized "polar" forms of national economic organization: *liberal market economies* -typified by USA- that are associated with explicit CSR -policies, programs, perceived social expectations and *coordinated market economies* -associated with European economies such as Germany, and also Japan- that generate an implicit CSR -values, cultural, social consensus (see Table 1, Matten & Moon, 2008: 410).

The paper provides a macro-level perspective on the role of institutional influences, and studies how patterns of economic organization play a role shaping engagement with CSR. However, there is a great limitation in the context of this document: both NBSs studied -liberal market economies and coordinated market economies- are applied to developed forms of economies, and as a consequence the model offers only general prescriptions regarding the ways in which institutions shape the behaviour of particular companies in developed countries.

Campbell's (2007) model focuses on the institutional conditions required for firms to engage in CSR actions, within a given country. CSR is defined as a minimum behavioural standard: the corporation must not knowingly if do harm to one of its stakeholders, and rectifying any harm that arises from a firm's actions (see page 951).

The paper develops the argument that there are basic economic drivers for engagement in CSR practices, such as the level of competitive pressure a firm faces and the current state of the firm's financial performance. At the same time, the influence of these factors on a firm's CSR practices is mediated by the wider institutional environment within which firms find themselves.

Regarding the particular institutional settings that are conducive to involvement in CSR, the author highlights the importance of regulation, the presence of independent monitoring organizations, institutionalized norms and expectations, associative relations between firms, and institutionalized stakeholder dialogue. For example, engagement with CSR practices might be expected where legislation and regulation with effective enforcement exist, or where there is a perceived threat of state intervention on particular issues. In Campbell's analysis formal regulatory institutions and soft law are seen as playing a very significant role in shaping firm engagement with CSR. In that sense, cultural-cognitive dimensions are not examined in this model.

Marquis et al. (2007) present an institutional model of engagement in corporate social action (CSA), a concept that emphasizes only the discretionary elements of CSR. The paper analyses how, in local communities' social and environmental causes, regulative, normative and cultural-cognitive pressures influence CSA behaviours in two ways: the nature -focus and form of resource commitments, and the level -overall scale of commitments.

Their analysis applies institutional thinking in a metropolitan area level -meso-level analysis, and in so doing, their model reflects prior research that has emphasized the

importance of local factors for engagement with giving (Galaskiewicz, 1985, 1991, 1997). Marquis et al.'s study is the closest to the model proposed in this document, in particular because their framework focuses on how institutional pressures shape the way organizations in local communities engage with CSR actions. The limitation is that this model only focuses on the social and exclusively voluntary side of CSR, and does not take into account other forms of CSR. Also, this paper does not include the international realm on how external institutions pressure over the local context.

The last model, Aguilera et al., (2007), presents a framework for understanding firms' motives for involving in corporate responsibility that encompasses influences at multiple levels including individual, organizational, national and transnational levels. Their model provides a way to rationalize existing research, much of which has emphasized the individual and organizational antecedents of CSR, as well as a means to address the observation that "little attention has been paid to nations' institutional and cultural effects on CSR efforts" (Aguilera et al., 2007, 838).

Aguilera et al. (2007) highlight the importance of government regulation and legislation as important drivers of corporate responsibility. These mechanisms have the capacity to bring about non-voluntary involvement in social and environmental issues. While Aguilera et al. (2007) highlight the potential importance of institutional influences on the propensity for firms to engage with CSR at the national and international levels, they do not provide prescriptions regarding the particular institutional conditions that are likely to favour involvement with CSR practices. The model tries to capture "what catalyses organizations to engage in increasingly robust CSR initiatives and consequently impart social change" (Aguilera et al., 2007: 837).

The limitation of this paper is the great scope and the lack of internal coherence (each level of analysis seems to be independent). At the same time the model succeeds in recognizing the complexity in which companies are involved and the need to shed more light on the pressures and motives on companies' behaviours.

While these studies have done much to raise the profile and significance of institutional approaches to understand corporate engagement in aspects of CSR, they focus on how institutional pressures might work in developed countries. As a consequence, there is a tendency to focus on the importance of regulatory institutions (regulative pillar) for the development of firms' CSR practices. Equally, emphasizing the importance of institutional pressures results on the tendency to assume companies as passive actors, analysing only top-down relationships.

This study aims to apply some of the insights of those models to emerging and developing economies realities. At the same time, it proposes a differentiation between local companies and MNCs in order to distinguish how institutional pressures work.

### **4.2. Different CSR practices and motivations**

Before embarking on the development of our conceptual model, this study makes a primary distinction between mandatory and non-mandatory CSR practices. In this line it is interesting to ask: are CSR practices totally discretionary as most common definitions state? (e.g. European Commission definition 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*<sup>8</sup>). General evidence, from companies and academia, states that such pure voluntary basis does not exist in practical terms (Blowfield & Frynas, 2005; Ward, 2003), and that there is a mix between voluntary (or non-mandatory) and mandatory CSR practices.

The difference between mandatory and non-mandatory CSR practices is that mandatory practices are (at least potentially) enforced by an actor with such capacities (e.g. State), hence non-mandatory practices have a voluntary basis but with variations depending on the level of discretionarily. Along this vein, following Blowfield and Frynas (2005), CSR could be understood as an *umbrella concept* that includes a great variety of practices.

In developed countries some examples of mandatory CSR are the Pension Disclosure Regulation in UK, where occupational pension funds have to disclose “*the extent, (if it all), to which social, environmental or ethical considerations are taken into account in the selection, retention and realizations of investments*”. The same type of regulation followed Australia, Germany and Belgium (Sparkes & Cowton, 2004). More recently, the French Parliament approved a legislation requiring mandatory disclosure of social and environmental issues in companies’ annual reports (Ward, 2003: see p. 4). Some developing countries regulated isolated CSR practices (e.g. environmental reporting in Malaysia) but the regulation of CSR practices are generally exceptional in those countries (Fox, Ward, & Howard, 2002; Ward, 2003, 2004).

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<sup>8</sup> [http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm)

As we have already mentioned non-mandatory practices have a great variance, depending on the level of discretionary. Although a company could sign the UN Global Compact Principal voluntarily, that action could be perceived as an imposition of the context since the vast majority of the companies within the industry signed the Principles. Hence, writing a social report using GRI guidelines could be perceived as highly discretionary as it is not a general practice among the companies within the industry.

In searching for a distinction of CSR practices we are going to analyse three of the most cited papers on CSR practices classifications. Sethi (1975, 1979) describes possible corporate behaviours and presents three different types of motivation for company behaviour: 1) Social Obligation, 2) Social Responsibility, and 3) Social Responsiveness (Sethi, 1975, 1979).

In Sethi's<sup>9</sup> own words: "Corporate behaviour in response to market forces or legal constrains is defined as *social obligation*. The criteria for legitimacy in this arena are economic and legal only" (1979: 65). However, in terms of CSR not many companies are accused of not complying with the law for not meeting social expectations and going beyond-compliance. In that sense, Sethi poses that "*social responsibility implies bringing corporate behaviour up to a level where it is in congruence with currently prevailing social norms, values, and performance expectations... While the concept of social obligation is proscriptive in nature, the concept of social responsibility is prescriptive*" (1979: 66).

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<sup>9</sup> The italics are from the original in all passages.

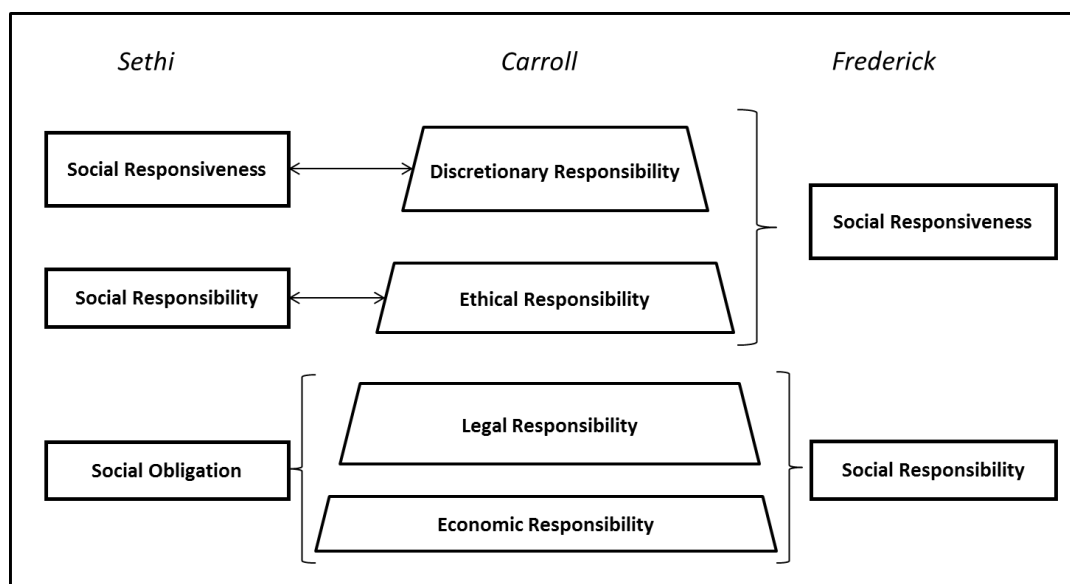
Social responsiveness is concerned with a long-run dynamic about what the role of the corporation should be. Sethi argues that *“The Corporation here is expected to anticipate the changes that may be a result of the corporation's current activities, or they may be due to the emergence of social problems in which corporations must play an important role. Again, while social responsibility related activities are prescriptive in nature, activities related to social responsiveness are proactive, i.e., anticipatory and preventive in nature”* (1979: 66).

Following this same line of thought, Frederick's (1994) historical analysis captures the necessity to move from social responsibility to social responsiveness, from a reactive role to a proactive one. This author poses that ‘corporate social responsibility’ arises as an *“obligation from a wide variety of sources including economic, social, and political power of corporation”* (1994: 151). In this proactive role, companies react to legal, market and social formal requirement that are perceived as an obligation. From the other side, ‘corporate social responsiveness’ refers to the capacity of companies to respond to societal expectations and ask about what society needs for companies (Frederick, 1994).

The last classification to be analysed is the classical Carroll three-dimensional conceptual model of corporate governance (Carroll, 1979). Carroll agrees with the necessity of differentiating among diverse types of responsibility. He identifies four types: economic, legal, ethical and discretionary. According to Carroll those responsibilities could be presented as a pyramid, although a simultaneous fulfilment of the four dimensions seems to be required (Carroll, 1991; Carroll, 1999).

Sethi, Carroll and Frederick’s frameworks are still used by most of the text books when categorising social practices and companies’ response to social pressures (e.g. Blowfield & Murray, 2008; Crane & Matten, 2004). Furthermore, the three models relate to each other. In this sense Carroll’s legal and economic responsibilities could be included in Sethi’s social obligation, ethical responsibilities in Social Responsibility and discretionary responsibilities in Social Responsiveness. Frederick’s social responsibility could be included in Carroll’s economic and legal responsibility and social responsiveness in ethic and discretionary responsibilities. Figure 1 shows a possible way of joining these three models presented.

*Figure 4. Three Models of CSR Actions*



In all the three classifications of CSR actions there are common elements. The three classifications defined something that is mandatory (social obligation, economic and legal responsibility), and something that is non-mandatory (social responsiveness, discretionary responsibilities). At the same time, there is something in the middle of the extremes that is not clearly mandatory and nor clearly non-mandatory, Carrol call it



“ethical responsibility” and Sethi “social responsibility” (in Frederick’s model there is no an explicit mention to this type of action). In this space, CSR practices could be understood as mandatory or non-mandatory depending on the circumstances.

This thesis, following this classification, recognized a three-type motivation framework for companies’ CSR actions. Using Sethi’s classification names, for the sake of simplicity, this thesis argues that a company’s CSR action could be motivated by social obligation, by social responsibility or by social responsiveness. Each type of motivation responds to different objectives and assumes different nature of behaviours. Figure 2 presents a detail account about the three-type motivation framework.

*Table 8. Three-type motivation framework*

<b>Motivation</b>	<b>Actions</b>	<b>Nature</b>
<i>Social Responsiveness</i>	To anticipate the future agenda and to analyzed in which issues companies will play a key role. (past, present and future)	Always Non-Mandatory
<i>Social Responsibility</i>	To meet social norms and values -ethical dimension- expected by society. (present and near future)	Could be Mandatory or Non-Mandatory
<i>Social Obligation</i>	To meet legal and market requirements. (present)	Always Mandatory

**4.2.1. CSR practices in developing countries**

In developing countries the space generated by the absence of the State –or its capacity of enforcement- in general and in particular regarding CSR regulation (Djelic & Sahlin-Anderson, 2008; Fox et al., 2002; Jacobsson, 2008; Ward, 2004) gives a different flavour to the motivation of local companies’ CSR practices. Moreover, the introduction

of diverse practices that MNCs import from developed countries gives more complexity to the scenario due to MNCs introduction of practices based on social obligation of its country-based headquarters.

However, in developing country contexts the same practice could be based on social responsibility or social responsiveness. As Ward argues, in many developing countries CSR actions remain linked to the challenge “*of ensuring that all businesses comply with minimum legal requirements for environment and labour protection, fair competition and corporate governance*” (Ward, 2003: 2). In those contexts, the CSR agenda is sometimes based on a compliance and enforcement of minimum social and environmental standards.

CSR practices in each context are culture bound (Sethi, 1975). Accordingly, local CSR practices depend on the role of the State (law + enforcement), the presence of MNCs (soft law + enforcement), the proactive role of Chambers of Commerce, and Industry Association (soft law) and the cultural background of each country.

### **4.3. Domiciled Multinational Companies as conduits of Institutional Pressures in Developing Countries**

MNCs confront a multitude of different and possibly conflicting institutional pressures (Westney, 1993). Since it is vital for domiciled (or local) MNCs to achieve and maintain legitimacy in all its environments, it will experience pressure to adopt local practices and become isomorphic with the local institutional context (Gugler & Shi, 2009; Jamali, 2010). At the same time, an important source of competitive advantage for the MNC is

the utilization of organizational capabilities worldwide (Ghoshal & Bartlett, 1988; Grant, 1996; Kogut, 1991; Nohria & Ghoshal, 1997). Thus, MNCs will attempt to leverage practices on a worldwide basis. Hereby lays the tension between the need for global integration, on the one hand, and local adaptation, on the other hand (Rosenweig & Singh, 1991; Westney, 1993). As a consequence of this internal process of local adaptation MNCs pressures local companies to acquire some practices in order to respond the headquarter standards.

There are different ways in which the institutional profile (Kostova & Zaheer, 1999) of a host country may affect the adoption of a practice at a foreign subsidiary. First, the institutional environment may exert direct institutional pressures on the subsidiary to adopt the practice, independently from the initiatives of the parent organization to diffuse the practice. As a result, a subsidiary may adopt a practice to become isomorphic with other organizations from its organizational field in the host country. However, by being foreign in a particular host environment, subsidiaries are, in a way, buffered from the local institutional pressures and are not necessarily expected to be completely isomorphic with other local organizations, especially when the MNC is relatively powerful and thus the subsidiary is less dependent on the host country (Meyer & Zucker, 1988; Zucker, 1987). As a result, the direct effect of the local institutional environment may be somewhat constrained.

For example, institutional pressures for MNCs' environmental self-regulation originate in a complex legitimating environment, which includes home and host country institutional environments and supranational institutions (Kostova & Zaheer, 1999). Self-regulating pressures include the effects of MNCs' environmental performance in

developing countries on their worldwide reputation for environmental responsibility and legitimacy (Christmann, 1998), higher legitimacy standards that some countries hold for MNCs compared to domestic firms resulting in higher expectations for environmental performance of MNCs relative to domestic firms (Kostova & Zaheer, 1999), as well as supranational organizations promoting the internal adoption of global environmental standards such as the International Chamber of Commerce. If MNCs use standardized production technologies across facilities worldwide, it might not be cost-effective or feasible to modify equipment in favour of dirtier processes in less developed countries. In one way or another, all these pressures are disseminated to local companies, vertically or horizontally.

As Kostova and Zaheer (1999) argue MNCs have to manage complexity in order to obtain legitimacy in every country where they have a subunit, and in this process of obtaining legitimacy MNCs affect and change the local environment. Although the authors argue that it is easier for local firms to maintain legitimacy, MNCs influence local companies to homogenize some rules (Husted & Allen, 2006; Wiig & Kolstad, 2010). A complementary point of view is presented by Sharfman et al. (2004), who argue that to face the complexity of multicultural, regulative and normative environments MNCs opt to use higher standards in all units to avoid conflicts with local regulations.

As a final remark we note that MNCs are under pressure from international NGOs or international organizations to regulate new realities, from labour and environmental issues to social reporting ones. Examples of these organizations are, among international organizations: United Nations (UN), International Labour Organization

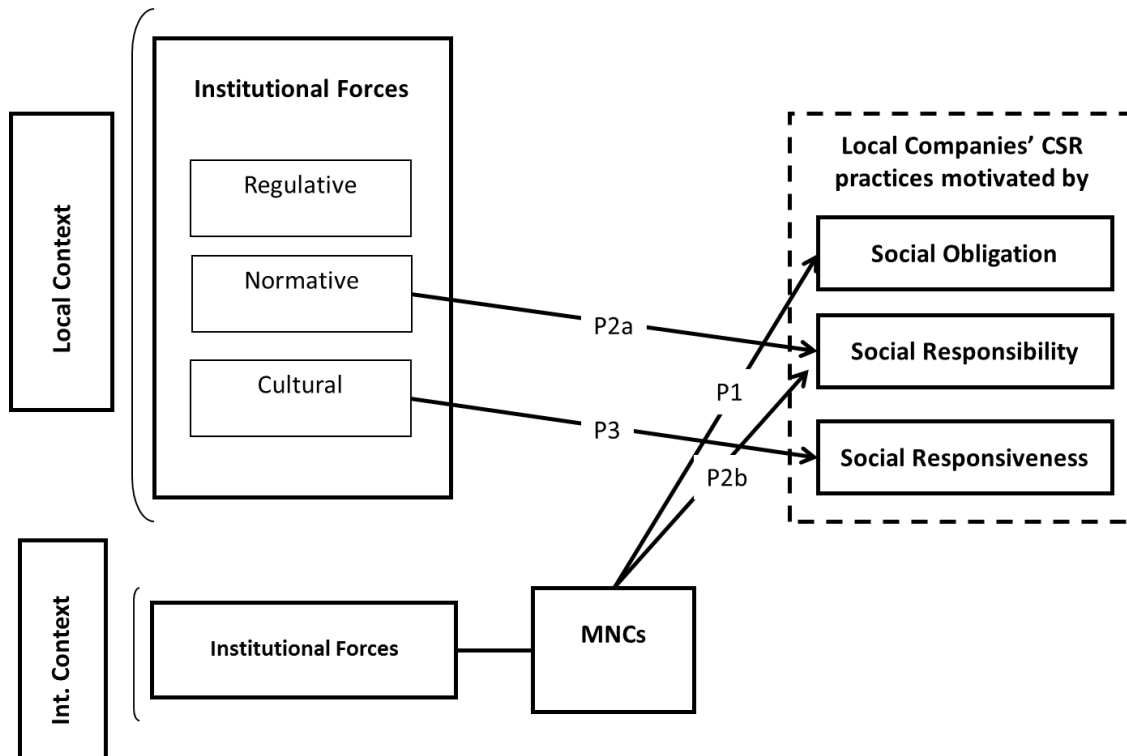
(ILO), International Monetary Fund (IMF), World Trade Organization (WTO); and among international NGOs: Amnesty International, Red Cross, Freedom House, Greenpeace; and among standardization organizations, Global Reporting Initiative (GRI), International Organization for Standardization (ISO), European Committee for Standardization (CEN). These organizations exert normative pressures on MNCs in particular. They spread pressures through them to local companies.

### **4.4. A Model of the Institutional Influences on CSR practices in Developing Countries**

In this section a conceptual model is presented which brings together institutional theory, the type of CSR practices, and the role of MNCs in developing countries. Built on institutional theory foundations, the model tries to capture the institutional pressures dynamics in developing countries (top-down relationships) towards local companies' CSR practices. The model distinguishes between 3 types of CSR practices –social obligation, social responsibility and social responsiveness- with the purpose of understanding what type of action is predominant in local companies' CSR behaviour and which pressures are present in each case. Finally, the model captures the role of the MNCs as moderator of institutional pressures over CSR local companies' behaviours.

With these ideas in mind and responding to the research questions, the model offers three groups of propositions organized by each type of CSR action. Proposition 1 tries to capture the determinants of CSR social obligation practices; proposition 2 (*a* and *b*) refers to CSR social responsibility practices; and proposition 3 to social responsiveness.

Figure 5. Model of Corporate Social Responsibility in Developing Countries



#### 4.4.1. Social Obligation Practices

Social obligation practices are those which taken *in response to market forces or legal constraints*; thus, they are related to regulative institutional forces. Regulatory processes are based mainly in rule-setting, monitoring, and sanctioning activities. In this sense, Scott poses that these processes “*involve the capacity to establish rules, inspect others’ conformity to them, and, as necessary, manipulate sanctions –rewards or punishments- in attempt to influence future behaviour*” (2001: 52). The mechanisms of these processes are coercion applied by a formal authority, and the logic of compliance is instrumentality (Scott, 2001). Consistent with this, Campbell writes: “... *it is not just*

*the presence of regulations that matters but also the capacity of the state or other actors to monitor behaviour and enforce these regulations when necessary” (2006: 929).*

Even though regulative and normative pillars are mutually supportive because both are based in authority systems, this study does not agree with those authors (Campbell, 2006) that take industrial self-regulation and other type of soft law as a formal regulative force. Rather, following institutionalism theory, this study argue, that regulative processes need a formal enforcement (DiMaggio & Powell, [1983] 1991; Scott, 2001, 2003). Soft law implies a lack of formal coercive enforcement (although it may be advocated with high pressure), and functions inside the logic of normative pressures. In this line of reasoning, Vogel argues: *“But while civil regulation can compensate for some of the shortcomings of public governance, they are not a substitute for more effective exercise of state authority at both the national and international levels” (2010: 69).* He adds that the *“long-term impact of private global business regulations depends on the extent to which its standards for business conduct and its mechanisms for holding firms accountable are integrated and reinforced by state-based and enforced regulatory policies at both national and international levels” (2010: 69).*

Consequently, the role of the State is crucial for the regulative pillar. Contrary to the opinion that the States are disappearing (Fukuyama, 1992), data suggests that States are increasing in number and importance over the world. In 1950, there were 60 states in the United Nations - 144 in 1975 and 191 in 2003 (Jacobsson, 2008). As a consequence, local regulations are increasing and local contexts are crucial to the implementation of company strategies (Kostova & Roth, 2002). Clear differences can also be seen between different kinds of States: for instance those that follow interventionist logic and those

that follow “free market” logic. When Matten and Moon introduce implicit and explicit CSR logics, they assume a different role of the State (Matten & Moon, 2008). They talk about liberal market economies and coordinated market economies (Matten & Moon, 2008: see Figure 1, 411), and although the function of the State as a rule maker is the same, the role is different, changing the nature of the practices that are regulated.

However, in developing countries such stereotypes are no longer valid because their contexts present mixed models. Sometimes the State acts as if it was immersed in a liberal market economy and at other times it acts as if it were immersed in a coordinated market economy. It may also play both roles at the same times but in different situations. In addition, the lack of certainty in the long run enables developing countries to present States with undefined roles (Peng, 2003). Consequently, the regulative pillar is “selective”, in terms of the kind of issue addressed and the political and economic agenda. Following this line of thought, the study argues with Kostova (1999) and Kostova and Roth (2002) that among countries there exists an *institutional distance*: diverse environments shape different *countries institutional profiles* where the three institutional pillars work in a unique way. “*Institutional distance is based on CIP [country institutional profile] and is, therefore, a three-dimensional construct with a regulatory, cognitive, and normative dimension*”, writes Kostova (1999: 316).

As many authors suggest (Baskin, 2006; Eweje, 2006; Frynas, 2006; Jamali & Mirshak, 2007; Mehra, 2006; Özen & Küskü, 2009; Valente & Crane, 2010) there is a weak presence of State CSR regulations in developing countries. In these contexts, the CSR social obligation agenda is not led by the State but mainly by MNCs. MNCs have a great informal power to impose practices due to their power over the value chain.



Informal power refers to the fact that even though MNCs do not have the power of enforcement of the State, they have an analogous power of the State in its supply chain –especially with its direct suppliers (Amaeshi, Osuji, & Nnodim, 2008; Pananond, 2013).

MNCs exert coercive pressure (shaping social obligation actions) on their suppliers in a direct form, but MNCs could be a source of regulative pressures due to the lack of power enforcement on behalf of the State (for this debate see (Djelic & Sahlin-Anderson, 2008; Jacobsson & Sahlin-Anderson, 2008)). Institutional theory has a void in this matter, and there is no clear distinction between regulative and normative pillar outside the power of the State.

This suggests that it is possible for MNCs to exert a kind of coercive mechanism on its suppliers to adopt CSR practices. For example, some industries, as such automotive require minimum working standards for environmental and quality assurance; MNCs impose those standards on local companies that want to become suppliers (Muller, 2006).

As an example, multinational Oil Companies in Africa base their CSR social obligation behaviours and programs on a strong self-regulation more than in State regulations (Eweje, 2006). In this sense, the regulative pillar is a weak force in CSR practices in developing countries. The strong source of social obligation regarding CSR practices come from market forces imposed by MNCs to local companies.

This study therefore proposes the following proposition:

*1a. Local Companies' social obligation CSR practices are motivated by coercive pressures from domiciled MNCs rather than from the State.*

#### **4.4.2. Social Responsibility Practices**

CSR social responsibility practices could be associated with normative factors. Institutional theory argues that in contexts without a strong regulative pillar the normative and cultural pillars become more relevant. Institutional literature argues the existence of institutional voids in developing countries as a result of the absent of the State (Lawrence et al., 2009; Mair & Martí, 2008; Mair et al., 2007), and that these voids are filled with other types of institutional pressures such as normative or cognitive. So, when the State does not regulate an activity, it does not indicate an absence of institutional pressures. Indeed, there are pressures working in a different way and other players that play this role (Gifford et al., 2010; Valente & Crane, 2010).

As Ayra and Zhang write

“...in emerging economies, the institutional environment changes dramatically as governments introduce a variety of new laws. In the early stages of institutional reforms, political, legal and societal changes in institutions create significant institutional volatility and uncertainty. Given the uncertainty associated with the promulgation of CSR regulations, it can be expected that diverse organizational responses to social reform policies would be observed. With the passage of time, as the new institutional regime becomes the predominant driver of social change, normative and mimetic institutional

pressures are likely to promote greater isomorphism in corporate social strategies to achieve legitimacy” (2009: 1090).

The normative pillar is based on values and expectations of corporate behaviour on the one hand, and on standards, certifications, and conventions given by authority systems, on the other hand. In Scott's words “... *Emphasis here is placed on normative rules that introduce a perspective, evaluative, and obligatory dimension into social life*” (2001: 54). Normative processes have the logic of appropriateness and moral obligation – whereas the logic of the regulative pillar is that of instrumentality and legally sanctioned- and define a priori the role that society gives to each social actor (Scott, 2001: see 54-57).

From another perspective, there is a global transformation of this type of influences. As Jacobsson and Sahlin-Andreson suggest “*Coercive rules are common and expanding around the world. We find, however, that the most profound change is the expansion of “soft rules” –non- hierarchical rules that are not legally binding... Authority is not predefined in the relationships between those regulated and those regulating, but must be built into each governing relationship*” (2008: 248). The main sources of CSR expected practices, nationally and internationally, have come from soft rules (Jacobsson & Sahlin-Anderson, 2008).

Informal authority systems refer to those mechanisms that have the capacity to impose best practices or standards but do not have the formal power to enforce those behaviours. In this sense the punishment that companies could suffer reflects social or peers expectations. The question that companies are asking in the normative dimension is: *what do I have to do to acquire social and peers legitimacy; what do I have to do to*

fulfil social expectations (Scott, 1994). So, professional and business associations as well as NGOs, behave as the authority.

For example, in 1998, in Brazil, MNCs and big local companies created Instituto Ethos<sup>10</sup> with the aim of generating a culture of corporate socially responsibly. This Institute actually has a presence in the entire region creating and disseminating CSR standards such as AA1000 or reporting guides such as GRI guidelines. In the same way, the Argentinian Industrial Union works with the local chapter of the World Business Council for Sustainable Development ([www.wbcsd.org](http://www.wbcsd.org)) to create a conscience of environmental responsibility among its members; and at the same time, they created an Arbitral Tribunal to resolve controversial problems. Both Institutions are related to the State however, they function independently.

Local NGOs also play an important role in trying to make companies realise the importance of their role in supporting initiatives to address social issues. In fact, in developing countries the number of NGOs grew dramatically in recent years -especially in Africa (Reimann, 2006), due to the absence of the State and with the intention of giving answers to social issues (education, poverty and unemployment are the relevant). In this regard, companies face a lot of pressures from NGOs; both at local and international levels (McNichol, 2008).

In consequence, in developing countries contexts, local companies receive two kinds of normative pressures in order to achieve social responsibility CSR actions. The first type of pressure comes from businesses and professional associations or other companies

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<sup>10</sup> See [www3.ethos.org.br](http://www3.ethos.org.br)

that influence local companies' conduct. Businesses associations promote standards and good practices in order to have some common basis on environmental and labour issues, especially when there is lack of State regulation. In that sense, Campbell the study argues that “...often, industries establish their own regulatory mechanisms to ensure fair practices, product quality, workplace safety, and the like by setting standards to which their members are expected to adhere” (2006: 930). The Professional Associations have the same role, but the targets of the normative pressures are more oriented to individuals than to organizations, given the nature of these institutions (Dickson & Arcodia, 2010).

The second type of pressure comes from NGOs and social organizations (Campbell, 2006). Social organizations (many became NGOs in the long run) are organized communities that aim to address social problems (e.g. health, settlement, food, education) given the absent of the State. These organizations pressure companies to help a given geographical area, using as main argument that companies have the facilities established in that region. In that sense, a company with facilities spread all over the country receives different pressures depending on the social issues of each region.

To conclude, CSR social responsibility practices of local companies receive normative pressures from diverse actors. Accordingly, this study proposes:

*2a. Local Companies' social responsibility CSR practices are motivated by local normative pressures.*

MNCs have a relevant role shaping CSR social responsibility practices of local companies. Although they have a coercive role within its supply chain, they establish, in

general terms, the CSR agenda and best practice (Maamoun, 2013). MNCs import from International NGOs normative pressures, and, in this way, local companies adopt as convenient and recommendable some of those imported practice (Jamali, 2010). A clear example of this is the social reporting using GRI standards that are imported by MNCs. Many MNCs adopt this GRI guidelines in Latin America (CorporateRegister.com, 2013). Another example is the adherence to UN Global Compact, where the first companies in adhere to those principles are usually MNCs, and then followed by local companies (Bernhagen, Mitchell, & Thissen-Smits, 2013).

In this line, the study suggests,

*2b. Local Companies' social responsibility CSR practices are motivated by MNCs normative pressures.*

### **4.4.3. Social Responsiveness**

Social responsiveness does not refer to the way corporations should respond to social pressures, but to the way their long-run role in a dynamic social system should be (Sethi, 1979). In others words, social responsiveness is concerned with the role of social actors in a complex and dynamic reality, and in this way, the unconscious social expectations that unify past, present and future (Bourdieu, 1984). Social responsiveness is correlated with cultural-cognitive institutional forces.

As this study suggested in Chapter 2, the cultural-cognitive pillar is based on taken-for-granted and shared understandings, and in this sense, it is a shared logic of action given by recognizable behaviours (Scott, 2001). The cultural-cognitive pillar is based on

social typifications and schemes given by historical construction; and the logic of this pillar is mimicry. It is a process –not explicit, given in time that has as an outcome social identity and social values. For example, a philanthropic and solidarity culture could be part of the identity of a country -implicit CSR in the model of Matten and Moon (2008), or it could be an external practice functioning through the normative pillar –explicit CSR. The cultural cognitive force has the capacity to unify past and future: what we are and what we want to be in terms of society. Vives (2006) identified religious and ethical background as a principal driver for CSR practices in SMEs in Latin America.

The salient characteristic of this pillar is that it functions as the foundation of social identity. However, this identity is dynamic and socially constructed, in the sense that different regularly actions could change a given identity. Berger and Luckmann write about “*the paradox that man is capable of producing a world that he then experiences as something other than a human product...*” ([1966] 1989: 61). The cultural-cognitive pillar is an unconscious process and an active one at the same time, because it could be reinforced or changed with the everyday practices and behaviours of companies (in our case CSR practices and behaviours) (Meyer et al., 1994; Zucker, 1988a).

In the cultural-cognitive pillar there is neither a coercive nor a normative mechanism. The mechanism is mimetic. The mimetic mechanism becomes strong in contexts with high uncertainty (DiMaggio & Powell, [1983] 1991), and this is the case in developing countries contexts. Although CSR practices in general are not a core practice in developing countries, it is socially important to adopt these practices to acquire legitimacy and social license (Gifford & Kestler, 2008; Gifford et al., 2010). In this

sense, this constructed social identity and, the legitimacy of the early adopters, spread some practices in the social environment that function as “role models”.

Religious and historical backgrounds generate conditions to embrace some behaviours and practices. Countries with a strong Christian / Catholic background are more open to philanthropic actions than countries with other religious background (Jamali, 2007; Jamali & Mirshak, 2007; Newell & Muro, 2006). Arya and Zhang argue that in South Africa, post-apartheid, CSR take a different shape given the historical context, and the new social agreements (Arya & Zhang, 2009).

The way to differentiate normative and cultural-cognitive forces is to understand that the first one is conscious and the second one is unconscious. Hence, since the normative pillar answers *what I have to do* the cognitive one answers *what I think I have to do*, or what came to my mind spontaneously (Bourdieu, 1984), and in that sense, it affects primary non-mandatory actions.

Given this state of affairs the study suggests:

*3. Local Companies' social responsiveness CSR practices are motivated by local cultural-cognitive pressures.*

Although it could be thought that when MNCs importing CSR practices and policies, and manage CSR programs in a professional way there are changing the environment and generating a more fertile ground that stimulates local companies to think about CSR practices, in the current literature analysed in this study there is no evidence to propose MNCs as conduits of cultural-cognitive pressures.



#### **4.5. Chapter conclusions**

The model suggested in this study explains how the institutional pressures in which companies are embedded affect the type of CSR practices that local companies adopted. The study exposes the fact that local companies' CSR practices have different motivations; that they are under local and international pressures; and that MNCs have a central role importing CSR practices that spread all over the value chain. More formally, it proposes that CSR social obligations practices that are naturally shaped by the State in developed contexts in developing countries are also shaped, especially, by MNCs (Proposition 1). Further, the study suggests that CSR social responsibility actions are motivated by local normative pressures and by MNCs direct actions (Propositions 2a and 2b), and finally CSR social responsiveness practices are shaped by local cultural-cognitive pressures (Propositions 3).

The theoretical model proposes a way to understand why local companies adopt different types of CSR practices in developing contexts, and how different types of institutional pressures operate in those contexts. In doing this, this framework contributes to the literature on institutional theory and on CSR in emerging contexts.



## **5. Research Methods**

This chapter presents the research strategy of the thesis: epistemological approach, research design, sampling, data collection, and data analysis. In order to accomplish this, the chapter is structured as follows: section one introduces the background conditions of the research, and the epistemological considerations; section two introduces the sampling strategy and the data collection strategy, section three presents the sample characteristics; and finally, section four explains the data analysis process.

### **5.1. Background conditions of the research, and epistemological considerations**

In developing countries contexts there is a lack of reliable secondary data given instability and absence of consistency in the way data is gathered and analysed by governmental and non-governmental organizations (Blasco & Zolner, 2010). For this reason, many authors in emerging economies rely on primary data to do their research (Jamali, 2010).

Seventy per cent of the empirical studies made in developing countries (see Chapter 2) regarding CSR practices were qualitative (mainly cases and interviews). There are three main reasons for this: first, CSR practices are something relatively new in organizations in developing countries (Vives, 2006), second, developing contexts are complex realities, scarcely studied, which add new elements that are not deeply understood (Robertson, 2009; Yin & Zhang, 2012), so, it is necessary to understand what the main characteristics and motivations are; third, given the historical low rate of responses as a consequence of the mistrust in sharing information, it is difficult to run surveys in

developing country contexts (Frynas, 2006; Lindgreen et al., 2009; Muthuri & Gilbert, 2011),

At the same time, as Scott argues in his analysis of the evolution of institutional theory, this theory presents a challenge for developing testable propositions (Scott, 2008), given that institutional logics “refers to a broader cultural beliefs and rules that structure cognition and guide decision-making in a field” (Lounsbury, 2008: 350). Capturing those cognition structures requires going beyond superficial motivations and understanding “the institutional logics” which function behind them. In particular, it is difficult to translate the cultural-cognitive factors that affect decisions in a standard survey with closed questions. These factors require a clear understanding of inner reasons and motivations (Greenwood et al., 2008: see Chapter 10).

In sum, to understand the institutional conditions of the emergence of CSR practices in emerging countries requires the research to cope with practical and theoretical complexity. Given this state of affairs, an exploratory study seems appropriate. The underlying reason is that it enables the collection of first-hand information, and a deeper understanding of reasons and motivations. In that context, there is a temptation to choose a purely inductive and interpretivist approach (Bryman & Bell, 2011).

However, Pettigrew poses: *“For some there is no release from the overwhelming weight of information, from the task of structuring and clarifying, from the requirement for inductive conceptualization. The result is death by data asphyxiation -the slow and inexorable sinking into the swimming pool which started so cool, clear and inviting and now has become a clinging mass of maple syrup”* (1990: 281).

In the same line, Langley argues that: *“The complexity and ambiguity of the data make it difficult to know where to start. Also, although offering greater potential for new discovery, the open-ended inductive approach that most researchers use in process research tends to lead to postponement of the moment of decision between what is relevant and what is not, sometimes aggravating these difficulties”* (1999: 693-94).

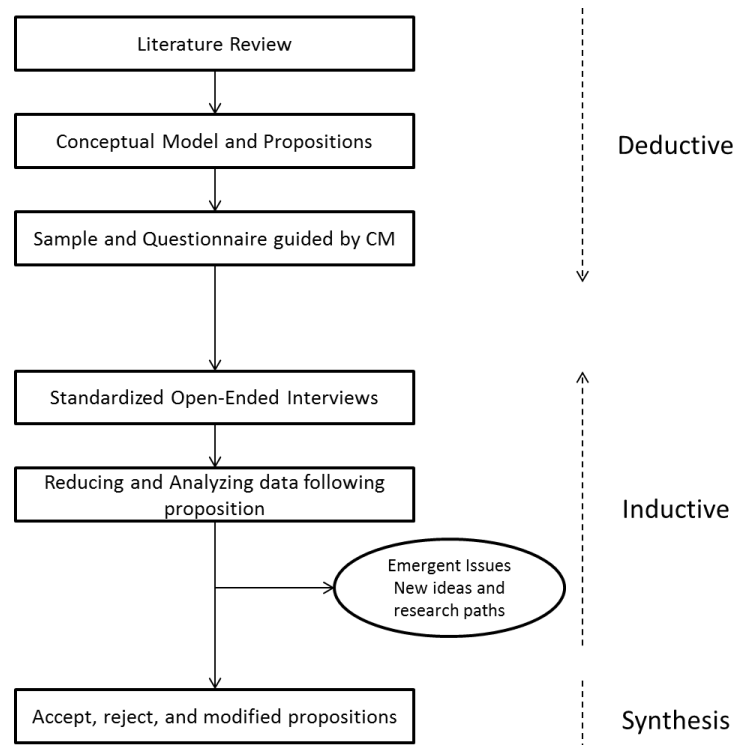
Consistent with this arguments, Miles and Huberman (1994) and Ferlie, Fitzgerald, Wood, and Hawkins (2005) recommend having a general theoretical framework before gathering data. In this context, this thesis will follow the analytical strategy proposed by Yin (2009, see chapter 5): ‘relying in theoretical propositions’ to guide the analysis of the data. Yin (2009) poses that it is necessary to have some previous ideas (could be in a form of propositions) drawn from the literature to guide the research. In that sense, the theory does not hide but guides the research to avoid the “death by data asphyxiation”. This guided research by theory permits to recognitions emerging issues. Again, this is the same line of thought than Van de Ven’s approach “engaged scholarship” where deductive and inductive movement are necessary to relate theory and reality (Van de Ven, 2007).

As a conclusion, and following Langley, it is interesting to note that: *“Rigid adherence to purely deductive or purely inductive strategies seems unnecessarily stultifying. Indeed, Tsoukas (1989) goes further, arguing that while the data themselves can yield empirical regularities, abstract conceptualization is required to imagine the "generative mechanisms" that are driving them. For him, understanding comes from a combination of the two”* (1999: 694).

The epistemological approach behind this method is a “non-ingenuous realism”. In this regard, this thesis follows Miles and Huberman (1994) and Van de Ven (2007). Non-ingenuous realism poses that there exists a reality outside human understanding (realism), but at the same time human understanding has several limitations (non-ingenuous) given by culture, language, and personal experiences: ‘*A way of seeing is a way of not seeing*’ (Poggi, 1965, cited in Van de Ven (2007, page 4)). These limitations open the researchers to keep looking and at the same time, to be open to the dialogue with different branches of science.

Taking these considerations as a standpoint to this study, it will be undertaken using both deductive and inductive approaches (Figure 6 presents the deductive and inductive dynamics). In a first stage, this study assumes a deductive approach where literature, conceptual and empirical, is analysed. From this deductive analysis a conceptual model will be articulated with a series of propositions to redefine the correct questions (Van de Ven, 2007: see in particular chapter 3).

Figure 6. Deductive and Inductive dynamic



In a second stage, this study assumes an inductive approach, in the way of collecting and analysing the data, given the nature of the context (Argentina: a developing country), where secondary data are neither available nor reliable, and become necessary to collect data for the sake of the thesis. At the same time, given the nature of the institutional determinants of the CSR practices -second level concepts, it was necessary to ask companies in order to unpack the motives and pressures for CSR practices.

Along this vein, Pettigrew argues that: “A crucial link between the deductive element of specifying theories of method, meta level analytical framework, and the character of generic propositions, and the inductive elements of data reduction, display, and theoretical elaboration, is the creation and use of the interview pro forma” (1990: 284).

In this line, this study will use face-to-face standardized open-ended interviews with the

purpose of leaving space for emerging issues. These are particularly suitable for interviewing professionals “*who cannot be reached on many separated occasions, and as midway between the extremes formality and informality*” (Yin & Zhang, 2012: 304).

Finally, in a third stage the study will discuss the propositions analysed in the conceptual model in order to confirm, reject, or modify. At this stage, the analysis will be guided by the propositions. Emergent issues will enrich the analysis and complement the findings.

### **5.2. Sampling Strategy and Data Collection Strategy**

#### ***5.2.1. Purposive Sampling***

Given the characteristics of the study, a purposive sampling framework has been designed following the concepts and propositions of the conceptual model (Miles & Huberman, 1994; Patton, 2002). Purposive sampling is a non-probability form of sampling. The objective “*is to sample cases/interviews in a strategic way*” (Bryman & Bell, 2011: 442). At the same time, purposive sampling is not convenience sampling (available without logic), and there are clear criteria for the inclusion or exclusion of ‘cases’ (Bryman & Bell, 2011; Patton, 2002). Because behind the criteria of the structuration of the sample there is a theoretical logic some authors also call this type of sampling theoretical sampling (Bryman & Bell, 2011).

The sample in this study structured according to three factors: the presence of domiciled MNCs in the industry; the size of the companies (small and big), and the type of



industry (controversial and non-controversial). Figure 7 presents the structure of the sample.

Sample:

### 1. Domiciled MNCs

By domiciled MNCs the study refers to subsidiaries of international MNCs that operate in Argentina. While MNCs influence and pressure local companies in a vertical way through their supply chains, they also influence and pressure local companies in a horizontal way through chambers of commerce, and industry associations. At the same time, domiciled MNCs import policies and practices from its headquarters, and they have the necessity to adapt those policies and practices to the local environment (Jamali, 2010).

### 2. Size

The study follows the official scale of Argentina<sup>11</sup> to classify small and big companies. Small and medium companies have up to 200 employees and companies with more than 200 employees are big companies. It seems relevant to note that micro, small and medium firms are not differentiated (All of them will be considered small companies). Applying size classification generates some challenges that will be addressed in a later section of this chapter.

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<sup>11</sup> See <http://www.observatoriopyme.org.ar/>

3. Type of Industry (controversial and non-controversial)

Controversial industries are companies that operate with ‘‘products, services, or concepts that for reasons of delicacy, decency, morality, or even fear, elicit reactions of distaste, disgust, offence or outrage when mentioned or when openly presented’’ (Wilson & West, 1981: 92). Examples of these are gambling, tobacco, alcohol, firearms, pornography (Reast, Maon, Lindgreen, & Vanhamme, 2012) companies, but also companies that have a great environmental impact , such as paper mills, oil, mining (Cai, Jo, & Pan, 2012). Also inside the controversial industries, pharmaceutical and biotechnology companies are found (Lindorff, Prior Jonson, & McGuire, 2012).

Organizations in controversial industries receive different pressures from the context (Frynas, 2005; Rwabizambuga, 2007), and social expectations are higher over these companies.

Figure 7. Structure of the Sample

		<i>Controversial Industries</i>	
		Non-Controversial	Controversial
<i>Presence of MNC domiciled operations</i>	High	Small	Small
		Big	Big
	Low	Small	Small
		Big	Big

55% of the population (twenty four million people) of Argentina live in Buenos Aires and its suburbs<sup>12</sup>. At the same time, almost 80% of the economic activity of the country is generated in the same region<sup>13</sup>. Given that situation Buenos Aires and its suburbs were the main geographical localization of the companies in the sample. Also, in the sample there are companies from the three largest cities in Argentina -behind Buenos Aires: Córdoba, Rosario, and Mendoza.

Finally, the questionnaires were design to capture the CSR practices of local companies with three main stakeholders groups: employee, community, and the environment. This decision was made in order to select an internal group, an external group, and the environment as a global issue. The intention was to focus on the main stakeholders groups recognized by CSR literature (Krick, Maya, Monaghan, & Sillanpää, 2005; Patridge, Jackon, Wheeler, & Zohar, 2005).

### 5.3. Data Collection: Standardized Open-ended Interviews

The merit of different types of interviews has been widely discussed and their advantages and disadvantages. In general terms, *“interviewing is about obtaining interviewees’ interpretations of their experiences and their understanding of the world in which they live and work”* (Rubin & Rubin, 2005: 36). Patton identifies four types of interviews, depending on the *“extent to which interview questions are determined and standardized before the interview occurs”* (Patton, 2002: 342, emphasis on the original). The different types of interviews with their strengths and weaknesses are illustrated in Table 9.

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<sup>12</sup> <http://www.indec.mecon.ar/>

<sup>13</sup> <http://www.mecon.gov.ar/>

Table 9. Different Types of Interviews

Type of Interview	Characteristics	Strengths	Weaknesses
Informal conversational interview	No predetermination of question topics or wording.	Increases the salience and relevance of questions; there is no type of conditioned.	Different information collected from different people with different questions. Data organization and analysis can be quite difficult.
Interview guide approach	Topics and issues to be covered are specified in advanced.	The outlines increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent.	Important and salient topics may be inadvertently omitted. The flexibility in in sequencing and wording could reduce the comparability of responses.
Standardized open-ended interview	All the interviewees are asked the same basic questions in the same order. Questions are worded in a completely open-ended format.	Increasing the comparability of responses; data are complete for each person on the topics addressed in the interview. Reduces interviewer effects and bias when several interviewers are used. Facilitates organization and analysis of the data.	Little flexibility in relating the interview to particular individuals and circumstances. The naturalness and relevance of questions could be constrain.
Close, fixed-response interview	Questions and response categories are determined in advanced. Responses are fixed.	Data analysis is simple; responses can be directly compared and easily aggregated.	Respondents must fit their experience and feelings into the researcher's categories. Can distort what respondents really mean or experienced.

Source: Adapted from Patton (2002): 349 / Variations in Interview Instrumentation.

As mentioned before face-to-face Standardized open-ended interviews will be carried out. This type of interview relies on the idea that each interviewer asks the same questions in the same order, and with the same wording. But at the same time, this type of interviews requires open-ended questions with the intention of capturing emergent issues which are impossible to capture in closed questions. Patton proposes four main reasons to use standardized open-ended interviews (Patton, 2002: see 346):

1. The exact instrument used in the evaluation is available for inspection by those who will use the findings of the study.
2. Variation among interviewers can be minimized where a number of different interviewers must be used.

3. The interview is highly focused so that interviewee time is used efficiently.
4. Analysis is facilitated by making responses easy to find and compare.

Another important point to give comparability to the interviews is to interview analogous people in each company (Rubin & Rubin, 2005). The objective of this research is to interview respondents who are concerned with CSR actions from a strategic perspective. In small companies, the interviewee could be the CEO or Owner of the company; and in medium and big companies, the interviewee could be the responsible of CSR (HR, PR, etc.). The objective is not to interview the person who runs CSR programs but to interview the one who strategically decides which types of practices and programs will be implemented since he/she is the one who thinks about the motivations and reasons of carrying out those practices. The interviews were run in Spanish; the national language of Argentina and the author's mother tongue.

The interview has four parts: Introduction, Pre-Formulated Questions, Re-questioning and Closing. The Introduction includes the presentation of the research, and expresses formally the ethical concerns that contain "*informed consent (receiving consent by the respondent after having carefully and truthfully informed him or her about the research), right to privacy (protecting the identity of the respondent), and protection from harm (physical, emotional, or any other kind)*" (Denzin & Lincoln, 2008: 142). The introduction also includes some background information that is necessary to contextualize the interview such as the respondent's name, the title, the position, and years employed in the company.

The Pre-Formulated part consists of a series of questions that seek to understand the institutional determinants that shape CSR practices. These questions go from the general to the particular, and seek to unveil the implicit and explicit motives of the engagement of local companies in CSR practices. After these questions, in the third part of the interview, doubts or emergent issues that arise during the interview are re-questioned. Finally, the closing section includes background information about the company. Appendix B presents the Questionnaire.

57 semi-structured interviews were carried out; thus, the sample sometimes includes the owner in the case of SMEs and the CSR Manager in the case of big companies. The questionnaires were constructed following the conceptual model. They include questions that were made to every interviewee in the same order, but at the same time, there was a space left at the end of the interview to reframe some questions and to capture emergent issues. Given the nature of the qualitative research, the interview is a dynamic process of interaction where the interviewer proposes an order of questions but the interviewee interprets and answers according to his/her assumptions and mental models (Rubin & Rubin, 2005).

After carrying at the first ten interviews a revision of the questions was made with the intention to redesign the questionnaire in order to have more clarity and insight in the questions. The main changes has to do with the wording of some the questions in order to give clarity to the questions, and avoid ambiguity. For example, part 2.1. of the questionnaire had less question (and more general) in the first version. This makes that respondents gave very generic answers, and also very short. Opening this section in five

questions helps to redirect the answer of the interviewee, and allow them to explain better.

Each interview was taped recorded. In addition, notes were undertaken during the interview. Following the 24 hours rule (Jarzabkowski, 2008) impressions and ideas were written down in the same notepad as the interviews to capture the atmosphere of the interview (Miles & Huberman, 1994; Yin, 2009)<sup>14</sup> within the first 24 hours that followed each interview, feelings, impressions, and personal considerations about the interviewee and the company were also described (Patton, 2002). Five interviews were made using Skype<sup>15</sup>, and were recorded using the software Pamela for Skype<sup>16</sup>. The first forty interviews were made face-to-face.

After the forty face to face interviews, the saturation effect (Miles & Huberman, 1994; Patton, 2002; Rubin & Rubin, 2005) appeared in the sample, and the same type of companies began to provide the same type of answers, and there was no novel or new ideas appearing. Seventeen more interviews were run after the saturation effect was acknowledged, in order to confirm it. These seventeen interviews represent almost the 50% of the sample.

In six interviews (all face-to-face), there were more than one respondent in the interview: in five, there were two respondents and in one, three respondents. In these cases, one respondent was the expert and the other was an assistant or someone on the operational side who talked about specific programs and activities. For the counts of the statistics of the interviews focus was set on the respondent with mayor responsibilities.

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<sup>14</sup> This report was in red over my original notes in the interview.

<sup>15</sup> <http://www.skype.com/>

<sup>16</sup> <http://www.pamela.biz/en/>

As mentioned before, the interviews were run in Spanish, and each one has an average of forty minutes duration (between 35 to 50 minutes).

Finally, all the recorded interviews were fully transcribed by a person with previous experience in this type of transcription. The first five interview transcriptions were checked in detail with the original audio and adjusted according to some quality matters with the transcriber. After that, the original audio of the interview was checked only when a problem of understanding or meaning in the transcript was found. Once the transcription was ready, the process of data analysis began.

### **5.4. General Characteristics of the Sample**

The following tables (10, 11, 12 and 13) present and analyse the general characteristics of the sample. 77% of the interviewees are between 30 and 50 years old, and the 60% are female. The main positions of the interviewees are CSR Managers (22,8%), HR Manager (17,5%), and Owners (14%), where CSR Managers are always in large companies, and Owners in small companies; HR Managers are from both small and large companies. Finally, it is interesting to note that except the companies that create a special position for those issues in the last five years, the person in charge has been in the company for a long time: 33% of the interviewees have been more than 25 years in the company.



Table 10. Age of the Interviewee and Gender

Age	n°	%
20-29	2	3,5
30-39	20	35,1
40-49	24	42,1
50-59	10	17,5
60-69	1	1,8

Gender	n°	%
Female	34	59,6
Male	23	40,4

Table 11. Position of the Interviewee and Years in the Company

Position	n°	%	Years in the Co.	n°	%
Board Director	5	8,8	0-5	12	21,1
CEO / General Manager	3	5,3	6-10	7	12,3
CSR / Sustainability Coordinator	5	8,8	11-15	5	8,8
CSR Supervisor	3	5,3	16-20	7	12,3
CSR Manager	13	22,8	21-25	5	8,8
CSR Specialist	3	5,3	25-30	19	33,3
HR Analyst	1	1,8	Mote than 30	2	3,5
HR Manager	10	17,5			
International Commerce	1	1,8			
MKT Manager	1	1,8			
Owner	8	14,0			
PPRR Director	3	5,3			
Quality Assurance Officer	1	1,8			

As has already been mentioned, there is a challenge regarding size. Even though the Argentina's Government size definitions have been applied there are differences among sectors<sup>17</sup> regarding what size means. The general criteria followed using the official standards is that small and medium companies have up to 200 employees and companies with more than 200 employees are big companies.

The study has made an exception to this rule in three cases. In two companies the employee a criterion was mixed with the sales one because they classified themselves as small companies (secure, logistics) and the sales criteria confirms their decision. In a

<sup>17</sup> [http://www.observatoriopyme.org.ar/download/informes/IE\\_Definicion\\_PyME-FOP-Abril\\_2013.pdf](http://www.observatoriopyme.org.ar/download/informes/IE_Definicion_PyME-FOP-Abril_2013.pdf)

company in the retail sector, although the employees and the sales criteria fit the with large company classification the firm was classified as small because it is a company with local presence (Province of Santa Fe) that classified itself as small, and the Chamber of Retailers also considers this company as small for the sector (the big retailers usually have national presence and are ten to twenty times bigger in employees and sales).

*Table 12. Size and Employees*

Size	n°	%
Big	36	63,2
Small	21	36,8

Employees	n°	%
0-49	6	10,5
50-99	5	8,8
100-199	7	12,3
200-499	2	3,5
500-999	13	22,8
1000-1499	5	8,8
More than 1500	19	33,3

Small companies are 37% of the sample. It was difficult to find small companies with explicit CSR programs. At the same time, small companies are not keen to concede an interview given the lack of culture regarding sharing information with the external public. 19% of the companies have more than 1500 employees. As for the presence of MNCs in the industry or their exposure to international markets, almost 58% of the companies belong to sector with high presence of MNCs, and 53% are exposed to international markets.

Table 13. Presence of MNCs and Exposure to International Markets

Presence of MNCs	n°	%	Exports	n°	%
High	33	57,9	yes	30	52,6
Low	24	42,1	no	27	47,4

In relation to the diversity of industries and the type of companies, the sample presents a great richness. Agro and IT are the industries with more presence in the study. Argentina is one of the largest agricultural producers in the world and Agro companies are usually big and work in international markets. Regardless the size of the companies, IT firms have a clear option to be green and social and the vast majority of IT companies have an explicit CSR program. Argentina has a large private and family company sector and this is well represented in the sample. In Argentina it is not common to be a public company among domestic firms (see Table 14).

Table 14. Industries and Type of Companies

Industry	n°	%	Type	n°	%
Agro	5	8,8	Cooperative	6	10,5
Airports	1	1,8	Family	22	38,6
Assurance	3	5,3	Mix (State-Private)	2	3,5
Bank	3	5,3	Private	21	36,8
Biotehcology	2	3,5	Public	4	7,0
Construction	2	3,5	State Owned	2	3,5
Electricity	1	1,8			
Fashion	1	1,8			
Food	3	5,3			
Human Health	1	1,8			
IT	6	10,5			
Tannery	1	1,8			
Logistics and Transportation	1	1,8			
Manufacture of furniture	1	1,8			
Manufacturing of fabricated metal products	2	3,5			
Media (newspapers)	3	5,3			
Oil and Gas	2	3,5			
Paper	2	3,5			
Pharma	3	5,3			
Restaurant	1	1,8			
Retail of household good	1	1,8			
Retail of pharmaceutical goods	1	1,8			
Retail (supermarket)	1	1,8			
Television Programme Production	1	1,8			
Tobacco	3	5,3			
Water Supplier	2	3,5			
Wine	4	7,0			

Following the definition already mentioned, some industries in this sample are classified as controversial. They are: tobacco, tanning, oil, pharmaceutical, biotechnology, wine, paper, water supplier, airports, and electricity. 35% of the companies in the sample belong to a controversial industry (see Table 15).

Table 15. Controversial and non-Controversial Industries

Controversial Industries	n°	%
yes	20	35,1
no	37	64,9

Lastly, data associated with CSR issues is presented: how many companies are signatories of the UN Global Compact, how many companies write a Social Report, how many companies follow the Global Reporting Initiative (GRI) guide, and what is the year of formalization of CSR activities. Most of the companies in the sample do not signed the UN Global Compact (42%), do no publish a social report (42%). Also, from the 14% that write a social report, the 10% is use GRI guidelines. Companies of the sample start with formal CSR activities since 1999. However, in 2002 there was an acceleration of this process given the economic, social, and political crisis that face Argentina. 2001 crisis is identified as the beginning of the CSR movement in the country (see Table 16 and 17).

Table 16. Signed UN Global Compact and Publication of Social Report

Global Compact	n°	%
yes	15	26,3
no	42	73,7

Social Report	n°	%
yes	14	24,6
no	43	75,4

Table 17. Global Reporting Initiative Year of formalization of CSR

GRI	n°	%	Year of Explicit CSR	n°	%
yes	10	17,5	1999	2	3,5
no	47	82,5	2000	1	1,8
			2001	1	1,8
			2002	11	19,3
			2003	0	0,0
			2004	11	19,3
			2005	6	10,5
			2006	3	5,3
			2007	4	7,0
			2008	1	1,8
			2009	5	8,8
			2010	5	8,8
			2011	6	10,5
			2012	1	1,8

Figure 8 shows the structure of the sample (industry name is used). Box 6 is empty, because there are no small companies in controversial industry sectors with low presence of MNCs, and also explicit programs of CSR. This is a finding in itself. Controversial industries are complex industries that need competitive scale, and are typically international companies in context of high presence of MNCs (i.e. tobacco, oil, mining, paper, wine). In that context, there is no room for small companies and low presence of MNCs at the same time.

Figure 8. Sample Structure with Companies by Industry

		Non-Controversial		Controversial			
Presence of MNC locally domiciled operations	High	Small (Box 1)	Assurance - AS1	1	Small (Box 2)	Biotechnology - BT1	1
			Assurance - AS2	1		Biotechnology - BT2	1
			Construction - CO1	1		Oil and Gas - OG1	1
			Hotel and Health - HH1	1		Oil and Gas - OG2	1
			IT - IT1	1		Wine - W11	1
			IT - IT2	1		Wine - W12	1
			IT - IT3	1			
			Retail - RT1	1			
			Fashion - FA1	1			
	<b>Total Interviews</b>	<b>9</b>	<b>Total Interviews</b>	<b>6</b>			
	High	Big (Box 3)	Agro - AG1	1	Big (Box 4)	Electricity - EL1	1
			Agro - AG2	1		Tanning - TN1	1
			Agro - AG3	1		Paper - PA1	1
			Agro - AG4	1		Pharma - PH1	1
			Agro - AG5	1		Pharma - PH2	1
			Assurance - AS3	1		Pharma - Ph3	1
			Assurance - AS4	1		Tobacco - TO 1	1
Banking - BK1			1	Tobacco - TO 2		1	
Banking - BK2			1	Wine - W13		1	
Banking - BK3			1	Wine - W14		1	
Food - FO1			1				
Food - FO2			1				
Food - FO3			1				
IT - IT4			1				
IT - IT5			1				
IT - IT6			1				
Television Media Production - TV1			1				
<b>Total Interviews</b>	<b>17</b>	<b>Total Interviews</b>	<b>10</b>				
Low	Small (Box 5)	Logistics and Transportation - LT1	1	Small (Box 6)			
		Manufacturing of fabricated metal products - MM1	1				
		Manufacturing of fabricated metal products - MM2	1				
		Retail of household good - RH1	1				
		Retail of pharmaceutical goods - RP1	1				
		Restaurant - RE1	1				
	<b>Total Interviews</b>	<b>6</b>	<b>Total Interviews</b>	<b>0</b>			
	Big (Box 7)	Construction - CO2	1	Big (Box 8)	Airports - AI1	1	
		Manufacture of furniture - MF1	1		Paper and Agro - PA2	1	
		Media (newspaper) - MD1	1		Water Supplier - WS1	1	
Media (newspaper) - MD2		1	Water Supplier - WS2		1		
Media (newspaper) - MD3	1						
<b>Total Interviews</b>	<b>5</b>	<b>Total Interviews</b>	<b>4</b>				
			<b>37</b>			<b>20</b>	

### 5.5. Data Analysis

The data was open, axial and selective coded, summarized and displayed in an iterative fashion (Miles & Huberman, 1994; Patton, 2002). The data analysis process was supported by the computer-aided program NVivo (9.2 Edition). Following the coding guidelines of Milles & Huberman (1994), and according to our research approach, the codes emerged from the conceptual model, and were subsequently revised during the actual coding process (Basit, 2003). Following (Jarzabkowski, 2008) Table 18 explains in detail the Stages, Task, and Output of the analysis.

The study used three methods (phases) of coding. One method was coding by question (auto-code) in order to have all responses to each of the questions. This enables the analysis and comparison of the different reactions and answers to one same question. The second method was coding following the previous concepts and proposition, and the codes follow the key concepts and variables of the conceptual model (e.g. role of the State, role of MNCs, the role of religion). Finally, the third method was a wide open coding following the notes previously undertaken according to emerging issues when trying to capture the richness of the data. In this last phase, the intention was to give voice to the data, and capture emerging issues.



Table 18. Stages of Analysis (adapted from Jarzabowski 2008)

Stages	Task	Output
1. Defined the sample structure	<ol style="list-style-type: none"> <li>1. Identify in the literature differences among size, type of industry, and the presence of MNCs</li> <li>2. Develop eight boxes with its own characteristics, classifying the different industries by controversial and by the presence of MNC</li> </ol>	Eight boxes to structure the sample
2. Run the Interviews and transcriptions	<ol style="list-style-type: none"> <li>1. Develop a questionnaire following the conceptual model</li> <li>2. Contact the companies</li> <li>3. Balance the number of companies following the sample structure</li> <li>4. Travel to different places in Argentina to give the sample national validity</li> <li>5. Correct the transcription (an external made the transcription process) and check the quality of the transcript</li> </ol>	1. Transcripts of fifty seven interviews in Spanish
3. Coding by question and content	<ol style="list-style-type: none"> <li>1. Using NVivo 9 software I code the sample by question</li> <li>2. Without taking into account the conceptual model I code the sample by content, developing empirical codes of what managers say about CSR practices</li> <li>3. Translation of the coding data to English: check meaning and quality</li> </ol>	<ol style="list-style-type: none"> <li>1. Information organize by question (interviewee order) in English</li> <li>2. Information organize by content in English</li> </ol>
4. Coding by conceptual model	<ol style="list-style-type: none"> <li>1. Identified key actors, practices, and concepts from the conceptual model and proposition such as: the role of State, the role of MNCs, the role of international organizations, the role of local CSR institutes, awards, and the role of culture.</li> <li>2. As the data is empirically interrelated and inseparable, but could be differentiate conceptually, some data applies for more than one code.</li> <li>3. Translation of the coding data to English: check meaning and quality.</li> </ol>	Information organize by concepts, following the conceptual model in English
5. Organize Practices by stakeholder	<ol style="list-style-type: none"> <li>1. Using primary (interviews) and secondary data (website, social reports) I identify practices by three stakeholders: employees, community, and environment.</li> <li>2. Group practices according stakeholder and type, and analyse and compare the differences among the eight boxes of the sample.</li> </ol>	Table with all the CSR practices, organize by the sample structure
6. Analyse the data and compare with the propositions	<ol style="list-style-type: none"> <li>1. Comparing the findings using the different ways of coded data with the proposition drawn from the literature.</li> <li>2. Identify and analyse gaps between propositions and data</li> <li>3. Identifying emergent issues related with the conceptual model and understanding which are the possible reasons for the existence of the gap</li> </ol>	<ol style="list-style-type: none"> <li>1. Identification of gaps between findings and propositions</li> <li>2. Identification of emergent issues</li> </ol>
7. Confirm, reject, or modify propositions	1. Using the findings, gaps, and emergent issues to confirm, reject, or modify propositions.	Findings of the thesis: understanding of how actors, and institutional pressures shape CSR different types of practices

The objectives of the different types of coding were to approach the data from different points of view. Patton (2002) suggests four different types of triangulation to evaluate and analyse the data: i) data triangulation (data sources); ii) investigator triangulation (different evaluators); iii) theory triangulation (different perspectives), and iv) methodological triangulation (different methods). This study has opted for the methodological triangulation, approaching the data with different methods of codification.

For this process of methodological triangulation, the NVivo software is very useful to keep the different coding methods separated although they coexist. In that sense, NVivo enables the comparison of information, and also to work with it in carrying out the analysis (Miles & Huberman, 1994; Yin, 2009). NVivo also allows the researcher to build codes and relations among different cases (interviews), and at the same time, among different concepts. The coding phase concludes with a great amount of data in quotes, tables, and relationships.

### **5.6. Finding and Discussion Chapters Outline**

This brief outline to findings and discussion chapters has the objective of explaining how the results of the study will be presented and how they will be discussed. The conceptual model presents three propositions -extracted from the literature- that explains the relationship between institutional forces and CSR practices. In each proposition, and following the research questions, different actors, and elements play an important role, such as MNCs, the State, norms and accreditation, or religious

background. Given the complexity of elements and actors, different approaches present the findings and the following discussion.

Findings and discussions will be structured as follows: Chapter 7, 8, and 9 will present the findings of proposition one, two, and three. Separately, each chapter will discuss the findings and the confirmation, rejection, or modification of each proposition. A limitation to this approach is that some actors, such the State, and MNCs will be discussed playing different roles, in different chapters, taking the risk to break the parsimony of the discussion. However, when considering this limitation, the thesis gains in conceptual clarity, and the reader will be able to follow the logic during the entire document, and to understand if the propositions presented in the conceptual model are validated or not.

Hence, before delving into the analysis, chapter 6 will introduce the CSR practices of the companies in the sample, with the aim of contextualising and giving the reader a general framework of what companies are doing in Argentina.



## 6. CSR Practices in Argentina: A General Outlook

The objective of this chapter is to contextualize the practices that Argentinean companies are doing under the scope of CSR practices in developing countries. In chapter 2, the literature review of CSR in developing countries, analyses the general specification of CSR practices in those particular contexts. This chapter intends answer to the questions: *what CSR practices are Argentinian companies doing?*, and *which are the commonalities and differences among local companies in developing countries?*

The interviews focus, as mentioned in chapter 5, in three main stakeholders: community, employee, and environment; and the practices were classified following that criterion. The types of practices were classified a posteriori following the logic of the interviews. The available websites and social reports of the companies were checked in order to complete the classification. Also, it found useful to analyse how many companies signed the UNGC, and how they report using the GRI guidelines to understand the CSR context of Argentina.

The chapter is structured as follows: section one makes a brief recapitulation of the main conclusion of the literature review to build a bridge between both chapters; section two presents and analyses the practices with the stakeholder community, employees, and environment. Section three presents the information related to UNGC and social reporting, and the use of GRI guideline. Finally, section four will sum up and raise the main conclusions and challenges. Appendix C presents the data opened by box and practice.

### 6.1. Contexts Matters: CSR issues in developing countries

Developing countries has its particularities that affect local companies' CSR practices. As analysed in detail in chapter 2, the main characteristics of developing countries contexts are:

- Low level of institutional stability: change of rules, sudden change in government direction (from pro-market to anti-market) (Fox, 2004; Wiig & Kolstad, 2010).
- Economic instability: recurrent economic and financial crisis (Peng, 2003; Peng & Luo, 2000).
- High rate of poverty, social exclusion, illiteracy, and unemployment. This situation generates social violence, and insecurity (Baskin, 2006).
- Lack of strong educational and healthy system (Jamali & Mirshak, 2007).
- Corruption practices are common, between private and public, but also between private companies (Fox et al., 2002).
- Relevant role of MNCs: perceived as change agent, but also there is an ideological view, and they are perceived as “extracting companies” (Gifford & Kestler, 2008).

Visser (2008) synthesises this reality arguing that developing countries feature specific CSR drivers that make local settings different, including cultural traditions, crisis responsiveness, governance gaps, stakeholder activism, investment incentives, and political reforms.

**6.2. CSR Practices by Stakeholder Community, Employees, and Environment**

As an introduction, Table 19 presents the ten most common practices in Argentina. A first general analysis tells us that Community and Environment are the stakeholders where most of the practices are targeted.

*Table 19. Ten most common practices*

10 Common practices		%
1	Education Programas (Co)	11,6
2	Health Programs (Co)	8,7
3	Recycling (Env)	8,1
4	Industrial and Comercial Process (Env)	7,8
5	General Charity (Co)	7,2
6	Volunteering (Emp)	6,4
7	Economic Benefit (Emp)	6,1
8	Social Inclusion (Co)	4,9
8	Work-life Balance (Emp)	4,9
9	Working Conditions (Emp)	4,3
9	Health Problems (Emp)	4,3
10	Institutional support to NGOs (Co)	4,0

(Co): Community / (Emp): Employee / (Env): Environment

**6.2.1. Practices with the Community**

Practices with the community are the most common practices among all the companies in the sample, except for companies in Box 5 (Small/Non-Controversial/Low Presence of domiciled MNCs) where practices with employees are the most common practices (47%); and Box 7 (Big/Non-Controversial/Low Presence of domiciled MNCs) where practices with the community and employees have the same relevance (41% each). Table 20 presents the differences among the boxes (see section 5.4 for detail explanation of different boxes).

Table 20. Practices with Stakeholders

Practices with Stakeholders							
	Box 1	Box 2	Box 3	Box 4	Box 5	Box 7	Box 8
Community	59	58	53	49	34	41	41
Employee	29	33	31	33	47	41	33
Environment	12	8	16	18	19	17	26
							<i>Express in percentages</i>

CSR practices could be understood in part as an evolution of corporate philanthropy (Carroll, 1999), and following this idea is natural that practices with the community are the main domain of CSR in Argentina. This situation is even more significant in emerging countries where social problems such as poverty, exclusion, illiteracy, unemployment are part of the daily life, and affect the agenda of all social actors (Baskin, 2006). Within this context, the most common programs with the community are educational programs (11.6% of the total, and 23.5% of the community practices). Table 21 shows the practices with the stakeholder community.

Table 21. Practices with the Community

COMMUNITY		n°	%	% of total
	Education Program	40	23,5	11,6
	Health Program	30	17,6	8,7
	General Charity	25	14,7	7,2
	Social Inclusion	17	10,0	4,9
	Institutional support to NGOs	14	8,2	4,0
	Employment Program	12	7,1	3,5
	Child Labor	9	5,3	2,6
	Culture	8	4,7	2,3
	Housing Program	4	2,4	1,2
	Finance Program	4	2,4	1,2
	Help in Catastrophes	4	2,4	1,2
	3° Age	3	1,8	0,9

Educational matters are a critical issue in the local agenda of Argentina, with a daily presence in the media. From another perspective, a lot of NGOs that work around those issues can be noticed, offering tailor made programs to both companies and



governments. Moreover, working on educational matters has a high consensus among different social actors as one of the best ways to develop society, and in that sense helps to acquire social legitimation.

By educational programs the study refers to general support to public schools or particular support to teachers or a tailor made project in any specific area. Also, many companies run programs to raise awareness among children around the use of water, the use of energy, recycling. General donations to schools are not included here (e.g. computers, furniture); this type of practice is included in general charity.

Box 4 and 5 are the only two boxes which show that educational programs are not the most common ones. Box 4 presents large companies in controversial industries with high presence of domiciled MNCs. In this box, there are companies that have more awareness around CSR matters due to the fact that they are in controversial industries such as tobacco, pharmaceutical, tanning, and paper. Otherwise, industries such as electricity and wine do not have such awareness about their controversial activity. A common characteristic of these companies is that they are highly regulated. Controversial industries are usually related to big companies with international exposure. Being controversial usually implies being under global regulations, and needs some scale to support and compete in those highly regulated markets (Djelic & Sahlin-Anderson, 2008).

In box 4, health programs are the most common programs. It seems that companies need to address the impact on health that they could generate with their activity (tobacco, wine, tanning), or given their core business (pharmaceutical). Health programs refer to

the support to public hospitals, a sustained work with some local diseases (e.g. Chagas Disease in the north of Argentina<sup>18</sup>), and prevention programs within vulnerable populations, among others. Again, general donations to hospitals are not included here, are included in general charity.

Whilst it is not at the top of the list, elimination of child labour programs is common in these industries, especially in tobacco companies, but also in wine companies, and it is part of a CSR global agenda. In fact, Argentinean League against Child Labour was created by local and MN companies in conjunction with the Ministry of Labour. The local chapter of the UNGC and the main NGOs that work against child labour are also part of the League.

General charity is the most common practice in Box 5. The study found small, non-controversial companies, and low presence of domiciled MNCs companies seem to be “the most local companies” in the entire sample. Due to the size and the low exposure with MNCs and international markets (only 33% exports) it could be assume that they are in the early stages of CSR (philanthropic stage).

This is the only box where practices with Employees are the most habitual practices. In this context, the stakeholder community and the employee community are mixed. In this regard, these highly local companies are so embedded in the community that they work with employees. Their families are working at the same time with the community. This finding goes in the same line of the findings of Jamali et al. (2009) in Lebanon.

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<sup>18</sup> [http://www.who.int/neglected\\_diseases/diseases/chagas/en/](http://www.who.int/neglected_diseases/diseases/chagas/en/)

Regarding extreme social problems, other habitual practices are social inclusion, and employment programs. These are real issues in the Argentinean social agenda. They usually respond to local realities where the companies are placed, or by the type of industry.

Finally, companies do not have cultural matters as a topic is at the top of the list of CSR practices. Giving support to sports (or athletes), and other leisure activities are not even in the list. Evidently, social context imposes the CSR agenda of companies, and there is no time, budget, and social awareness to work in other matters.

### ***6.2.2. Practices with Employees***

Practices with employees have a lot of variance, and in opposition to what is happening with practices with the community, there is not a single practice that is clearly the most common through all the boxes. In analysing the entire sample volunteering is the most common practice. Only in one box 3 (Big/Non-Controversial/High Presence of domiciled MNCs) volunteering is the most habitual practice. In other boxes, practices such as work-life balance, schooling, and health problems are at the top of the list. Table 22 presents the practices with employees ranking.

Table 22. Practices with the Employees

EMPLOYEES	n°	%	% of total
Volunteering	22	19,0	6,4
Economic Benefits	21	18,1	6,1
Work-life balance	17	14,7	4,9
Health Problems	15	12,9	4,3
Working Conditions	15	12,9	4,3
Schooling	13	11,2	3,8
Credit for Housing	11	9,5	3,2
Hired Handicap People	2	1,7	0,6

In volunteering programs companies work at the same time with different stakeholders, because some of the educational and health programs at the community level are run by employees, and in many times under the coordination of an NGO. In that sense, given the effort of coordination and budget only big companies were the ones that ran this type of programs. A typical example of a volunteering program is going to build houses in poor neighbourhoods under the coordination of the NGO during the weekend (everything funded by the company<sup>19</sup>).

The second most habitual practice with the employees is economic benefits. Economic benefits practices mean low rate and short term credits that employees use in general to resolve housing matters, children school issues, or health problems or funeral arrangements. This economic benefit is perceived by the employee as a benefit, and the companies communicate it as a CSR practice. The employees give the money back monthly with their salary.

Historically, these types of benefits were common but in the last years they became more habitual due to the local economic situation. Since 2009, Argentinean economy is

<sup>19</sup> <http://www.techo.org/en/>

under an inflation rate of 25% average<sup>20</sup>, and in that context, companies help the employees with flexible credits to cope with personal necessities. Box 5 is the only one where practices with employees are more habitual than with community. This is the only box where economic benefits are at the top of the list.

In box 5, all the companies are familiar, and using a familiar analogy this type of companies are worried for the wellbeing of the employees and their families, so helping them (with credits) is like helping the family, and it is even part of the psychological contract. Small companies are close to the community, and the employees usually live close to the facilities or offices, so there is a strong interdependence between company, employees and families.

Work-life balance is another typical practice, and it is mostly related to the fact that employees have flexible time (home working). This is a common practice particularly in big companies since they require coordination (time) and some technological infrastructure to assure the quality of home working. This is shown in Box 1, with the case of IT companies. However, small companies could implement this type of work given their inner capabilities and the type of task. Finally, working conditions and health problems are also common practices regarding employees.

Controversial industries present a difference: health programs have more relevance in these companies over the rest of the practices than in those that belong to other industries. Some of these companies, such as paper and tanning, use in their production process toxic elements, and the employees have a high risk for their own health. In the

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<sup>20</sup> <http://www.indec.mecon.ar/>

same line, tobacco industries work in the prevention of health problems in general. Particularly, those actions related to the impact of tobacco in health. It seems relevant to note these companies have a strong control from civil society institutions. Their image risk is extremely high (Yani-de-Soriano, Javed, & Yousafzai, 2012).

Jointly with health problems, controversial companies also work on schooling programs for their employees. Some of these companies are work-labour intensive (tobacco, wine, paper, tanning), and they usually have low income employees who have not achieved their primary school degree.

To conclude, size, industries, and the type of company are determinant characteristics, and generate a great variance among CSR practices with employees. Giving this situation there is no common tendency as in the case of community practices where educational programs are carried out.

### ***6.2.3. Practices with the Environment***

Environmental practices are classified in recycling, environmentally friendly industrial or commercial processes, and eco-buildings. Environmental issues were the less mentioned, while community and employee practices were mostly referred to. Sometimes, the responsible of these types of practices was called to participate of the interview in order to give the interviewer technical details.

Table 19 shows that recycling and industrial or commercial processes appear in the third and fourth places among the ten most common practices. There is no great variety of

practices but they are quite common among companies. Table 23 presents the percentages among the different practices.

Table 23. Practices with the Environment

ENVIRONMENT	n°	%	% of total
Recycling	28	46,7	8,1
Industrial or Comercial process	27	45,0	7,8
Eco-Buildings	5	8,3	1,4

There is a clear tendency of companies, no matter size and type of industry to recycle, and implement environmental friendly practices in their industrial or commercial processes. Typical examples of recycling are paper, plastic bags and bottles, wood from handling scrap. Usually companies work with an NGO that collect the material, or donate the material to a Hospital or other institution that takes care of the final disposition. Recycling programs have a high impact on employees, and in many cases employees are invited to recycle at home and bring the materials to the company.

In that case companies are also able to integrate different stakeholders and CSR issues in one program. A typical example is a company volunteer program, organized by an NGO, where the employees go to a school to raise awareness on the importance of recycling.

Industrial or commercial processes examples are in general water treatment plant, reducing the use of paper (e.g. offering electronic bill to customers), integrate the production cycle from an energetic point of view, among others. Although big companies make a more systematic effort in integrating responsible environmental practices in their products or services, different types of companies and industries are working in that line, and they are showing that is not only a question of big budget.

It is interesting to note that at the same time, many companies are including environmental practices as a part of their core business. Examples are organic wine, organic leather, or in the case of the paper mill, re-using the waste of one process and using it as a raw material of a different product. Many of those practices are driven by international standards, and are part of the requisites to exportation, or to entry in new markets. In this line, companies certify or apply for international seals or standards to have the possibility to enter in specific markets.

Only three companies made great inversions in eco-buildings, and they express that they want to be seen as innovate leaders in environmental matters at the national and international levels. This type of practice reflects a strategic option, and a clear positioning of the company.

As a conclusion, there is a clear tendency to recycling and to improve the product and services processes in order to make them more environmentally friendly. These types of practices are becoming more complex and CSR or Sustainability departments rely on technical divisions. Only the recycling programs are managed by the CSR or Sustainability department.

### **6.3. UN Global Compact and Social Reports**

The objective of this section is to analyse the relevance of the UNGC, Social Reports, and GRI indicators. These elements are relevant to complement the understanding of CSR practices and have a general outlook of what companies are doing in Argentina - including how they communicate CSR programs.



The UNGC has a local chapter in Argentina since 2004, and in December of 2013 three hundred and seventy organizations signed the principles, from which 70% of the signatories are companies, and the rest are non-profit organizations (including Universities)<sup>21</sup>. In the local arena the UNGC has a very well know reputation, and it is very active and protagonist in the CSR local agenda of seminars and conferences. A clear example of that situation is the fact that the UNGC is an active participant of the League against Child Labour.

Table 24 shows that the 26.3% of the companies in the sample signed the Principles. All the companies –except for two- that signed the UNGC are large companies with high presence of domiciled MNCs. The UNGC is perceived by small and medium companies as a big step, and a commitment that they are not ready to accomplish. In that line, the companies that are part of the Executive Committee of the UNGC in Argentina are all MNCs, or big local companies.

Table 24. Companies that signed the UN Global Compact

Global Compact	n°	%
yes	15	26,3
no	42	73,7

As Table 25 show, 24.6% of the companies write a social report; almost the same amount of companies that signed the UNGC. However, there is no exact match among companies that signed the UNGC and those that who wrote a social report. From the fifteen companies that signed the UNGC, eleven wrote a social report.

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<sup>21</sup> <http://www.pactoglobal.org.ar/>

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Table 25. Companies that publish a Social Report

Social Report	n°	%
yes	14	24,6
no	43	75,4

Finally, from the fourteen companies that wrote a social report, ten companies use the GRI indicators. Usually big companies are those with enough budget and time to write a social report using GRI indicators. GRI is perceived as a way to show the intention to measure and manage CSR issues. GRI practice is also becoming an expected practice on behalf of the companies' main stakeholders.

Table 26. Companies that use GRI

GRI	n°	%
yes	10	17,5
no	47	82,5

Finally, we can notice that international standards and tools are part of the repertoire of CSR in Argentina, especially in large companies, whilst they are still in a process of development. In the following chapters, the study will analyse how companies understand and perceive these tools and standards.

### 6.4. Chapter conclusions

The objective of this chapter was to present the CSR practices carried out by companies in Argentina. To organize the data, the study used the three main stakeholders defined in advance to ask during the interviews. Finally, the intention was also identify the role of the UNGC, the role of the social report, and the use of the GRI indicators among local companies.

The main conclusion concerning practices with the community is that there is a clear trend towards education as a key theme. Almost all types of companies have education at the top of their list. Otherwise, controversial industries substitute education for health due to the nature and impacts of their activity. The clear trend that exists in practices with the community seems to be absent in the case of the practices with the employees. In this case, the variance among companies remarks the fact that practices with employees are closely related to the inner dynamic of each company, the context, and the type of industry.

Environmental practices seem to be more distant of the CSR department, due to the complexity and some technical details that require technical knowledge. Recycling is the most habitual practice and the one that is under the supervision of the CSR department. The inclusion of environmental friendly processes in the services or products is managed by the Operations Department or for a specific area, such as Quality and Environment Department.

There is a weak adoption of the principles of the UNGC. In particular, the companies that signed the principles are large companies. This fact shows that the UNGC is perceived as something complex that requires bureaucratic processes (time and budget). In the same line, a quarter of the sample writes a social report, and the majority of those companies use the GRI guidelines, although there is no correlation between UNGC and social reporting.

Finally, according to existing literature Argentina in comparison to the rest of the Latin American countries is positioned in the second group, together with Uruguay, Chile and

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Peru (Peinado-Vara, 2006; Schmidheiny, 2006). The leading group is formed by Brazil, Mexico, and Colombia, not only regarding the type and amount of practices but also the articulation with the Government and Associations.

The following chapters will display and discuss the findings in order to confirm, reject, or modified the propositions.

## 7. Proposition 1: Findings and Discussion

*“The certification is depending on the plant and product destination, although all plants follow the same criterion... The point is that, if it’s not meant for exports, then perhaps it’s not convenient to put it in place, for cost reasons.”*

Public Relations Director (FO2)

The objective of this chapter is to present the findings concerning proposition one, and to discuss them under the light of the conceptual model. Proposition one intends to identify those pressures and forces that shape social obligation CSR practices. Social obligation CSR practices are those in response to market forces or legal constrains. This proposition poses that:

- 1. Local Companies’ social obligation CSR practices are motivated by coercive pressures from MNCs rather than from the State.*

The research questions that this chapter addresses are: first, *who are the actors (or institutions) that accomplish coercive pressures?*, and second, *which are the perceived CSR social obligation practices?* In answering these questions the proposition will be accepted, rejected or modified.

## **Chapter 7. Proposition 1: Findings and Discussion**

The chapter is structured in three parts: first, a brief theoretical introduction which restates the earlier discussion (chapter 3) on coercive pressures and the main carriers, routines, and actors (chapter 2); in the second section the findings are outlined within a framework which explores which actors (or institutions) shape social obligation practices of local companies and how they do so. The analytical framework is then extended to include both firm size and type of industry. Finally, the third section, places the findings in the context of the conceptual model in order to accept, reject, or modify the proposition. To help the reader, the different parts of the chapter present tables as conceptual paths with the main concepts, quotations, and findings.

### **7.1. Regulative Systems in Developing Countries: Carriers, Routines, and Actors**

Thus far, chapter 3 has presented how regulative systems work theoretically, while chapter 2 has presented how regulative system might work in developing countries regarding CSR practices. In this section, the study reconnects with those ideas to build a bridge between the literature review, the conceptual model, and the findings.

Regulative systems include both the law and rules, and imply clear sanctions with the intention to modify and guide corporate behaviour. The logic of this institutional pillar is instrumental and consequentialist (Scott, 2001), and the regulation has a clear objective that requires direct enforcement (coercive) to be effective.

The literature in this realm recognises the State as the main actor since it establishes hard rules or laws (Djelic & Quack, 2008; Djelic & Sahlin-Anderson, 2008). Other actors can establish norms but they are soft regulations, which actors can adopt in a

voluntary basis (Campbell, 2007). These regulative systems require coherent governance structures that apply and sustain the same norms, over time (North, 2007). In Scott's words: "*Regulative processes involve the capacity to establish rules, inspect or review others' conformity to them, and, as necessary, manipulate sanctions—rewards or punishments—in an attempt to influence future behavior*" (2001: 35).

Regulatory is crucial to impose new practices. When there is no formal enforcement, actors could tend to act egoistically (Marquis et al., 2007). However, regulatory systems are only a starting point that establishes minimum levels. It is interesting to note that some regulations arise after established practices to provide with order and equilibrium, and to set the minimum expectations around those practices (e.g. regulation of Social Reports).

In developing countries, the evidence shows that regulative systems are weak (Djelic & Quack, 2008; Peng, 2003). Although the government regulations are crucial in every type of country (Rivera, 2004), usually in those contexts, governments do not have the capabilities, the time, and the budget to regulate CSR issues and leave these matters to companies' self-regulation (Fox, 2004; Fox et al., 2002; Moon & Vogel, 2008; Muthuri & Gilbert, 2011). As a result, companies acquire a key role in the configuration of local CSR practices, setting the standards and expected behaviours.

Fox et al. (2002) posit that Governments could engage in CSR issues in four different ways: mandating, facilitating, partnering, and endorsing. Each mechanism has different repertoires: enabling legislation, creating incentives, stimulating markets, funding

support, raising awareness, among others. In the same study, the authors identify some drivers and constraints for public sector engagement in CSR issues: key drivers are about external exposure to markets and multilateral organisations, a persistent demand from business and civil society that allows market to reward leaders; and the key constraints are lack of capacity and resources to maintain and enforce minimum standards, and lack of capacity to equip domestic industry to meet CSR-related export requirement, among others (Fox et al., 2002, Table 3 in p. 20).

In the developing country context, the other actors identified with the possibility to exert coercive pressure are locally domiciled MNCs<sup>22</sup>. These companies may have a lot of power in the local realm because domestic companies depend on them. MNCs may be able to impose practices through formal contracts with suppliers, where they ask small companies to comply with standards such as: labour practices (e.g. child labour), anti-corruption protocols, and limitations on the use of products that harm the environment.

In this context, MNCs, in conjunction with locally based international organisations (e.g. UN Global Compact or ISO), create governance structures (vs. State government structures) where: *“the regulatory processes in systems of governance result in soft law or soft regulation. The latter can be of several types but their main and common feature is that they cannot be associated with legal sanctions”* (Mörth, 2008: 123).

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<sup>22</sup> By locally domiciled MNCs we mean MNCs subsidiaries in Argentina or Argentinian MNCs. Companies that operate physically in the country.



In sum, the conceptual model identifies the State and locally domiciled MNCs as potential actors with the capacity to exert coercive pressure through different mechanisms: law, norms, soft-law, and mandatory requirements, among others.

### **7.2. Presentation of Findings**

This section presents the findings following the criteria previously discussed. At the same time, it looks for emerging issues that could enrich the proposition under analysis. The study identified two main actors that could exert coercive pressure to impose practices: the State, in a formal and explicit way (law, rules, regulations), and MNCs in an informal and implicit fashion (soft law, in or out policies with suppliers). These actors were analysed. In addition, the study examined the responses of companies by size, and type of industry, when the data was available. For the purpose of the study, it seems important to understand what types of practices are perceived as social obligation by companies.

In order to comprehend this phenomenon and to confirm, reject or modify the proposition, this section is structured as follows: firstly, the study intends to identify the role and behaviour of the State, secondly, it aims to understand the role and behaviour of MNCs, and thirdly, it tackles the identification of emerging issues.

*7.2.1. The role of the State as a regulative actor*

As previously mentioned, in order to understand how coercive mechanisms function regarding CSR practices, the State is the most relevant actor to analyse. In doing so, the study will identify how different types of companies perceive the role of the State, and which are the expectations regarding its role and behaviour.

In analysing the sample data, none of the interviewees identify the State as a regulative actor of CSR practices. In this context the data suggests that the State plays a passive role in the regulation of CSR issues. This finding is well represented in a Public Relations Director (AS2) comment:

*“Here, in town, people come to us before they turn to city hall for help. The same happens everywhere. I think the State has got too much on its plate or has a management problem, but there is no question about it: the government needs the private sector to get involved.”*

The State is not perceived as a strong regulative actor that imposes standards, and pushes companies to improve CSR practices. An Owner and CEO (HH1) poses:

*“When the Green Seal for cleaner production came along, I didn’t learn about it from the State; it came from a foundation that works with private companies and entered into an agreement with a bank. I haven’t had good experiences with the State when I applied for a tax credit or for a grant that we could pay back.”*

Moreover, CSR practices are perceived by companies as a consequence of the failure of the State, and companies address social issues because they are the only entities with the capacity to do so. As a CSR Supervisor (BT1) poses:

*“With CSR, companies step in to remedy a State failure. Otherwise, we wouldn’t have to invest in schools; we wouldn’t have to support neglected or underserved areas. I think the State, as a social actor, had a belated engagement. For example, only recently has Buenos Aires Province created its Corporate Social Responsibility Department.”*

On the one hand, the State is absent or passive, and this is due to its complex agenda in an emerging country. On the other hand, the State is observed by companies as highly bureaucratic, and given that situation companies try to avoid working with the State, and prefer to make direct actions. As an Owner (WI2) remarks:

*“We try not to work with the Government because all became highly bureaucratic. We go directly to the beneficiaries of the programs.”*

In the same line, a Board Director (CO1) points out that:

*“Company times are not the same as Government times. Companies need to move faster.”*

Another reason found to understand the role of the State and its behaviour is that there is a big ideological distance between companies and the State. By “ideological distance”

## Chapter 7. Proposition 1: Findings and Discussion

the study means how each actor conceives reality and social relations (Matten & Moon, 2008). This distance generates prejudices from both sides. As a CSR Manager (AG1) remarks:

*“As far as solutions, I see the State is passive. Now, I think it’s passive in these issues, because a great distance separates the State from business on several issues. Then, it’s hard to get together without reservations, I’d say... for both parties. I think there is still a lot of fear.”*

When focussing on different groups within the sample, size and type of industry were found to be a moderator. Large companies work more closely with the State when they run CSR programs, given the nature of the programs (e.g. help public schools with resources for teachers, and students), or given the nature of the problem (e.g. public education, health, poverty). The evidence shows that large companies need the State *to frame and guide* company CSR programs, and shows clearly that the State is not perceived as a regulative actor regarding CSR themes.

A CSR Manager (FO1) poses:

*“Actually, in some projects, the State’s intervention is a must, and the truth is that – especially when it comes to social and financial intervention, for example, in the project to fight child labour, the role of the State proved crucial to frame the project, to guide the company on action paths.”*

In controversial industries the State not only frames the CSR programs but also is needed to legitimize the programs and give credibility to the general society. Again,

## Chapter 7. Proposition 1: Findings and Discussion

even in those types of industries the State is not perceived as a regulative actor; rather, it is a necessary actor for these companies. As a CSR Manager (TO1) says:

*“I think the State has not promoted specific actions to encourage companies to engage in Corporate Social Responsibility practices. We do seek State engagement and collaboration in projects, as well as the involvement of NGOs, the media, other institutions, and other companies. They have been involved in every one of these projects, programs and initiatives. I believe that the tobacco industry –no matter how big it is– cannot work alone.”*

Again, the State is passive as a regulative actor, and companies approach the State because they need it. In this line, a Public Relations Director (PH2) adds:

*“I think the State has a rather lukewarm engagement [with CSR practices and its promotion] –I say ‘lukewarm’ because you can find some good will in specific institutions. In fact, we interact with city administrations, but the drive comes from private companies –public agencies don’t take the lead.”*

It is interesting to note that the only company that identifies the State as an incipient regulative actor was a state-owned company. In Argentina, after a process of privatization, public service companies are managed by the government (e.g. oil, water, energy). As the Public Relations Director of a state-owned water supply company (WS2) says:

*“It’s pushing quite a lot; in fact, the Social Assistance Department or a state department for this topic was created. In addition, in the Senate there is a bill to have State-owned*

## Chapter 7. Proposition 1: Findings and Discussion

*companies or companies where the State has a stake, like us, submit social reports. So, yes, I think the State intends to pursue these issues."*

Thus far, the study presented the findings regarding the role of the State as a regulative actor, and how local companies perceived the State as regulator of CSR practices. In sum, data suggests that the State has a passive role as regulator of CSR practices, given the complex agenda of the developing countries, and the ideological distance "between the public and the private" in those contexts. At the same time, large companies, in particular in controversial industries, even when they need the State to frame and legitimate their CSR agenda, they perceive the State as passive and without a mandating role towards CSR matters. Table 27 presents mechanisms, quotations, and findings.

Table 27. The Role of State as regulative actor - Quotes

Coercive Pressure Mechanisms	Representative Data Examples		Outcomes
Laws Rules Capacity of Enforcement	<p><i>Here, in town, people come to us before they turn to city hall for help. The same happens everywhere. I think the State has got too much on its plate or has a management problem, but there is no question about it: the government needs the private sector to get involved (PPRR Director AS2).</i></p> <p><i>When the Green Seal for cleaner production came along, I didn't learn about it from the State; it came from a foundation that works with private companies and entered into an agreement with a bank. I haven't had good experiences with the State when I applied for a tax credit or for a grant that we could pay back. (Owner and CEO HH1).</i></p> <p><i>With CSR, companies step in to remedy a State failure. Otherwise, we wouldn't have to invest in schools; we wouldn't have to support neglected or underserved areas. I think the State, as a social actor, had a belated engagement. For example, only recently has Buenos Aires Province created its Corporate Social Responsibility Department (CSR Supervisor BT1).</i></p> <p><i>We try not to work with the Government because all became highly bureaucratic. We go directly to the beneficiaries of the programs. (Owner WI2)</i></p> <p><i>Company times are not the same as Government times. Companies need to move faster (Board Director CO1)</i></p> <p><i>As far as solutions, I see the State is passive. Now, I think it's passive in these issues, because a great distance separates the State from business on several issues. Then, it's hard to get together without reservations, I'd say... for both parties. I think there is still a lot of fear (CSR Manager AG1).</i></p>		*The State is absent, passive and “soft” in the regulation of CSR issues.
	Size and type of industry as a moderate factor	<p><i>Actually, in some projects, the State's intervention is a must, and the truth is that –especially when it comes to social and financial intervention, for example, in the project to fight child labour, the role of the State proved crucial to frame the project, to guide the company on action paths (CSR Manager FO1)</i></p> <p><i>I think the State has not promoted specific actions to encourage companies to engage in Corporate Social Responsibility practices. We do seek State engagement and collaboration in projects, as well as the involvement of NGOs, the media, other institutions, and other companies. They have been involved in every one of these projects, programs and initiatives. I believe that the tobacco industry –no matter how big it is– cannot work alone (CSR Manager TO1).</i></p> <p><i>I think the State has a rather lukewarm engagement [with CSR practices and its promotion] –I say 'lukewarm' because you can find some good will in specific institutions. In fact, we interact with city administrations, but the drive comes from private companies –public agencies don't take the lead (PPRR Director PH2).</i></p>	Although the passivity of the State: *Large companies need it to give a frame and legitimacy to certain CSR programs. *Companies in controversial industries need it to legitimize its programs and actions.
	Type of industry as a moderate factor	<i>It's pushing quite a lot; in fact, the Social Assistance Department or a state department for this topic was created. In addition, in the Senate there is a bill to have State-owned companies or companies where the State has a stake, like us, submit social reports. So, yes, I think the State intends to pursue these issues (PPRR Director WS2).</i>	* The State is starting to regulate state-owned companies

**7.2.2. The role of MNCs as a regulative actor**

In this section, findings regarding MNCs as a regulative actor are analysed. Moreover, the study will look for any regulative mechanism that these types of companies use to impose some CSR practices in local companies. It seems important to say that there are no common perceptions among the interviewees about that role MNCs play regarding CSR practices. The following chapters will analyse MNCs as controversial actors; how there are different views regarding these types of companies. This section analyses the role of MNCs as regulative actors, imposing some type of CSR practices.

In this context of lack of consensus and variance, the main finding indicates that local companies perceive only one requirement from MNCs domiciled in Argentina which function as a soft law: environmental standards. In order to become suppliers, MNCs impose environmental standards and practices to local companies. Given that without those standards suppliers cannot have a commercial relation with MNCs, these standards are perceived as social obligation CSR practices from local companies. A Board Director (CO1) says:

*“Here, at the construction company, we work with some companies, like Cargill and General Motors, which require that we have a waste division. If a cement truck goes in, it has to have protection... For instance, the Government doesn't make any environmental requirements –that's a big difference.”*



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In relation to the previous section, it is interesting to note in this last quote that MNCs are exerting some pressures that the State is not able to exert yet. These requirements remain among private companies. In this line, an Owner (RH1) remarks:

*“My corporate clients working with IRAM [quality and environmental] standards, like Skanska, ask me for those certifications. They go, “look, we use this ream”, and I want to sell them another one, but they just turn it down, saying, “we can’t; we’ve got to buy this one because it’s certified.””*

Clearly, construction industry has its particularities, especially because many processes of a construction company develop inside other company, where they are working. An Owner (CO2) says:

*“...there is a pressure, so to speak... Typically, multinational clients ask us what environmental measures you’ve taken; they go visit our plant and check on our manufacturing systems, you know.”*

Not with the same intensity than with environmental issues, MNCs generate also local awareness, and require compliance on some practices. Local companies exposed to those requirements understand this like new standards that are not only recommendations. A Public Relations Director (FO2) remarks:

*“Some multinational companies are likely to provide encouragement. The fact is that some companies are requiring compliance on certain issues –either human rights or environmental care.”*

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Summing up, it seems evident that environmental standards are the only criteria that domiciled MNCs impose to local companies using their coercive pressure, and generating the perception of CSR social obligation practices on local companies. Table 28 presents mechanisms, quotations, and findings.

*Table 28. The Role of MNCs locally domicile as regulative actor - Quotes*

<b>Coercive Pressure Mechanisms</b>	<b>Representative Data Examples</b>	<b>Outcomes</b>
<p>Soft-Laws Soft-Rules Mandatory Standards and Practices</p>	<p><i>Here, at the construction company, we work with some companies, like Cargill and General Motors, which require that we have a waste division. If a cement truck goes in, it has to have protection... For instance, the Government doesn't make any environmental requirements –that's a big difference (Board Director CO1)</i></p> <p><i>My corporate clients working with IRAM [quality and environmental] standards, like Skanska, ask me for those certifications. They go, "look, we use this ream", and I want to sell them another one, but they just turn it down, saying, "we can't; we've got to buy this one because it's certified (Owner of RH1).</i></p> <p><i>There is a pressure, so to speak... Typically, multinational clients ask us what environmental measures you've taken; they go visit our plant and check on our manufacturing systems, you know (Owner CO2).</i></p> <p><i>Some multinational companies are likely to provide encouragement. The fact is that some companies are requiring compliance on certain issues –either human rights or environmental care. (PPRR Director FO2)</i></p>	<p>*MNCs play a regulative role, but only regarding environmental standards.</p>

**7.2.3. Emergent Topic: International Markets**

In the conceptual model, following the existing literature (see chapter 2 and 3), the study assumes that all the international pressures, of any nature; work through domiciled MNCs or through the local chapters of international organizations (e.g. UN Global Compact, or International NGOs).

However, the interviews suggest that local companies, who are exposed to international markets, undertake some of their CSR practices as a consequence of international market pressures. These pressures work through standards and norms of economic zones or countries, and through MNC's policies in foreign countries. These standards and policies operate as entry barriers. In sum, local companies that depend on their survival to export their products or services understand these standards and norms as strong regulations, and as imposed conditions.

Before analysing the findings it is interesting to note that more than 50% of the companies in the sample export their products or services, and for that reason they are subjected to international pressures. But, among those companies that export their products or services, those that explicitly mention those pressures are in general big companies; and in particular, they belong to a controversial industry. So, size and type of industry work as moderating factors.

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Companies exposed to international markets are under soft regulative pressures that evolve over time. These pressures have shaped practices that became a must in the local arena. A CSR Manager (FO1) remarks:

*“Earlier requirements came from European customers. I remember that, in 2004, a French retailer made the first requirement for a “child labour-free” certification in order to place our products on the shelves. Those isolated requests dating back to 2004 have now become part of an entire auditing system, with Walmart coming in to audit our plants... Then, we strove to respond to our customers in these regards, but those were the first signals.”*

In this same vein, companies exposed to international markets are part of a process of transformation shaped by coercive pressures in the form of norms and standards. As a Quality Assurance Officer (WI4) remarks:

*“I think that it primarily came as a result of contacts with foreign markets. In foreign markets, you get the latest news; you learn about trends that, more than trends are realities already. When retail like Tesco or Walmart talks to you about sustainability, carbon footprints, and your green issues, you need to have anticipated these requirements.”*

It is clear, that this process shapes behaviours of local companies, and they come from abroad as an imposition, a changing of rules (coercive pressures). In this line, the same Quality Assurance Officer (WI4) remarks:

*“I can’t just send anything, or Canada tells you, “I’m going to buy some wines below ten dollars, but bottles cannot exceed 400 grams each.” Then, bottle suppliers update their*

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*technology, because it's not that easy –moving from 500 to 400 grams is a 20-percent glass reduction, and they need to ensure that wines reach their destination in proper shape. This means developing new technologies, new processes, validating them to ensure there are no mishaps... It means adapting, and you abide by the rules set by foreign markets, which are ahead of us in this.”*

These requirements are perceived by local companies as mandatory, they function as entry barriers. A CSR Coordinator (AG4) of a company that exports more than 80% of its products says:

*“...these are certifications demanded by clients –this is specifically required by Tesco, an English supermarket, and these other ones... This is the kosher certification, and these are standards set by clients for exports –certifications applicable to packaging, good practices, no child labour, ethical trading... This dated back several years, mandatory requirements set by Carrefour, Tesco or Waitrose; to sell to Marks & Spencer; you need to have the Field-to-Fork seal.”*

Those pressures really function coercively. And when they disappear, the CSR practice disappears as well. As Public Relations Director (FO2) remarks:

*“The certification is depending on the plant and product destination, although all plants follow the same criterion... The point is that, if it's not meant for exports, then perhaps it's not convenient to put it in place [the certification], for cost reasons.”*

Thus far, all companies that raise those issues are big companies. But also among these big companies there is a special presence of controversial industries, such as tobacco

and wine industries. In that line of reasoning, a CSR Manager (TO1) of one of these companies poses:

*“It’s twofold: on the one hand, the company really needs to secure these certifications, especially because this is Cooperative that exports eighty percent of its products and sells the remaining twenty percent domestically. To sell that eighty percent abroad, foreign markets have some entry requirements. While environmental care does not embody a specific market requirement, it seems to me that securing all these certifications that point to how good we are (laughs) –the seal that says “you’re good” or “you’re doing this right”- specifically helps the company boost its image and, as a result, access new international markets, first and foremost.”*

In this same line, a Quality Assurance Officer (WI4) adds:

*“Yes, we have been certified on ISO 9001, 22000 –for food safety– and the environmental 14001, as well as fair trade. Yes, we followed market requirements. It often helps to lower entry barriers... Rather than waiting for them to ask you, “how do you manage...”, and having to write a report, it’s a lot easier to just submit your certification. Certifications are also internationally supported by accreditation agencies, like the UK’s UKAS, and that helps as well, validating what you’re doing.”*

Summing up, international markets function as a clear source of regulative pressures imposing CSR practices to local companies as a condition to entry in those markets. It is not a new practice. Most of the examples are related to environmental issues. In some controversial industries human rights issues become a crucial topic.

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To conclude, the study identified as an emergent issue, that the international markets play a key role as regulative actors imposing social obligation practices to local companies. Among these practices, the most common ones are environmental practices or standards. However, some companies in controversial industries also need to address human rights practices (e.g. child labour). Table 29 presents mechanisms, quotations, and findings.



**Table 29. The Role of International Markets as regulative actor - Quotes**

Coercive Pressure Mechanisms	Representative Data Examples		Outcomes
Soft-Laws Soft-Rules Mandatory Standards and Practices	Size as moderate factor	<p><i>Earlier requirements came from European customers. I remember that, in 2004, a French retailer made the first requirement for a “child labour-free” certification in order to place our products on the shelves. Those isolated requests dating back to 2004 have now become part of an entire auditing system, with Walmart coming in to audit our plants... Then, we strove to respond to our customers in these regards, but those were the first signals (CSR Manager FO1).</i></p> <p><i>The certification is depending on the plant and product destination, although all plants follow the same criterion... The point is that, if it’s not meant for exports, then perhaps it’s not convenient to put it in place, for cost reasons (PPRR Director FO2).</i></p>	*International markets plays a significant regulative role as mandating some standards (in especial environmental) that functions as entry barriers.
	Type of Industry as a moderate factor	<p><i>I think that it primarily came as a result of contacts with foreign markets. In foreign markets, you get the latest news; you learn about trends that, more than trends are realities already. When retail like Tesco or Walmart talks to you about sustainability, carbon footprints, and your green issues, you need to have anticipated these requirements (Quality Assurance Officer WI4).</i></p> <p><i>I can’t just send anything, or Canada tells you, “I’m going to buy some wines below ten dollars, but bottles cannot exceed 400 grams each.” Then, bottle suppliers update their technology, because it’s not that easy –moving from 500 to 400 grams is a 20-percent glass reduction, and they need to ensure that wines reach their destination in proper shape. This means developing new technologies, new processes, validating them to ensure there are no mishaps... It means adapting, and you abide by the rules set by foreign markets, which are ahead of us in this (Quality Assurance Officer WI4).</i></p> <p><i>It’s twofold: on the one hand, the company really needs to secure these certifications, especially because this is Cooperative that exports eighty percent of its products and sells the remaining twenty percent domestically. To sell that eighty percent abroad, foreign markets have some entry requirements. While environmental care does not embody a specific market requirement, it seems to me that securing all these certifications that point to how good we are (laughs) –the seal that says “you’re good” or “you’re doing this right”- specifically helps the company boost its image and, as a result, access new international markets, first and foremost. (CSR Manager TO1)</i></p> <p><i>Yes, we have been certified on ISO 9001, 22000 –for food safety– and the environmental 14001, as well as fair trade. Yes, we followed market requirements. It often helps to lower entry barriers... Rather than waiting for them to ask you, “how do you manage...”, and having to write a report, it’s a lot easier to just submit your certification. Certifications are also internationally supported by accreditation agencies, like the UK’s UKAS, and that helps as well, validating what you’re doing (Quality Assurance Officer WI4).</i></p>	*Big companies and companies in controversial industries are especially exposed to coercive pressures from international markets.

### **7.3. Discussion of findings**

The previous sections analysed the findings on how coercive pressures shape social obligation CSR practices of local companies. Moreover, it identifies the actors who carry out those pressures.

In this section, the study will discuss the empirical findings regarding proposition one under the logic of our conceptual model. It will consider how local companies understand social obligation practices, and how they perceive coercive pressures. At the same time, it will identify the actors that exert those pressures and how local companies respond.

This section is structured as follows: first, a discussion regarding the role of the State as a regulative actor on CSR practices; second, the study will address the role of MNCs as regulative actor and the prominence of environmental practices; third, it will refer to the role of international markets as regulative actors. Finally, proposition one will be confirmed, rejected or modified. Before starting the discussion, Table 30 summarizes the findings.

**Table 30. Proposition 1: Summarized Findings**

State as a regulative actor	<ul style="list-style-type: none"> <li>✓ The State is absent, passive and “soft” in the regulation of CSR issues.</li> <li>✓ Although the passivity of the State: <ul style="list-style-type: none"> <li>- Large companies need it to give a frame and legitimacy to certain CSR programs.</li> <li>- Companies in controversial industries need it to legitimize its programs and actions.</li> </ul> </li> <li>✓ The State is starting to regulate state-owned companies</li> </ul>
MNCs as regulative actors	<ul style="list-style-type: none"> <li>✓ MNCs play a regulative role <i>through soft mechanisms</i> (perceive a coercive) but only regarding environmental practices and standards.</li> </ul>
International markets as regulative actors	<ul style="list-style-type: none"> <li>✓ International markets play a significant regulative role as mandating some standards (especially environmental) that operate as entry barriers.</li> <li>✓ Big companies and companies in controversial industries are especially exposed to coercive pressures from international markets (size and type of industry as moderators).</li> </ul>

**7.3.1. The role of the State as regulative actor**

Thus far, given the instability and uncertainty of developing country contexts, the agenda of the State in those countries is marked by short-term problems (Peng, 2003; Travis, 1997). In this situation, CSR and Sustainability issues, which are understood as long term matters (Ward, Fox, Wilson, & Zarsky, 2007), are not present in the agenda of the State. Findings confirm that the State is absent, and passive regarding CSR regulations (rules, and laws). In this context, the study identified an institutional void (see for institutional voids (Lawrence et al., 2009; Mair & Martí, 2009; Mair et al., 2007)) concerning CSR practices.

Thus, the CSR agenda is occupied and managed by other actors, as Mair and Martí pose: “*The state or governments for example, do this by regulation: enforcing property*

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*rights, contracts, governance structures and other methods of control. Where the state is weak, business groups often step in, encouraging self-regulation and other mechanisms of trust in order to help markets to function. Yet we know relatively little about where institutional voids come from and how less powerful actors address them”* (2009: 419).

Findings indicate that the State does not behave as a regulative actor concerning CSR issues, and this matter raises the question about the role of the State as a regulator of CSR concerns in developing countries. These findings are aligned to the existent literature, as Jamali and Neville pose: *“A careful review of the literature moreover suggests that the role of government is limited in the social domain and that CSR is often conceived as a way to fill in as governments fall short”* (2011: 601) .

It is interesting to note here, that although the State does not lead and regulate the CSR agenda, it is part of the CSR agenda in certain matters because it is functioning as an actor that gives legitimacy to other actors’ practices. This point is made clear when controversial industries, such as Tobacco are addressed. As the CSR Manager (TO1) of tobacco company suggests:

*I think the State has not promoted specific actions to encourage companies to engage in Corporate Social Responsibility practices. We do seek State engagement and collaboration in projects, as well as the involvement of NGOs, the media, other institutions, and other companies. They have been involved in every one of these projects, programs and initiatives. I believe that the tobacco industry –no matter how big it is– cannot work alone.*

The study identified a tension between that who leads the CSR agenda and that who validates it. A clear example of this is the National Commission to Eradicate Child Labour, belonging to the Ministry of Labour and Social Security<sup>23</sup>. This commission was born as a result of an initiative of companies (tobacco and agro companies in particular) but inside the government framework. From a formal point of view, it is a governmental agency. However, from a practical point of view, the agency is led by companies. But, the governmental recognition is essential.

The size of companies is another factor that moderates the findings regarding the role of the State as a regulative actor. Again, it is interesting to note that the State's intervention is a must for big companies that run national CSR programs. In particular, programs related to typical public agendas such as education, poverty, and unemployment. Clearly, there are laws and rules around those matters; and when companies want to run any program (for example, to give work capabilities to slum's teenagers and help them to get a job), they need the approval and collaboration of the State. In sum, even though the State is not pushing the CSR agenda, the CSR agenda needs the State to exist.

Following the current literature on CSR (see the literature review of chapter 2), the study addresses how companies (especially MNCs in controversial industries) use CSR programs to acquire social legitimation. Findings suggest that companies also use the State as a source of legitimation. This finding confirms the prominence of the State on

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<sup>23</sup> See <http://www.trabajo.gov.ar/CONAETI/>

the public agenda. It shows how CSR issues are in a grey zone, and require cooperation among social actors; in particular, big companies when working in the public agenda.

This situation could be characterized as “*CSR is not in your agenda, but I still need you*” that large and controversial companies experience confirms the crucial role that the State has as the architect of the social life (Kooskora, 2006). The findings of the study enable to recognize that although institutional voids could be fulfilled with self-regulation or other mechanism, the State as a regulative actor that gives order and limits to social life is still required by different actors of society.

In sum, although the State has a passive role regarding the CSR agenda, it is the actor that legitimizes the programs of companies in the public sphere (education, poverty, health, etc.) due to its authority on the one hand and social expectations on the other hand. In that sense, the CSR agenda has found different institutional arrangements given the void left by the State, as Mair and Martí address: “... *we view institutional voids as the absence of institutions that support markets in contexts that are already rich in other institutional arrangement*” (2009: 422).

### ***7.3.2. The role of MNCs, and Environmental Practices***

Findings suggest the MNCs exert coercive pressures over local companies only regarding environmental practices. In other terms, local companies perceive that MNCs’ pressure to impose environmental practices over the supply chain is not an option. However, there is no formal power of MNCs to impose those practices.

In this vein, it is interesting to note the idea that Kirton and Trebilcock remark when they suggest that “... *it may indeed be useful to conceive of the hard law-soft law duality as a continuum rather than a dichotomy*” (2004: 9). Again, the study identifies a continuum among institutional pressures, CSR practices and coercive mechanisms, where the limits become blurred.

First of all, MNCs have different role and power in the headquarters and in the subsidiaries. In the findings, when local companies talk about the role and pressures that domiciled MNCs exert, there is a clear tendency to differentiate what happens in the local markets with MNCs, and what happens in international markets. As the CSR Manager (FO1) says:

*“I’m saying this because I’ve also worked at European multinationals: at affiliates, multinationals do what they can, with the guidelines they have, and some guidelines are deal-breakers, and some are negotiable at affiliates. Then, in their settings, multinational companies do the best they can, and, no doubt, what they do in Argentina is not the same as what they do globally –there is some distance.”*

There is literature that discusses the role of the MNC subsidiaries, and how they understand and translate CSR practices into the local context where they operate (see in particular Jamali, 2010). If MNCs do not have the formal power to impose practices, what type of power or regulation do they use? What type of power do domiciled MNCs have? It seems that MNCs use soft regulation elements to impose practices, in particular to their suppliers. Djelic and Sahlin-Anderson (2008) pose that to understand

the State as the only regulatory actor is a narrow conception. Instead there are *“multiplicity of regulatory actors fighting for attention, resources, and authority in multi-centered and fluid arena”* (Djelic & Sahlin-Anderson, 2008: 5).

In addition, following Christmann (2004), it can be argued that the MNCs are under pressures of different players, (i.e. government in host countries, international organizations, and industry associations). In that sense, it is interesting to note how pressures flow globally, using different mechanisms in order to standardize practices and cope with global criteria and expectations.

In this line, it is necessary to open the space of regulation to new actors, and to new mechanisms as well. The important questions here are the following: what type of soft regulation is perceived by local companies as coercive?, which led to a social obligation practice? The study finds that among CSR practices with different stakeholders, environmental practices are the only perceived as social obligations; as a mandatory requirement needed to validate the commercial relation.

This situation is related, on one hand, to the fact that environmental matters are more easily to regulate (i.e. there exists technical specification to measure as well as a general consensus of what the critical questions are): and on the other hand, to the fact that environmental practices are not only a global concern but also a part of a global agenda not related specifically to a particular context (Christmann & Taylor, 2001; Rivera, 2002). As a CSR Manager (BK2) poses:



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*“The most innovative [practices], I think are the ones focusing on environmental issues, because that is a global agenda topic.”*

It is interesting to note here that among the CSR practices, environmental practices are perceived by CSR managers as practices that need a special treatment. This is due to two main reasons: the first reason refers to the fact that many environmental practices require technical knowledge and expertise; and the second reason, that there is a tendency (especially big and controversial ones) to create Environmental Departments, separating in practice those matters from the CSR department.

To conclude, environmental practices are becoming a must for any company in any place. In emerging countries, this change is driven through MNCs and its value chain. This process has a similar pace and logic of quality practices in the 80's (Christmann, 2004). Here, the study brings a new theme into the discussion: the obligation and non-obligation of CSR practices. It is interesting to note that when a practice becomes standardized, and is perceived as a must, there is a tendency to move this practice to a more technical department, although it is still in the CSR agenda. In this sense, the CSR department becomes a place where new tendencies can emerge. But when these tendencies are solid and embedded in the daily practices, they move to other places of the company. CSR departments function as an “entrance door”.

### ***7.3.3. The role of International Markets***

## Chapter 7. Proposition 1: Findings and Discussion

The role of the international markets as regulative actors of CSR practices-- environmental practices, in particular-- is an emergent issue of this thesis. This study assumes that in the international markets pressures were channelled through local MNCs, or local CSR institutions (e.g. UN Global Compact local chapter). However, international markets are not considered as relevant as interviewees believe they are.

Along the same line that in the previous discussion about the multiplicity of actors that regulate different practices (Djelic & Sahlin-Anderson, 2008; Kirton & Trebilcock, 2004), the study finds that companies exposed directly to international markets are under a high coercive pressure such as the entry barriers to markets. Sometimes, those international markets act through one specific company (e.g. Tesco). Other times, they act through a country or region local regulation (e.g. Canada regulation on the quantity of glass of wine bottles).

In that sense, international markets are perceived (and explicitly express) as both, foreign companies and foreign country or region regulations. International markets are understood as the pressures that local companies have when they try to sell their products or services abroad. Because international markets always impose these standards, mostly environmental ones as barriers of entrance, they are perceived as regulative pressures.

Companies that recognise international markets as regulatory actors are big. They belong to controversial industries. Big companies are more exposed not only to social

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pressures in local markets but also to international markets. There is an implicit relation between size and responsibility. This relation is expressed in those regulations. At the same time, big companies export and trade great quantities of products. Again, quantity also matters since it is like an effect of being big. In big companies the most common standards are environmental ones.

Companies in controversial industries are under global social vigilance regarding environmental standards. Thus, they need to add social issues such as child labour and working conditions. In that sense, international markets and global self-regulation of companies function as a regulative pack that not only responds to social expectations but also to act as a protection from the government regulations (Scherer, Palazzo, & Matten, 2009).

### **7.4. Conclusion: back to the proposition**

Under the lights of the findings and the previous discussion the study concludes that the proposition one is partially accepted, and partially modified, and at the same time a new proposition emerges. CSR practices that are perceived as social obligations are in particular environmental practices. Accordingly, the main actors that exert coercive pressure are the International Markets, and the local MNCs. The study also confirms that the State has a passive role in the active regulation of those practices, in developing countries.

After all this analysis, proposition one is modified:

## Chapter 7. Proposition 1: Findings and Discussion

*1a. Local Companies' social obligation CSR practices, in particular environmental practices, are motivated by coercive pressures from domiciled MNCs rather than from the State.*

And a new proposition emerges:

*1b. Local Companies' social obligation CSR practices, in particular environmental practices, are motivated by coercive pressures from International Markets.*

To conclude, this chapter analyses the findings related to proposition one, in order to confirm, modify, or reject it. The study identified those actors that exert coercive pressure and how they behave, focusing not only on the previously identified but also leaving a place to emergent issues. As a consequence proposition one was split in *a* and *b* modifying the original proposition in 1a and including new emergent elements in 1b.

In sum, it is interesting to note how this proposition, which has been drawn from the literature, has been enriched and has become more complex after the research. It seems that local companies in developing countries are under coercive pressures from local MNCs, and from international markets, and in a softer way, from the State. Moreover, the pressure is focused on social obligation environmental practices.

Next, the study will analyse and discuss the finding of the proposition two in order to confirm, reject or modify the proposition.

## 8. Proposition 2: Findings and Discussion

*“Starting in 2005, when we joined the Global Compact, we’re trying to incorporate the principle of corporate self-regulation. This was partly intended for international exposure –in my case, as company executive, and, for shareholders, on account of their presence in international forums and chambers, where I think Corporate Social Responsibility notions were first disseminated and promoted. Then, by adhering to the ten Global Compact principles and introducing quality standards, we started to pave the way for the Corporate Social Responsibility notion to trickle down to the company’s worker base. And the answer is yes, I think the ten Global Compact principles are important, and I view them as precisely that: guiding principles for us to deploy specific initiatives that, in turn, can be measured.”*

Public Relation Director (AII)

The objective of this chapter is to present the findings related to proposition two and to discuss them within the context of the conceptual model presented in chapter 4. Proposition two addresses those pressures and forces that shape CSR social responsibility practices in local companies and within the conceptual model this proposition is divided into two sub propositions:

*2a. Local Companies’ social responsibility CSR practices are motivated by local normative pressures*

*2b. Local Companies’ social responsibility CSR practices are motivated by MNCs normative pressures*

## Chapter 8. Proposition 2: Findings and Discussion

In the context of this proposition the study intends to analyse and discuss the findings around social responsibility practices. In doing so, it aims to identify the main pressures through which actors operate. Thus, this chapter seeks to explore those carriers and routines through which normative pressures operate, and to identify the actors that motivate those pressures. The final objective will be to accept, reject, or modify the proposition in the light of the qualitative evidence.

The chapter is structured in three parts: first, a brief theoretical introduction that reconnects to the previous discussion in the conceptual chapter on normative pressures and the main carriers, routines, and actors (chapter 3); second, in order to understand the role of normative pressures the qualitative evidence is analysed within a framework which distinguishes between size of company, type of industry and presence of domiciled MNCs within industries. Finally, in the third part the findings are discussed and proposition 2 and its sub propositions are accepted, rejected, or modified. Summary Tables are presented in each of the sections which link the main concepts, quotations, and findings.

### 8.1. Normative Systems in Developing Countries: Carriers, Routines, and Actors

Although the study has previously presented how normative systems work, in this section it will reconnect with those ideas in order to build a bridge between the literature review, the conceptual model, and the findings. As Scott poses “*normative elements introduce a prescriptive, evaluative, and obligatory dimension into social life*” (2008: 428). Normative systems include, from a more formal side, conventions, standards, accreditations, certification; whereas from a more informal side, social expected behaviours. These systems and processes are morally governed, and in that sense, actors play with their reputation, their “honour”.

Social values, refer to what normative systems are about (see chapter 2 of Thornton, Ocasio, & Lounsbury, 2012 for a detailed analysis). Social values are based in expected behaviours in the relational systems that “*include patterned expectations connected to networks of social arguing, for example, that rules and belief systems are coded into positions and roles.*” (Thornton et al., 2012: 40)

Normative forces derive from a key homogenisation actor: professions and professionalization processes. As DiMaggio and Powell write “*...we interpret professionalization as the collective struggle of members of an occupation to define the conditions and methods of their work, to control ‘the production of producers’, and to establish a cognitive base and legitimation for their occupational autonomy*” ([1983] 1991: 70). When Thornton et al (2012) analyse this point recognise seminars, institutes,

awards, and conventions as also normative artefacts because they function, concerning new practices, as types of professional bodies. They address the best, and expected, practices, and rule the expected behaviour of companies, and also of managers.

Chambers of Commerce and Business Associations represent the interests, and set the agenda, of different industries or economic sectors. In this sense, this type of organizations could be conduits for new practices and trends, spreading best practices or new standards. Hence, chamber of commerce and business association could be understood as normative actors due to the capacity to set the agenda and spread new practices in a field level (Scott, 2001). As DiMaggio and Powell ([1983] 1991) state chambers and associations create “normative environments” by putting on the agenda the relevant issues of the sector, and giving a legitimate voice to CSR and sustainability practices among the organization that they represent.

Other actors that could exert these types of pressures are international NGOs, such as the United Nations (UN), the International Organization for Standardization (ISO) and the Global Reporting Initiative (GRI), among others. This type of organizations influences the rights and responsibilities of companies. Moreover, while normative systems impose constraints on social practices and behaviours, they enable social practices (Scott, 2001) and provide legitimacy. In that sense, signing the UN Global Compact, following the ISO 26000, or writing a social report that follows the GRI guidelines provides companies with legitimacy, and establishes the baseline to become social responsible organizations.



In this context, and as in the conceptual model (chapter 4), pressures may be local or external. International pressures can be translated by different actors into the local realm. One of the main actors that translate those pressures are domiciled MNCs<sup>24</sup>. These types of companies are under global pressures, but they have to translate these pressures and adapt their response to the local context, and the local agenda. Following Husted and Allen (2006), Jamali poses, *“that the key difference between global and local CSR is the community that demands it. Local CSR thus deals with the firm’s obligations based on the standards of the local community whereas global CSR deals with the firm’s obligations based on those hyper norms or universal standards to which all societies can be held (Husted & Allen, 2006)”* (2010: 183). This tension between global and local CSR is delivered and perceived in different ways by local companies.

In sum, our conceptual model identifies different actors that exert normative pressures and shape social responsibility practices: CSR and Sustainability Institutes (Seminars, Conventions, Awards); Chambers of Commerce and Business Associations; Accreditations, Evaluations Systems, and Norms (could be spread by NGOs), and MNCs.

### 8.2. Presentation of Findings

This section presents the findings following the criteria previously discussed that emerge from the conceptual model and the proposition two. At the same time, it looks for emergent issues that could enrich this proposition and open new veins of analysis.

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<sup>24</sup> By locally domiciled MNCs we mean MNCs subsidiaries in Argentina or Argentinian MNCs. Companies that operate physically in the country.

## **Chapter 8. Proposition 2: Findings and Discussion**

As mentioned before the study identifies some actors which exert normative pressure that shape social responsibility CSR practices: CSR and Sustainability Institutes, Chambers and Industry Associations, Accreditations and Evaluation Systems, and MNCs. The study analysed the responses of the interviewees in general, but also examined - when the data was significant- the responses by company size, type of industry, and the presence of MNCs.

In order to comprehend this phenomenon and to confirm, reject or modify the proposition, each of the key normative institutions is considered in turn: first, the study explores the role of CSR and Sustainability Institutes; second, it identifies the role of Chambers of Commerce and Industry Associations; third, the study tackles the role of Accreditations and Evaluation Systems; fourth, it addresses the role of MNCs; fifth, it intends to identify emergent issues regarding normative institutional pressures. In the sixth and final section the study discusses the findings.

### ***8.2.1. The role of CSR and Sustainability Institutes, and Awards as Normative Actors***

CSR and Sustainability Institutes play different roles, or functions, as normative actors. One of these roles is to become “meeting points”. Their forum and seminars are perceived as places where people come across to share, to meet each with other, and to network. A Board Director (RT1) suggests:

*“I view them as meeting points, places for exchanges. I think that would be their greatest role: a safe, quiet place to meet with CSR managers or people working on CSR to discuss common issues, learn about best practices.”*

This is supported by the comments of a CSR Manager (BK2):

*“They’d provide meeting places. I know what they’re talking about; I know what the key topics are, what other organizations are doing, and what the current environmental debates are – for example Rio+20. I know that we don’t talk as much about social responsibility but about sustainability and what that means, who’s watching, what metrics are being used, whether you working with GRI, or whether the ISO 26,000 is coming next.”*

Another relevant role that CSR and Sustainability Institutes play is to disseminate and give access to information (awareness), share the best practices, translate the global standards and practices, update on the last development, and promote some basic tools. This is a more technical role: CSR and Sustainability Institutes function as “libraries”, places where the info and last trends are available.

A CSR Manager (WS1) synthesized this role of CSR and Sustainability Institutes:

*“I think many efforts have been made to raise awareness on this issue, with a lot of information and education on its importance to build a better society. Really –and I’m talking from personal experience– when you want to lead your company to start doing something, it’s important to be able to rely on an institution that has a website, materials, data, information about what is being done elsewhere in Argentina. Yes, they provide a framework, a speech, information –“Look, CSR exists, is moving forward and has been around for so many years; taking a look at how it has evolved. Look at what’s happening in Buenos Aires; look at what’s happening in Mendoza...” That’s good because all that*

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*information has been streamlined and made available at their web. More so, they give you telephone numbers, names, in case you want to call them, and they are there for you. And when they come over, they deliver lectures that prove really useful.”*

To translate the international standards, or to share the international best practices, is another role that these Institutes have. In this sense, it is very important that these standards fit into the local context. Otherwise, they could be perceived as international imposition without local relevance. As the CSR Manager (MD3) states:

*“[Institutes] are powerhouses, organizations that, despite their differences, are contributing to translating good practices to our local reality, and I think it’s not just good practices themselves but their feasibility in a setting that differs greatly from the rest of the world. I don’t know if it’s just about adjusting a framework or translating something specific that you can apply to a company; rather, it’s more about Argentina’s culture, its idiosyncrasy, adapting notions to local traits.”*

At the same time, CSR and Sustainability Institutes also give legitimacy and rigor to these matters. Given the lack of credibility of companies within society, this seems of great importance. In this sense, they also shape social awareness and expectations. In this regard, a CSR Coordinator (AG4) says:

*“I feel that significant progress has been made in this regard: seminars are organized; more media attention has been secured. Without their push, companies would not have been able to do that by themselves, because, even in the case of the media, with their natural ability to build impact, to persuade, to provide information to society... I don’t know, media are also naturally reluctant to take orders from a company, which means*

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*that these organizations are instrumental to providing legitimacy and rigor to research – that’s key to keep this growing.”*

However, it seems relevant to highlight the fact that even though CSR and Sustainability Institutes have the advantage of favouring dissemination and access, data shows they also present a disadvantage. This disadvantage is the lack of applicability in general, and by industry, these organizations work in a more conceptual and abstract level. In this regard, such institutes do not provide companies with specific information or implementation solutions. As an Owner (MM1) states:

*“I think these institutes often facilitate ideas –that’s partly what we seek; but also to find solutions and to provide a practical format for deployment.”*

An HR Manager (OG1) adds:

*“The role [of CSR and Sustainably institutions] is important, but they are highly diversified and there are so many meetings, and activities, that, again, there are only presentation and general examples. I don’t see, for the moment, interesting stuff on my industry, maybe in other industries there are more interesting actions. Again, the meetings are positive but there are only share the experience, with lack of applicability.”*

The respondents also emphasised the importance of awards as a tool to organize internal information and to give external visibility to the company. As a Board Director (MD1) says:

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*“I think awards prove useful to communicate and expose these issues. When people see them, when companies see them, they say, “Oh, look! This important company is doing this, and I’m not.” Then, for business, it’s good to find that some companies are complying with these standards, that CSR has become embedded in their business. At corporate level, awards are useful to awaken those who still lack a CSR strategy or have no program in place.”*

A CSR Specialist (IT6) adds:

*“We’re going to participate at this year’s AmCham [American Chamber of Commerce] awards. I think it’s a good exercise, organizing our information.”*

The responses also suggest that there are certain places (in particular cities) where a given institution may generate a special movement of CSR and Sustainability among local companies. A CEO (IT1) argues:

*“Let me tell you, I think that 85 to 90 percent of what has been done in Mendoza as far as CSR is concerned –I mean by [Company name]- has been done through VALOS [CSR local Institute in Mendoza]: forums, meetings, success cases... They have managed to make it grow a lot.”*

An Owner (RH1) adds:

*“The good thing about VALOS is that it disseminates, it trains, it educates me, and I go out and educate ten others.”*

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As has been already mentioned in the previous quote, these local institutes generate a high commitment, and they are usually run by local people with high recognition among social actors, which gives more credibility. A Director (LT1) suggests:

*“I think that what helped VALOS to be successful and to spread to many companies was the people who led that process –people with a spotless behaviour and track record. These issues are commanding; when you delve into them, you grow more and more interested, realizing that this is the right path; this is what we need to do.”*

Finally, in other big cities such as Córdoba and Rosario, the same phenomenon takes place. Local CSR and Sustainability Institutes give a different dynamism to CSR matters. An HR Analyst (PA1) comments:

*“We attend IARSE [CSR Institute in Córdoba] lectures and conferences organized by local institutions. Here, in Rosario, we’ve got MoveRSE [CSR Institute in Rosario], which is similar to Córdoba’s IARSE –albeit less renowned and influential, but they both focus on the same.”*

Large companies are seen to identify with different institutional actors. For example they identify CEADS [World Business Council for Sustainable Development local chapter] as a special institution that provides all of the support that the general CSR and Sustainability Institutes do and at the same time helps support lobby actions and generate advocacy campaigns. As a CSR Manager (FO1) remarks:

*“For us, CEADS [World Business Council for Sustainable Development local chapter] proved to be a good forum to discuss these topics, because CEADS serves as a mirror for the World Business Council for Sustainable Development, where all the companies that*

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*we use as benchmarks for best practices are gathered. It sets the trend as to how private sector players need to engage in these issues. Its vision for 2050 really helped us a lot to view a company's business from a sustainable standpoint."*

A CSR Coordinator (AG3) of a large company adds:

*"In Argentina, CEADS clearly manages to... It's got a very significant and orderly lobbying ability, and the truth is that they represent the entire private sector –particularly the private sector that works more actively on sustainability and companies with the largest revenues in the country, practically, because the Council gathers all leading companies. In turn, the Council performs a very important role, updating information and knowledge, as well as providing tools for its members. So, its operations are very significant that way."*

In sum, findings suggest that CSR and Sustainability Institutes play a key role in the dissemination of knowledge, and the best practices. They also function as meeting places where the CSR community have a "safe and quite place" to share experiences, worries, and challenges. At the same time, there are certain cities where such organisations motivate CSR and Sustainability and generate a better environment for the implementation of CSR and Sustainability practices in the local community. Finally, through the WBCSD local chapter, big companies share knowledge but at the same time, they have a public agenda to lobby and advocate on CSR and Sustainability matters.



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Finally, through the WBCSD local chapter, large companies share knowledge but at the same time, they have a public agenda to lobby and advocate on CSR and Sustainability matters. Table 31 presents mechanisms, quotations, and findings.

Table 31. The Role of CSR and Sustainability Institutes as normative actors – Quotes

Normative Pressure Mechanisms	Representative Data Examples	Outcomes
Seminars Conventions Newsletters Best Practices Awards	<p><i>I view them as meeting points, places for exchanges. I think that would be their greatest role: a safe, quiet place to meet with CSR managers or people working on CSR to discuss common issues, learn about best practices. (Board Director RT1)</i></p> <p><i>They are important, because they somehow help to drive networking and to contribute management tools and alignment for some programs. You can acquire many tools that are useful for daily CSR management. They are very important. (CSR Manager AG5)</i></p> <p><i>They'd provide meeting places. I know what they're talking about; I know what the key topics are, what other organizations are doing, and what the current environmental debates are –for example Rio+20. I know that we don't talk as much about social responsibility but about sustainability and what that means, who's watching, what metrics are being used, whether you working with GRI, or whether the ISO 26,000 is coming next. (CSR Manager BK2)</i></p>	<p>*CSR and Sustainability Institutes are perceived as meeting points and a source of networking</p>
	<p><i>Yes, yes, it's more about access to materials than anything else. (Owner and CEO IT3)</i></p> <p><i>The role is important, but they are highly diversified and there are so many meetings, and activities, that, again, there are only presentation and examples. I don't see, for the moment, interesting stuff on my industry, maybe in other industries there are more interesting actions. Again, the meetings are positive but there are only share the experience. (HR Manager OG1)</i></p> <p><i>I feel that significant progress has been made in this regard: seminars are organized; more media attention has been secured. Without their push, companies would not have been able to do that by themselves, because, even in the case of the media, with their natural ability to build impact, to persuade, to provide information to society... I don't know, media are also naturally reluctant to take orders from a company, which means that these organizations are instrumental to providing legitimacy and rigor to research –that's key to keep this growing. (CSR Coordinator AG4)</i></p> <p><i>I think their interest has been infectious; at least, Jujuy's business community has shown interest in all these forums we have been bringing to raise awareness on these topics. For what it's worth, for example, the Mining Chamber used to ignore the entire issue, and, now, it's saying, "hey, we work on CSR too." I think we're starting to take baby steps, so to speak, to continue the diaper analogy. I think we're taking baby steps; there's still a very long way to go, but bringing IARSE here and meeting with SER's people have both been very important for Jujuy. (CSR Manager TO1)</i></p> <p><i>They play a very important role, because they involve counselling, policy-making –I don't know that our policies follow their guidelines but they are certainly based on the issues they involve... I think advice is the key element there, as well as dissemination. (HR Manager RP1)</i></p> <p><i>I think these institutes often facilitate ideas –that's partly what we seek; but also to find solutions and to provide a practical format for deployment. (Owner MM1)</i></p> <p><i>[Institutes] are powerhouses, organizations that, despite their differences, are contributing to translating good practices to our local reality, and I think it's not just good practices but themselves but their feasibility in a setting that differs greatly from the rest of the world. I don't know if it's just about adjusting a framework or translating something specific that you can apply to a company; rather, it's more about Argentina's culture, its idiosyncrasy, adapting notions to local traits. (CSR Manager MD3)</i></p> <p><i>I think many efforts have been made to raise awareness on this issue, with a lot of information and education on its importance to build a better society. Really –and I'm talking from personal experience– when you want to lead your company to start doing something, it's important to be able to rely on an institution that has a website, materials, data, information about what is being done elsewhere in Argentina. Yes, they provide a framework, a speech, information –"Look, CSR exists, is moving forward and has been around for so many years; taking a look at how it has evolved. Look at what's happening in Buenos Aires; look at what's happening in Mendoza..." That's good because all that information has been streamlined and made available at their web. More so, they give you telephone numbers, names, in case you want to call them, and they are there for you. And when they come over, they deliver lectures that prove really useful. (CSR Manager WS1)</i></p>	<p>*CSR and Sustainability Institutes disseminate and give access to general information, and tools; translate international information to local context circumstances.</p>
	<p><i>Let me tell you, I think that 85 to 90 percent of what has been done in Mendoza as far as CSR is concerned –I mean by [Company name]- has been done through VALOS [CSR Institute]: forums, meetings, success cases... They have managed to make it grow a lot. (CEO of IT1)</i></p> <p><i>We attend IARSE [CSR Institute] lectures and conferences organized by local institutions. Here, in Rosario, we've got MoveRSE, which is similar to Córdoba's IARSE –albeit less renowned and influential, but they both focus on the same (HR Analyst PA1).</i></p>	<p>*Particular places (in particular cities) generate CSR awareness from</p>

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	<p><i>The good thing about VALOS is that it disseminates, it trains, it educates me, and I go out and educate ten others. (Owner RH1)</i></p> <p><i>I think that what helped VALOS to be successful and to spread to many companies was the people who led that process –people with a spotless behaviour and track record. These issues are commanding; when you delve into them, you grow more and more interested, realizing that this is the right path; this is what we need to do. (Director LT1)</i></p>	<p>Institutes and Organizations</p>
	<p><i>We're going to participate at this year's AmCham [American Chamber of Commerce] awards. I think it's a good exercise, organizing our information. (CSR Specialist IT6)</i></p> <p><i>I think awards prove useful to communicate and expose these issues. When people see them, when companies see them, they say, "Oh, look! This important company is doing this, and I'm not." Then, for business, it's good to find that some companies are complying with these standards, that CSR has become embedded in their business. At corporate level, awards are useful to awaken those who still lack a CSR strategy or have no program in place. (Director MD1)</i></p>	<p>*Awards as a tool to organize internal information and give external visibility to the company</p>
<p><b>Size Moderator</b></p>	<p><i>For us, CEADS [World Business Council for Sustainable Development local chapter] proved to be a good forum to discuss these topics, because CEADS serves as a mirror for the World Business Council for Sustainable Development, where all the companies that we use as benchmarks for best practices are gathered. It sets the trend as to how private sector players need to engage in these issues. Its vision for 2050 really helped us a lot to view a company's business from a sustainable standpoint. (CSR Manager FO1)</i></p> <p><i>In Argentina, CEADS clearly manages to... It's got a very significant and orderly lobbying ability, and the truth is that they represent the entire private sector –particularly the private sector that works more actively on sustainability and companies with the largest revenues in the country, practically, because the Council gathers all leading companies. In turn, the Council performs a very important role, updating information and knowledge, as well as providing tools for its members. So, its operations are very significant that way. (CSR Coordinator AG3)</i></p> <p><i>Totally, they are on the agenda. We are locally affiliated to San Lorenzo's regional Business, Service and Industry Chamber, which serves as a hub for local industries. Many top-tier companies are affiliated to this chamber. On a national level, we work with CEADS in everything that has to do with sustainable development, as members of some commissions. I represent the company at the Corporate Social Responsibility commission. So, we are included in the agenda. (HR Analyst PA1)</i></p>	<p>*Big companies need an institution that give representation and with capacity of lobby for the private sector.</p>

**8.2.2. The role of Accreditations, Evaluation Systems, and Standards**

The qualitative analysis suggests that accreditation, evaluations systems, and standards have an important role in all types of companies in the sample. Moreover, they play a key normative role in shaping the CSR practices of companies. As a Public Relations Director (AS2) argues in detail:

*“The Global Compact tries to raise awareness in the business community to increase the number of companies that adhere to it. This is a global, voluntary initiative based on good will. The Compact does not audit companies; rather, it is clear that companies join in as a result of their voluntary commitment, and it is a good-will agreement. The Compact tries to train and raise awareness, because there are probably just a few people who know about it, and they think that the Global Compact is for multinationals, but it’s not like that. Actually, Social Responsibility is for companies of all sizes; a one-person business can be socially responsible, just like an SME, a multinational, or any other kind of company –of any legal status or size. I find it very enriching that the ISO 26,000 standard has been instituted. The truth is that we studied it, and, our planning is built around our stakeholders, just as the ISO 26,000 standard establishes. However, we shouldn’t forget that this standard is a guideline for companies to work on Social Responsibility –it is not certifiable. On the other hand, I think the GRI is great, but it is a report that requires a lot of internal indicators and metrics, so it’s probably meant for larger companies, with another structure, right? We haven’t taken the leap to GRI yet; we’ll consider it eventually.”*

Accreditation, evaluations systems, and standards, and in particular international accreditations such as the UNGC, have two clear dimensions for companies: internal, and external. The internal dimension refers to the motivation of activity within the

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company and raises the importance of CSR issues within the internal corporate agenda.

The external dimension is related to external corporate communication and reputation.

As the HR Manager (OG1) poses:

*“And I think this cut both ways: both in terms of the internal work the company has to do in order to partake of the Global Compact –I don’t know whether it has changed significantly recently. These ten principles also bear an influence, because you’re actually going to say, “this is what we do”, and this is what I want to show to my customers, so that they know this when they shop around.”*

The different standards, tools, norm, and guidelines also have a process of assimilation and application inside companies, and in different moment of that process this norms, and guidelines could be perceive as internal or external assets. Part of this process is reflected in the words of a CSR Manager (FO1):

*“We use these things a lot. For instance, early on, we used the Global Compact a lot to justify the company’s involvement in these issues, because we had made that commitment. The company was part of the Global Compact board in its first four years in Argentina, and we used it, back then, to explain that this had to be done because we had signed on. It was twofold, but management relied on the Global Compact in this regard or to show overall guidelines in this topic... Actually, it doesn’t help operations to follow GRI metrics... the GRI doesn’t help us on a daily basis. It proves useful to organize, for communication purposes, a sustainability report, and what we try to do is systematically –rather than climbing from C, B to A, or more– publish the largest number of applicable GRI metrics as thoroughly as possible.”*

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A clear example of how this tools, norms and guidelines function as an internal asset is posed by a CSR Supervisor (BT1):

*“For us, the Global Compact works as part of our policies. We have included values in our corporate policy, and our values refer to four macro issues featured in the Global Compact –namely, environmental care, labour relations, child labour, and corruption. These four themes have been incorporated as part of our policy, and we try to encourage others, to be trend-setters, conducting campaign to raise awareness among company employees, as part of our adherence to the Global Compact and also as part of the core values the company wants to convey to employees. That’s the role played by the Compact in this.”*

And as an external asset, as a Public Relations Director (FO2) says:

*“It affords you visibility, sort of legitimizing what you do. The Global Compact mentions us as one of the seven Argentine companies ranking at their advanced score tier –the ones with the most progress, and we belong in that group. From that standpoint, it’s a way to value the work we’ve been doing, a sort of legitimization, but not much more than that. The ISO 26000 also provides a guide.”*

In addition, there are some dissident voices around those issues, which confirm this idea of understanding these “tools” as internal and external assets. In that sense, what is clearly posed by the more sceptical voices is that the external dimension is more developed than the internal one. A CSR Manager (TV1) says:

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*“Eighty percent of companies elaborate their social reports for their peer companies and to see who makes the nicest-looking report, while 10 or 20 percent certainly uses it as a management tool with their stakeholders.”*

Using these standards, norms, and guidelines allow organizations to compare with each other. In that sense, these repertoires offer a frame of references and open the possibility to compare companies. In that line, a Human Resources Manager (AG2) argues:

*“I think everything helps and really organizes your work. The GRI provides guidelines to submit a social report. As such, it helps, offering a framework to compare yourself with others and to promote.”*

And in the same line, a CSR Manager (BK2) adds:

*“For me, these are very significant communication assets, and what’s more important to me and inside the organization is the management process it entails, inside, which is very enriching. The fact that you can look inside the organization to check how we are doing as compared to what’s happening in the world or what other organizations are doing on sustainable development and social investment. We always view it as an internal and external asset.”*

From a size and type of industry point of view, large companies in controversial industries (Box 4) take these standards, guides, and norms as “basic requirements” given the international exposure and the need to conform to local social expectations. It is interesting to note that these standards, norms, and guides have become a demand

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from society. In this context, normative and coercive domains get mixed and boundaries seem blurred. However, although these types of companies perceive these standards, tools and guidelines as a must, there is no a formal pressure that enforce those mechanism, and in that sense, there are more in the normative domain. As a Public Relations Director (PH2) addresses:

*“For instance, GRI, Global Compact adherence and so on are increasingly basic requirements in the pharmaceutical industry. That is, we interact with global pharmaceutical companies, and, in a way, these sorts of interaction requirements are increasingly common... They establish more formal standards for companies to commit socially, because, despite their voluntary nature and the fact that they hinge on a company’s strategic decision, these guidelines set standards, and, based on those standards, companies can compare themselves to others, to the market... It’s just another demand.”*

In the Tobacco industry the same logic is replicated. Although there are no formal requirements to engage with standards and norms, exists a social pressure, given the controversially of the industry, that shape companies’ behaviours. As a CSR Manager (TO1) says:

*“Yes, our Cooperative has gotten the 14001 –environmental certification- since 2008. Last year, we had a new audit on this subject, and findings confirmed that, regardless of the certification itself, the Cooperative abides by every rule concerning environmental care... Why do we partake? Not only because the Tobacco Cooperative that seeks international markets needs to show that there is no child labour here but also because, when it comes to policies associated with this issue, someone in the industry had to partake; as tobacco sells tobacco, this industry is blamed for every possible reason or*



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*circumstance –everyone just goes, “who’s the greatest child labour provider? Tobacco. Who’s the... ? Tobacco.”*

These types of companies, in markets, which are regulated on an international basis, take these standards, norms, and guides as necessary to run their business. A Quality Assurance Officer (WI4) remarks:

*“Certifications are also internationally supported by accreditation agencies, like the UK’s UKAS, and that helps as well, validating what you’re doing... We’re working on it; we have looked to California, Australia and Chile as benchmarks. Specifically concerning GRI reporting, we’re already working on report design, figuring out how we will communicate our data in a user-friendly, straightforward fashion.”*

Finally, big and controversial companies are under higher social expectations, and have the need to comply with all these guides, norms, and standards. As a Public Relations Director (WS2) argues:

*“I think they are key and useful to align business management, helping to, as I said before, make information comparable. They provide a benchmark that facilitates management. You go, “where do I start?” Then, both GRI and ISO 26000 and the Global Compact are, in my opinion, frames of reference that contribute to alignment, helping to make data comparable, enhancing transparency, because you are not only reporting on what you think is important but on what’s important to others as well.”*

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From a different point of view, small companies affirm these repertoires help companies maintain their efforts, and give stability to issues, that are difficult to keep on the agenda in small companies. As an HR Manager (RP1) says:

*“I think that would help us a lot to manage and maintain our efforts, because, right now, it’s sporadic: we do something, it works, and it’s good; then, we move on to something else... There’s no continuity. Perhaps, complying with these standards that do force you to have continuity will help us to maintain our efforts, so that our initiatives are not so sporadic.”*

An Owner (MM1) adds:

*“When you sit down and look at the Global Compact... We feel that adhering to the Global Compact has helped us a lot in terms of motivation and to find arguments to motivate others in a company. On the other hand, it provided us with organization guidelines, pointing to what you should work on inside the company. When you take a moment to look at Global Compact premises, it’s like looking at the principles in any of the world’s religions –these are very simple, straightforward values.”*

Finally, the owner of a restaurant (RE1) points out the idea that it is necessary to simplify some of the requirements for the small companies, these certifications, norms, and guides are also seen to give visibility to the company:

*“It helped us to make this topic more visible... I think that these are elements that prove useful to large companies, and some sort of simpler reports should be devised for SMEs.”*

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Large companies in industries which are not controversial and have a low domiciled MNC presence are more sceptical of these repertoires but they comply. It is interesting to note how they comply only for the image. As a CSR Manager (MD2) says:

*“Yes, we signed the Global Compact, but, honestly, back then, it was signed by a General Manager who’s no longer in the company. When we had to update it and sign again the following year, we were asked to follow up on it and complete it every year, but it’s not something that makes a true difference. We comply with all its principles and prove our compliance.”*

Another CSR Manager (MD3) adds:

*“Regarding the Global Compact, I can’t really go as far as saying that we regretted signing it, but, truth be told, its usefulness was minus ten –it’s more of a burden than a useful tool.”*

A Public Relations Director (AI1) makes a good synthesis, for closing this section, of how these normative elements function, and how at the same time these elements are in a process of constant change:

*“Starting in 2005, when we joined the Global Compact, we’re trying to incorporate the principle of corporate self-regulation. This was partly intended for international exposure –in my case, as company executive, and, for shareholders, on account of their presence in international forums and chambers, where I think Corporate Social Responsibility notions were first disseminated and promoted. Then, by adhering to the ten Global Compact principles and introducing quality standards, we started to pave the way for the Corporate Social Responsibility notion to trickle down to the company’s worker base.*

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*And the answer is yes, I think the ten Global Compact principles are important, and I view them as precisely that: guiding principles for us to deploy specific initiatives that, in turn, can be measured.”*

Table 32 presents mechanisms, quotations, and findings.

Table 32. The Role of Accreditations, Evaluation Systems, and Standards as normative actors – Quotes

Normative Pressure Mechanisms	Representative Data Examples	Outcomes
<p>Standards Processes Accreditations Evaluation Systems ISO Norms Guidelines Reporting</p>	<p><i>The Global Compact tries to raise awareness in the business community to increase the number of companies that adhere to it. This is a global, voluntary initiative based on good will. The Compact does not audit companies; rather, it is clear that companies join in as a result of their voluntary commitment, and it is a good-will agreement. The Compact ties to train and raise awareness, because there are probably just a few people who know about it, and they think that the Global Compact is for multinationals, but it's not like that. Actually, Social Responsibility is for companies of all sizes; a one-person business can be socially responsible, just like an SME, a multinational, or any other kind of company –of any legal status or size. I find it very enriching that the ISO 26,000 standard has been instituted. The truth is that we studied it, and, our planning is built around our stakeholders, just as the ISO 26,000 standard establishes. However, we shouldn't forget that this standard is a guideline for companies to work on Social Responsibility –it is not certifiable. On the other hand, I think the GRI is great, but it is a report that requires a lot of internal indicators and metrics, so it's probably meant for larger companies, with another structure, right? We haven't taken the leap to GRI yet; we'll consider it eventually (PPRR Director AS2).</i></p> <p><i>And I think this cut both ways: both in terms of the internal work the company has to do in order to partake of the Global Compact –I don't know whether it has changed significantly recently. These ten principles also bear an influence, because you're actually going to say, "this is what we do", and this is what I want to show to my customers, so that they know this when they shop around. (HR Manager OG1)</i></p> <p><i>We use these things a lot. For instance, early on, we used the Global Compact a lot to justify the company's involvement in these issues, because we had made that commitment. The company was part of the Global Compact board in its first four years in Argentina, and we used it, back then, to explain that this had to be done because we had signed on. It was twofold, but management relied on the Global Compact in this regard or to show overall guidelines in this topic. / Actually, it doesn't help operations to follow GRI metrics... No, the GRI doesn't help us on a daily basis. It proves useful to organize, for communication purposes, a sustainability report, and what we try to do is systematically –rather than climbing from C, B to A, or more– publish the largest number of applicable GRI metrics as thoroughly as possible. (CSR Manager FO1)</i></p> <p><i>For us, the Global Compact works as part of our policies. We have included values in our corporate policy, and our values refer to four macro issues featured in the Global Compact –namely, environmental care, labour relations, child labour, and corruption. These four themes have been incorporated as part of our policy, and we try to encourage others, to be trend-setters, conducting campaign to raise awareness among company employees, as part of our adherence to the Global Compact and also as part of the core values the company wants to convey to employees. That's the role played by the Compact in this. (CSR Supervisor BT1)</i></p> <p><i>It affords you visibility, sort of legitimizing what you do. The Global Compact mentions us as one of the seven Argentine companies ranking at their advanced score tier –the ones with the most progress, and we belong in that group. From that standpoint, it's a way to value the work we've been doing, a sort of legitimization, but not much more than that. The ISO 26000 also provides a guide. (PPRR Director FO2)</i></p> <p><i>Eighty percent of companies elaborate their social reports for their peer companies and to see who makes the nicest-looking report, while 10 or 20 percent certainly uses it as a management tool with their stakeholders. (CSR Manager TV1)</i></p> <p><i>I think everything helps and really organizes your work. The GRI provides guidelines to submit a social report. As such, it helps, offering a framework to compare yourself with others and to promote. I'd say that nothing –even if you work on CSR with a view to helping your community– is welcomed, and it's worse not to do anything, but I think this deserves a more in-depth look at the type of company you're building. (HR Manager AG2)</i></p> <p><i>For me, these are very significant communication assets, and what's more important to me and inside the organization is the management process it entails, inside, which is very enriching. The fact that you can look inside the organization to check how we are doing as compared to what's happening in the world or what other organizations are doing on sustainable development and social investment. We always view it as an internal and external asset. (CSR Manager BK2)</i></p> <p>xxx</p> <p><i>It is a long way. There are tools, guides, indicators. The company is very sensitive to CSR issues. Right now we are going to edit our collection book using FSC standard for printing. The environmental issues are on the top of the agenda, and we have to understand that social and environmental issues are not something accessory. (Marketing Director FA1)</i></p>	<p>*Standards, tools, and norms have an important role in the dissemination of CSR practices. They are perceived as internal and external assets.</p> <p><i>Internal Asset:</i> motivation of internal public, put CSR issues in the agenda, and management.</p> <p><i>External Asset:</i> communication and reputation.</p>

	<p><i>I believe that the fact that signed [GC Principles] on made us think really hard about some business matters, saying “wait, does this go against any of these principles?” We just overlooked that stuff altogether before. Joining in was a significant milestone for us, and, it basically boosted our commitment –inside the company, as well- to our community and our employees. (Board Director – RT1)</i></p> <p><i>I’d say that adhering to the Global Compact has had no impact on our organizational culture. (CEO IT1)</i></p> <p><i>No, nowadays we don’t have anything, nobody is asking for them. We are working to certified ISO 9000, we are in the final stage. It is a plus when you export, but no a formal requirement. (International Commerce Manager W11)</i></p> <p><i>Yes, another initiative involves the ECO seal, which, in fact, I view more as the company’s vision or its marketing image than Social Responsibility. (CSR Coordinator OG2)</i></p> <p><i>I think the greatest impact comes from publishing your Sustainability Report and showing your GRI table to the market. (CSR Supervisor BK3)</i></p> <p><i>Yes, many clients are asking if we are working with the Global Compact. (PPRR Director IT4)</i></p> <p><i>The Global Compact is really important. Basically, the United Nations took the lead in this area. Kofi Annan realized that business companies had to be part of the millennium goals, and they joined in with the Global Compact. In Argentina, the Global Compact brought the topic to the spotlight –that is, if it hadn’t been for the Global Compact, I don’t think this issue would have grown so strong. We may argue whether it is more or less effective today, but the fact remains that they set this trend. (CSR Coordinator AG3)</i></p> <p><i>We have taken the ISO 26000 to start applying those domains, to determine what our overall goals were, and we poured everything in this report, listing all ISO 26000 domains, mentioning them in order to start applying and meeting our goals in terms of customers, environmental care, supplier, social investments, labour practices, and corporate governance. (CSR Coordinator AG4)</i></p> <p><i>The way I see it, yes, it’s helping us to organize our programs and processes across the board... In our interactions, as well. I don’t know if you’ve heard of it, but there is a tool called ISO Tools that has been designed especially for ISO standards, and we’re working with some people in Spain who actually developed this tool to adjust it to ISO 26000 use. This is a homemade innovation, but I think it will come in handy. Our report is done... Every chapter covers an ISO premise, and this tool will work this way, based on ISO tenets, trying to integrate all our programs and processes into every one of them, and every program will follow ISO 9001 requirements to enhance control and management, to streamline them. (CSR Specialist AS4)</i></p> <p><i>Starting in 2005, when we joined the Global Compact, we’re trying to incorporate the principle of corporate self-regulation. This was partly intended for international exposure –in my case, as company executive, and, for shareholders, on account of their presence in international forums and chambers, where I think Corporate Social Responsibility notions were first disseminated and promoted. Then, by adhering to the ten Global Compact principles and introducing quality standards, we started to pave the way for the Corporate Social Responsibility notion to trickle down to the company’s worker base. And the answer is yes, I think the ten Global Compact principles are important, and I view them as precisely that: guiding principles for us to deploy specific initiatives that, in turn, can be measured. (PPRR Director A11)</i></p> <p><i>Yes, we have adhered to the Global Compact, and we’re certified on several environmental ISOs –the 14,000s- but by domains. For instance, our paper business has been certified for a specific ISO that encompasses these production processes that are different to those of, say, sugar. There are several ISO certifications. For fruits, we’ve got several certifications because [Company name] sells its products abroad, and export requirements are very stringent when it comes to health – there are some six international certifications that this business must have- more for quality than CSR issues. (CSR Supervisor PA2)</i></p>	
<p>Type of Industry and Size moderator</p>	<p><i>For instance, GRI, Global Compact adherence and so on are increasingly basic requirements in the pharmaceutical industry. That is, we interact with global pharmaceutical companies, and, in a way, these sorts of interaction requirements are increasingly common. / They establish more formal standards for companies to commit socially, because, despite their voluntary nature and the fact that they hinge on a company’s strategic decision, these guidelines set standards, and, based on those standards, companies can compare themselves to others, to the market... It’s just another demand. (PPRR Director PH2)</i></p> <p><i>Yes, our Cooperative has gotten the 14001 -environmental certification- since 2008. Last year, we had a new audit on this subject, and findings confirmed that, regardless of the certification itself, the Cooperative abides by every rule concerning environmental care... Why do we partake? Not only because the Tobacco Cooperative that seeks international markets needs to show that there is no child labour here but also because, when it comes to policies associated with this issue, someone in the industry had to partake; as tobacco sells tobacco, this industry is blamed for every</i></p>	<p><b>*Big companies and companies in controversial industries perceived this norms, tools, and standards as basic requirement to operate and gain</b></p>

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		<p><i>possible reason or circumstance –everyone just goes, “who’s the greatest child labour provider? Tobacco. Who’s the...? Tobacco.” (CSR Manager TO1)</i></p> <p><i>Certifications are also internationally supported by accreditation agencies, like the UK’s UKAS, and that helps as well, validating what you’re doing... We’re working on it; we have looked to California, Australia and Chile as benchmarks. Specifically concerning GRI reporting, we’re already working on report design, figuring out how we will communicate our data in a user-friendly, straightforward fashion. (Quality Assurance Officer W14)</i></p> <p><i>I think it’s good that once a year you announce the progress you have made, because that has an infectious effect. Yes, we have been members of the Global Compact for several years now, and it really doesn’t make life any harder for us –only during those two weeks before the deadline, when we have to gather all the information. (CSR Coordinator W13)</i></p> <p><i>I think they are key and useful to align business management, helping to, as I said before, make information comparable. They provide a benchmark that facilitates management. You go, “where do I start?” Then, both GRI and ISO 26000 and the Global Compact are, in my opinion, frames of reference that contribute to alignment, helping to make data comparable, enhancing transparency, because you are not only reporting on what you think is important but on what’s important to others as well. (PPRR Director WS2)</i></p>	social license
	Size moderator	<p><i>I think that would help us a lot to manage and maintain our efforts, because, right now, it’s sporadic: we do something, it works, and it’s good; then, we move on to something else... There’s no continuity. Perhaps, complying with these standards that do force you to have continuity will help us to maintain our efforts, so that our initiatives are not so sporadic. (HR Manager RP1)</i></p> <p><i>When you sit down and look at the Global Compact... We feel that adhering to the Global Compact has helped us a lot in terms of motivation and to find arguments to motivate others in a company. On the other hand, it provided us with organization guidelines, pointing to what you should work on inside the company. When you take a moment to look at Global Compact premises, it’s like looking at the principles in any of the world’s religions –these are very simple, straightforward values. (Owner MM1)</i></p> <p><i>It helped us to make this topic more visible... I think that these are elements that prove useful to large companies, and some sort of simpler reports should be devised for SMEs. (Owner RE1)</i></p>	Small companies perceived this norms, tools, and standards as a way to manage and maintain CSR efforts (size as moderator)
	Size and context as moderator	<p><i>Yes, we signed the Global Compact, but, honestly, back then, it was signed by a General Manager who’s no longer in the company. When we had to update it and sign again the following year, we were asked to follow up on it and complete it every year, but it’s not something that makes a true difference. We comply with all its principles and prove our compliance. (CSR Manager MD2)</i></p> <p><i>Regarding the Global Compact, I can’t really go as far as saying that we regretted signing it, but, truth be told, its usefulness was minus ten –it’s more of a burden than a useful tool. (CSR Manager MD3)</i></p>	Big companies with low presence of MNCs do not give importance to CSR norms, tools, and standards

**8.2.3. *The role of Chambers of Commerce and Industry Associations***

In summary the qualitative evidence suggests that Chambers of Commerce and Industry Associations are not playing an active role regarding CSR issues. CSR and Sustainability issues are seen to have a low priority on the agenda of these organizations. As a CSR Supervisor (BT1) suggests:

*“No, not much. There’s CAPROVE [Argentine Chamber of Vet’s Products], and it doesn’t have any. We’re also members at Buenos Aires Province’s Industrial Union, but this issue is not that well-oiled or present in daily agendas –let alone at the Chamber of Exporters, where we belong.”*

In this same line, in a very graphic way, a CSR Specialist (IT5) exclaims:

*“It’s not even in the agenda –I didn’t mean to say that!”*

Again, a CSR Manger (BK1) remarks:

*“Let’s see, if you’re asking whether business chambers set the CSR agenda for companies, the truth is they don’t.”*

Chambers of Commerce and Industry Associations seem to have a political agenda. This organizations interact with the government and the unions on behave of the companies’ interests. In that sense, Chambers of Commerce and Industry Associations are perceived as lobby actors more than actors that push or set the agenda of new issues, such as CSR and sustainability. A Board Director (AS1) says:



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*“No, in the insurance business nothing, because it’s all very political.”*

Another Board Director (RE1) also remarks:

*“Not so much (laughs). The only thing that matters is public works and tax collections.”*

In that scenario, Chambers of Commerce and Industry Associations have an agenda that represents the urgent issues of the different sectors that they represent. As a Director (LT1) poses:

*“No, industry associations, no –at least, not the ones I’ve seen. Industry associations are much embedded in their niche, their issues, but I haven’t seen chambers championing.”*

In this context, a Public Relations Director (FO2) adds:

*“The Dairy Industry Centre doesn’t have it at all; it’s in my binder, and some of the others don’t have it either. Regardless of the fact that they may talk about it, they don’t seem interested. There, it’s a business focus.”*

It is interesting to note that there is a perception of Chambers of Commerce and Industry Association as organizations that are not ready, or do not reach the momentum, to lead or champion CSR and Sustainability issues. In that sense, a CSR Manager (AS3) says:

*“You see, what happens with these topics like Social Responsibility is that they are rather new. I think that it will take time for them to be formalized at Chambers, because, in fact,*

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*we must be one of the insurance business pioneers in this area, and, mind you, we started in 2005 –not fifteen, twenty years ago. So, despite having our track record and experience, mostly on account of our cooperative culture, it's a recent development. I feel that it hasn't gathered enough momentum to be discussed at chambers or trade associations yet."*

Going deeper, and as a synthesis of corporate perceptions of the role of Chambers and Industry Associations, an Owner (RE1) suggests:

*"Currently, it's really poor, and it should be very strong. Business chambers were designed in the other world –a world where companies ended at the door, and they were not meant to build quality relationships. Then, business chambers belong to those old companies... Business chambers have a replicating effect, but, nowadays, chambers at looking at collective bargaining or tax issues, at best... Sadly, we've had to create other organizations to promote CSR efforts, because chambers just didn't do it."*

While Chambers of Commerce and Industry Associations were not found to play an important role in the promulgation of CSR there is some evidence that they may have a significant influence where companies are located companies in box 4 and box 8 of our sample. As explained in detail in the methodological chapter, companies in these boxes are characterised by being large companies in controversial industries, no matter the presence of MNCs. In this context, an HR Analyst (PA1) argues:

*"Everything –they raise awareness, educate and promote Social Responsibility actions. I even think that they play a key role because, in Social Responsibility environmental and social matters, companies, aside from competing one against the other, have things in*

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*common that, perhaps, company officials don't see, and chambers promote precisely that: they help officials understand that there issues that can be dealt with collectively in a much more efficient manner, enhancing impact and making joint decisions in environmental or social issues to yield much better results than if they all acted on their own. Chambers organize issues, having a much broader view than company officials, and that, today, can be seen clearly."*

In particular, the Chambers and Industry Associations that are active are working in environmental issues. As an HR Manger (PH3) states:

*"Not so much as regards CSR, but, for example, our industry's chamber is Cooperala, and it holds environmental meetings and other meetings so that the pharmaceutical industry as a whole can raise issues and perhaps secure some benefits for all companies concerning industry regulations."*

In this line, a Quality Assurance Officer (WI4) adds:

*"It is a business chamber that gathers many winemakers, and we are now engaging a leading bottler supplier, in a campaign to collect bottles. Then, on the one hand, we are raising awareness on responsible wine drinking, and, on the other, we are promoting a sustainability practice, recycling, while we also help the children's hospital's foundation."*

Finally, to reconnect with the main finding, that is that Chambers and Industry Association do not have a relevant role as normative actors regarding CSR and Sustainability matters, a CSR Manager (TN1) remarks that in the Tannery Chamber

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(although there are large companies and in a controversial industry) there is not clear support to those issues:

*“Zero, because, within the Tannery Chamber, you’ve got companies that do things in the right way and others that don’t. Then, I tried, but those that don’t do things the right way don’t want to change. We’re not going to step in and tell them, “So, you should...” –I’m not going to take a stand and have everyone hate me.”*

Table 33 presents mechanisms, quotations, and findings.

**Table 33. The Role of Chambers and Industry Associations as normative actors – Quotes**

Normative Pressure Mechanisms	Representative Data Examples	Outcomes
Seminars Conventions Newsletters Best Practices Awards Joint Programs	<p><i>No, in the insurance business, nothing, because it's all very political. (Board Director AS1)</i></p> <p><i>Right now there is a CSR guide for franchises, which was written in Spain. At the same time, there is a project to for recycling coffee grounds, putting all together companies in the same industries that are competitors, but they can work together in this project. The president of the company is at the same time the president of the Argentine Association of Trade Marks and Franchises, and he pushes for the creation of Sustainable Franchises Associations (AFRAS in Spanish), that has an objective spread CSR actions in the local franchise system. There is a common understanding that CSR issues are part of the agenda (Marketing Director Fashion )</i></p> <p><i>Not so much (laughs). The only thing that matters is public works and tax collections. (Board Director RT1)</i></p> <p><i>I think, I insist on it, because that's why I'm also engaging in associations. I believe in that, in sitting together, talking, watching others –you learn a lot from what others are doing. (Owner and CEO IT2)</i></p> <p><i>No, not much. There's CAPROVE, and it doesn't have any. We're also members at Buenos Aires Province's Industrial Union, but this issue is not that well-oiled or present in daily agendas –let alone at the Chamber of Exporters, where we belong. (CSR Supervisor BT1)</i></p> <p><i>No, we don't have any information or requirement from the Chamber, nothing. (International Commerce Manager W11)</i></p> <p><i>In Argentina, there is work to be done, but, in Brazil, for example, more progress has been made. Sao Paulo's industry association has already taken the lead. (CSR Manager FO1)</i></p> <p><i>Let's see, if you're asking whether business chambers set the CSR agenda for companies, the truth is they don't. (CSR Manager BK1)</i></p> <p><i>In our field, AACREA, of course, deals with opportunity and environmental issues. Our company stems from AACREA; we've learned a lot –its approach based on getting together, sharing information with others, having others critique your work... That's the AACREA philosophy, and we've introduced it into our company; we do it with everyone, and it helps a lot. This includes everything we're discussing here. (HR Manager AG2)</i></p> <p><i>Look, we engage in several chambers as part of our institutional relations efforts, and Corporate Social Responsibility is more or less relevant in some of them. We don't have a chamber that drives CSR issues. (CSR Manager TV1)</i></p> <p><i>It's not even in the agenda –I didn't mean to say that! (CSR Specialist – IT6)</i></p> <p><i>No, it's not present today –not as it should. At least, they provide a framework, but, truth be told, there is very little the Chamber can do apart from that. In my opinion, chambers have to provide a framework to promote these issues, but it's hard to envision them driving specific efforts. (CSR Coordinator AG4)</i></p> <p><i>The Dairy Industry Center doesn't have it at all; it's in my binder, and some of the others don't have it either. Regardless of the fact that they may talk about it, they don't seem interested. There, it's a business focus. (PPRR Director FO2)</i></p> <p><i>You see, what happens with these topics like Social Responsibility is that they are rather new. I think that it will take time for them to be formalized at Chambers, because, in fact, we must be one of the insurance business pioneers in this area, and, mind you, we started in 2005 –not fifteen, twenty years ago. So, despite having our track record and experience, mostly on account of our cooperative culture, it's a recent development. I feel that it hasn't gathered enough momentum to be discussed at chambers or trade associations yet. (CSR Manager AS3)</i></p> <p><i>Currently, it's really poor, and it should be very strong. Business chambers were designed in the other world –a world where companies ended at the door, and they were not meant to build quality relationships. Then, business chambers belong to those old companies... Business chambers have a replicating effect, but, nowadays, chambers at looking at collective bargaining or tax issues, at best. / Sadly, we've had to create other organizations to promote CSR efforts, because chambers just didn't do it. (Owner RE1)</i></p>	<p>* Chambers and Industry Associations do not have CSR issues in the agenda.</p>

	<p><i>No, industry associations, no –at least, not the ones I’ve seen. Industry associations are much embedded in their niche, their issues, but I haven’t seen chambers championing (Director – LT1)</i></p> <p><i>The Business Chamber, no. I’d say that it’s not an agenda topic. (CSR Manager MD2)</i></p> <p><i>I think it’s not very relevant. It’s still a long way to go. (Director – MD1)</i></p> <p><i>In Rafaela, it’s got a lot to do with the fact that some of us are wondering how to streamline, systematize and even frame these efforts as company policies by means, for example, of several programs developed by Rafaela’s Regional Commercial and Industrial Center’s Corporate Social Responsibility Commission. (HR Manager MF1)</i></p>	
<p>Type of Industry and Size moderator</p>	<p><i>Everything –they raise awareness, educate and promote Social Responsibility actions. I even think that they play a key role because, in Social Responsibility environmental and social matters, companies, aside from competing one against the other, have things in common that, perhaps, company officials don’t see, and chambers promote precisely that: they help officials understand that there issues that can be dealt with collectively in a much more efficient manner, enhancing impact and making joint decisions in environmental or social issues to yield much better results than if they all acted on their own. Chambers organize issues, having a much broader view than company officials, and that, today, can be seen clearly. (HR Analyst – PA1)</i></p> <p><i>Typically, chambers interact on specific business or institutional issues, depending on what’s the purpose of the institution or chamber. But, in general, all these initiatives are conducted individually and are closely related to an industry’s general practice. (PPRR Director PH2)</i></p> <p><i>Zero, because, within the Tannery Chamber, you’ve got companies that do things in the right way and others that don’t. Then, I tried, but those that don’t do things the right way don’t want to change. We’re not going to step in and tell them, “So, you should…” –I’m not going to take a stand and have everyone hate me. (CSR Manager TN1)</i></p> <p><i>Not so much as regards CSR, but, for example, our industry’s chamber is Cooperala, and it holds environmental meetings and other meetings so that the pharmaceutical industry as a whole can raise issues and perhaps secure some benefits for all companies concerning industry regulations. (HR Manager PH3)</i></p> <p><i>It is a business chamber that gathers many winemakers, and we are now engaging a leading bottler supplier, in a campaign to collect bottles. Then, on the one hand, we are raising awareness on responsible wine drinking, and, on the other, we are promoting a sustainability practice, recycling, while we also help the children’s hospital’s foundation. (Quality Assurance Officer WI4)</i></p> <p><i>This is a notion that, for me, has rather derived from philanthropic efforts, social assistance activities, and ethical and moral initiatives that companies have always had as part of their founding principles, and chambers work on these notions a lot. (PPRR Director AI1)</i></p> <p><i>Our president chairs ALOAS, the Latin American Sanitation Service Operators’ Association, so we have a strong involvement there, and, clearly, these topics are addressed. (PPRR Director WS2)</i></p>	<p><b>*Chambers and Industry Associations of big and controversial industries have CSR issues in the agenda: in special the environmental ones.</b></p>

**8.2.4. *The role of Multinational Companies as normative actors***

The first general finding is that there are two clear standpoints regarding the role of MNCs as normative actors. There are both positive and negative standpoints. There is also a neutral standpoint but it is not as clear as the other two. Although there are two clear perspectives, the most common viewpoint is the negative one, not only in terms of quantity of quotes but also in the quality of the quotes, their length and type of expressions. Emotional elements were recognized in local companies when they talk about MNCs.

The positive standpoint remarks on the idea of how MNCs manage CSR issues, importing patterns (and technological tools) that allow MNCs to measure the results, and to develop CSR plans. MNCs are perceived as organizations that have formal structure, a clear planning process, and a budget allocate to achieve the objectives. As a CSR Manager (BK2) comments:

*“There’s greater professionalism. They have templates or patterns to follow up and monitor these efforts. I think their professionalism and transparency are interesting...The most innovative, I think are the ones focusing on environmental issues, because that is a global agenda topic”*

Commenting on this idea of the professional management of CSR issues, and putting the accent in the technological side, the CSR Manager (MD2) says:

*“I think that the most positive contribution from multinationals is management technology, and that’s a little what the Foundations and Companies Group does: if*

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*you're going to support something, do it well and in such a way that, later, it doesn't fall apart once you stop supporting it."*

The other positive view refers to MNCs as role models, and trend setters. Along this line, an HR Manager (AG2) poses:

*"In general, yes, they bring innovations, establish practices; they are role models, no question about it. In management, in good practices, or environmental issues, they really do take the lead, and they are benchmarks for sound operations."*

In the same line, a CSR Manager (TV1) adds:

*"I keep looking at them, considering what they do, and I view them as trend-setters; I watch and follow them, and I think they are, in some cases, very important."*

A Director (MD1) adds

*"I believe multinationals come with a very explicit agenda, a very structural format – that's great because, if not, there are companies here that don't really know how to work on CSR, how to apply GRI, for example."*

An HR Analyst (PA1) points out the idea that the size of the MNCs gives them a crucial responsibility to lead the sustainability movement. In his or her words:

*"I think that multinationals are typically large companies and large companies seemed to be taking the lead in CSR programs over SMEs, for example. The way I see it, they have*



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*become pioneers in CSR program development. I feel that SMEs have not taking the lead in this.”*

This positive influence of MNCs is synthesized by the CSR Specialist (AS4):

*“The fact that other companies are working on Social Responsibility, promoting it, caring for the same goals that we have –driving safety, saving lives, and so on- bears a positive influence. It is greatly influential and very positive; I wish a lot of companies do it.”*

With regards to the negative viewpoint, among local companies, there is a notion that MNCs do not play the social role expected by society. Moreover, they import everything from abroad without the necessary adaptation to the local context. In that sense, a CSR Coordinator (IT5) says:

*“I don’t think they are that influential. Surely, they have good practices in place, but, right now, in my opinion, the multinational with the best CSR performance is from Argentina. I think it’s better and more important for companies in Argentina to look at the best practices shared by Argentine companies, with local traits and working on local problems, than whatever comes from abroad, which, ultimately, is nothing but a foreign package.”*

A CSR Manager (FO1) adds:

*“I’m saying this because I’ve also worked at European multinationals: at affiliates, multinationals do what they can, with the guidelines they have, and some guidelines are*

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*deal-breakers, and some are negotiable at affiliates. Then, in their settings, multinational companies do the best they can, and, no doubt, what they do in Argentina is not the same as what they do globally –there is some distance.”*

At the same time there is a negative notion related to the idea that MNCs do less than what they can. It is suggested that they are focused on their image, instead of aiming at generating real impact. As a Board Director (RT1) says:

*“I don’t know if it is because this is something particularly hard to do in this industry, if it is because there is a lot of personnel turnover or what it is that goes against good practices, but, in general, progress is poor. If you look at Carrefour, for instance, they report in a magazine they planted 100 trees –for Carrefour, 100 trees, at Ar\$ 50 a tree- and Carrefour’s CEO is standing there, in a suit, wearing a t-shirt that says “planting trees”, with a shovel in his hand. If that’s it, I don’t want to copy that.”*

In this same vein, a CSR Coordinator (AG3) remarks:

*“Look, I think multinational companies can do a lot more, could give a lot more, you know? I believe they have the capability to engage more.”*

To complete this idea, a Human Resources Manager (FO3) adds:

*“We may have access to large companies’ reports, and what you read is so basic that you consider what you should do, and it’s not something to report as CSR. I also think that, in many companies, most of it is just marketing and going “we have a great report,” mixing*

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*stuff that is more advertising than CSR –that is, efforts to boost customer loyalty rather than to be socially responsible.”*

In analysing companies in controversial industries with high presence of MNCs, they all seem to have a negative viewpoint about the role of these companies. In particular, they believe that MNCs do not take the leadership and they do not set up the CSR and Sustainability agenda. In that sense a CSR Supervisor (BT1) of a small company poses:

*“They don’t get involved; they’re not there; you don’t see them. For multinationals, I reckon –I don’t know if you have interviewed others- their social responsibility is creating jobs –I’ve heard that, mind you, from some CSR people, who argue that multinationals are socially responsible because they create jobs. They create a lot of jobs, that’s true, but they can do more from their position... But pharmaceuticals could work a lot on human medicines, providing medicines to first-aid clinics... A lot can be done, and, as far as I know, I haven’t seen or heard that they are doing anything like that.”*

Following the same argumentation, an Owner (BT2) adds:

*“The multinational companies I deal with, the ones in our industry don’t report on any CSR practices that I know of. This doesn’t mean that they don’t have them –it just means that I don’t know about them; I haven’t seen them. So, I don’t know if they bring practices and deploy them or not; if they do, I don’t know whether those practices are locally developed or brought in from abroad.”*

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In the same vein the large controversial industries with high presence of MNCs in their industries argue for this double standard, what the MNCs say and what they do. A CSR Manager (TO1) argues:

*“...Massalin [Philip Morris International affiliate in Argentina] seemed to only care about having a green GAP [Good Agricultural Practices], reading “I don’t employ child labour. How do I prove that? Having a child labour prevention program.” Apart from that, how the program was executed –in the community or with specific beneficiaries– differed completely from what I thought had to be done. Then, my view was: Massalin is only interested in having a green GAP; we care about people; we don’t envision a green, yellow or purple GAP: we just want people to have better living conditions... I don’t see them taking a stand for others, really trying to change the social status-quo for the social status-quo itself but merely for their own image.”*

A CSR Coordinator (WI3) adds:

*“No, I don’t think they’re bringing anything new... For some of them, it’s more of a business than a social issue.”*

A very interesting finding, that shows a counterpoint, is that large companies in controversial industries with low presence of MNCs have a positive view of the role of MNCs as normative actors. They remark the role of MNCs as role models, as pioneers, and examples. As the CSR Manager (WS1) poses:

*“Pioneers have become examples... You don’t have local examples, from a small company here; examples come from multinationals and are useful to check out how they managed their metrics, what topics they submitted, where they focused their analyses, how they presented their hits and misses, because, today, getting started on this, which is*

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*the challenge facing companies –us, for example. I think we've come a long way; we've got a lot underway, but we need to start measuring outcomes to make our efforts more palpable and to improve as well."*

A Public Relations Director (WS2) adds:

*"Yes, I think that, when this movement started, MNCs proved instrumental. It's like headquarters have provided information that was very valuable, and it was implanted here –as I said before, every company has to conduct its own search, in addition to copying ideas and applying them. In this regard, I do think progress has been made, though I believe it was a kick start, especially MNCs with their headquarters based in Europe –they have been working on this for many years... As I said, guidelines are useful as a frame of reference. All the work that has been done elsewhere is also good as a benchmark, but, then, the key lies in how you adjust it for local management."*

Finally, a CSR Supervisor (PA2) synthesises the key role of MNCs in the process of implantation of CSR and Sustainability issues in Argentina:

*"Yes, some issues are being raised in the CSR agenda, and, then, companies have to rise to some standards that, if they were not enforced at multinational companies, would not be a reality today in Argentina."*

Table 34 presents mechanisms, quotations, and findings.

**Table 34. The MNCs as normative actors – Quotes**

Normative Pressure Mechanisms	Representative Data Examples	Outcomes
	<p><i>Yes, I think they do things, and in a very positive way. A lot of their wines have the Fair Trade seal, for example. (International Commerce Manager WI1)</i></p> <p><i>There's greater professionalism. They have templates or patterns to follow up and monitor these efforts. I think their professionalism and transparency are interesting... The most innovative, I think are the ones focusing on environmental issues, because that is a global agenda topic. Whether we have solutions for that? I think we've still got a long way to go: we don't even know what to do with used batteries. (CSR Manager BK2)</i></p> <p><i>I think that the most positive contribution from multinationals is management technology, and that's a little what the Foundations and Companies Group does: if you're going to support something, do it well and in such a way that, later, it doesn't fall apart once you stop supporting it. (CSR Manager MD2)</i></p> <p><i>In general, yes, they bring innovations, establish practices; they are role models, no question about it. In management, in good practices, or environmental issues, they really do take the lead, and they are benchmarks for sound operations. (HR Manager AG2)</i></p> <p><i>I keep looking at them, considering what they do, and I view them as trend-setters; I watch and follow them, and I think they are, in some cases, very important. (CSR Manager TV1)</i></p> <p><i>They are very important. Imagine that you have to compete with Patagonia. We are not competing with them, but we use it as an example and model. You are in front of a clear and attractive message. People want trademarks that dignified life. (Marketing Director FA1)</i></p> <p><i>I find that multinationals have very large budgets and manage to communicate what they do. (CSR Specialist IT6)</i></p> <p><i>The fact that other companies are working on Social Responsibility, promoting it, caring for the same goals that we have –driving safety, saving lives, and so on– bears a positive influence. It is greatly influential and very positive; I wish a lot of companies do it. (CSR Specialist AS4)</i></p> <p><i>I think that multinationals are typically large companies and large companies seemed to be taking the lead in CSR programs over SMEs, for example. The way I see it, they have become pioneers in CSR program development. I feel that small and medium-sized companies (SMEs) have not taking the lead in this. (HR Analyst PA1)</i></p> <p><i>Or I believe multinationals come with a very explicit agenda, a very structural format –that's great because, if not, there are companies here that don't really know how to work on CSR, how to apply GRI, for example. (Director MD1)</i></p>	<p><i>Positive role:</i> Part of the companies saw the MNCs as role models, and trend setters. Also saw positive how MNCs manage CSR issues.</p>
<p>Role Models Trend setters Innovations Management Technology Social Reports</p>	<p><i>I don't think they are that influential. Surely, they have good practices in place, but, right now, in my opinion, the multinational with the best CSR performance is from Argentina. I think it's better and more important for companies in Argentina to look at the best practices shared by Argentine companies, with local traits and working on local problems, than whatever comes from abroad, which, ultimately, is nothing but a foreign package. (CSR Coordinator IT5)</i></p> <p><i>I'm saying this because I've also worked at European multinationals: at affiliates, multinationals do what they can, with the guidelines they have, and some guidelines are deal-breakers, and some are negotiable at affiliates. Then, in their settings, multinational companies do the best they can, and, no doubt, what they do in Argentina is not the same as what they do globally –there is some distance. (CSR Manager FO1)</i></p> <p><i>I don't know if it is because this is something particularly hard to do in this industry, if it is because there is a lot of personnel turnover or what it is that goes against good practices, but, in general, progress is poor. If you look at Carrefour, for instance, they report in a magazine they planted 100 trees –for Carrefour, 100 trees, at Ar\$ 50 a tree– and Carrefour's CEO is standing there, in a suit, wearing a t-shirt that says "planting trees", with a shovel in his hand. If that's it, I don't want to copy that. (Board Director RT1)</i></p> <p><i>Look, I think multinational companies can do a lot more, could give a lot more, you know? I believe they have the capability to engage more. (CSR Coordinator AG3)</i></p>	<p><i>Negative role:</i> Part of the companies saw the MNCs as importing packages without context understanding. Also saw a lack of real commitment and a double standard</p>

	<p><i>I think it's not necessary to bring something from abroad to be innovative. In Social Responsibility, you can be very creative, and you don't need a large budget to work Social Responsibility. There are two realities: you have huge packages that cost a lot, and there are things that take more time, more effort, more engagement with people, and a smaller budget. (PPRR Director AS2)</i></p> <p><i>We may have access to large companies' reports, and what you read is so basic that you consider what you should do, and it's not something to report as CSR. I also think that, in many companies, most of it is just marketing and going "we have a great report," mixing stuff that is more advertising than CSR—that is, efforts to boost customer loyalty rather than to be socially responsible. (HR Manager FO3)</i></p> <p><i>I don't know; I don't want to be so pessimistic. I think some things are being done and may serve as an example. I don't have something specific that we draw inspiration from, but I do believe that they need to establish the guidelines based on their resources, driving us to pay attention to these matters. (Owner and CEO IT3)</i></p> <p><i>I don't think large companies are doing much—they're just putting on some makeup, attending a couple of forums... The best thing to do would be to formulate practices together. Large companies have a lot of SME suppliers or clients. We should work together on practices, to do something specific... (Owner RE1)</i></p> <p><i>I think that undermines and is negative for the rest of the companies, because what happens to other companies that are not multinationals is that you look at their good practices and you copy them or go, "Wow! Check out this program! Look, United is doing this great thing." Actually, what we should do is to have a more customized approach, more suited to your own company, getting out there to see your stakeholders and find out what you really need, because your impact will be fifty times bigger if you listen to your stakeholders than if you import a practice, and we're all trying to. (CSR Manager MD3)</i></p>	
<p>Type of industry moderator</p>	<p><i>They don't get involved; they're not there; you don't see them. For multinationals, I reckon—I don't know if you have interviewed others—their social responsibility is creating jobs—I've heard that, mind you, from some CSR people, who argue that multinationals are socially responsible because they create jobs. They create a lot of jobs, that's true, but they can do more from their position. / But pharmaceuticals could work a lot on human medicines, providing medicines to first-aid clinics... A lot can be done, and, as far as I know, I haven't seen or heard that they are doing anything like that. (CSR Supervisor BT1)</i></p> <p><i>The multinational companies I deal with, the ones in our industry don't report on any CSR practices that I know of. This doesn't mean that they don't have them—it just means that I don't know about them; I haven't seen them. So, I don't know if they bring practices and deploy them or not; if they do, I don't know whether those practices are locally developed or brought in from abroad. (Owner BT2)</i></p> <p><i>Perhaps, at multinationals, as this movement weighs more heavily internationally—I don't know what its repercussions are specifically, but it does have more standing-- it's easier to talk about it because, once again, headquarters is asking for it. They are all working on the social report, on this, even with ISO standards, and I'm sure that they need—because of ISO standards or something—not only to say it but to be ready to be audited in every step of the way. (HR Manager OG1)</i></p> <p><i>...Massalin [Philip Morris International affiliate in Argentina] seemed to only care about having a green GAP [Global Agricultural Practices], reading "I don't employ child labor. How do I prove that? Having a child labor prevention program." Apart from that, how the program was executed—in the community or with specific beneficiaries—differed completely from what I thought had to be done. Then, my view was: Massalin is only interested in having a green GAP; we care about people; we don't envision a green, yellow or purple GAP: we just want people to have better living conditions. / I don't see them taking a stand for others, really trying to change the social status-quo for the social status-quo itself but merely for their own image. (CSR Manager TO1)</i></p> <p><i>No, I don't think they're bringing anything new... For some of them, it's more of a business than a social issue. (CSR Coordinator WI3)</i></p> <p><i>I find it hard to see what programs they have in the pharmaceutical industry. (HR Manager PH3)</i></p>	<p>Companies in controversial industries with high presence of MNCs have a negative view of the role of MNCs as normative actors.</p>
<p>Type of industry moderator</p>	<p><i>Pioneers have become examples... You don't have local examples, from a small company here; examples come from multinationals and are useful to check out how they managed their metrics, what topics they submitted, where they focused their analyses, how they presented their hits and misses, because, today, getting started on this, which is the challenge facing companies—us, for example. I think we've come a long way; we've got a lot underway, but we need to start measuring outcomes to make our efforts more palpable and to improve as well. (CSR Manager WS1)</i></p> <p><i>Yes, I think that, when this movement started, MNCs proved instrumental. It's like headquarters have provided information that was very</i></p>	<p>Companies in controversial industries with low presence of MNCs have a positive view</p>

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	<p><i>valuable, and it was implanted here –as I said before, every company has to conduct its own search, in addition to copying ideas and applying them. In this regard, I do think progress has been made, though I believe it was a kick start, especially MNCs with their headquarters based in Europe –they have been working on this for many years... As I said, guidelines are useful as a frame of reference. All the work that has been done elsewhere is also good as a benchmark, but, then, the key lies in how you adjust it for local management. (PPRR Director WS2)</i></p> <p><i>Yes, some issues are being raised in the CSR agenda, and, then, companies have to rise to some standards that, if they were not enforced at multinational companies, would not be a reality today in Argentina. (CSR Supervisor PA2)</i></p>	<p>of the role of MNCs as normative actors.</p>
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**8.2.5. Emergent Topic: the role of State as a normative actor**

The study finds an emergent topic that was not taking into account in the conceptual model, and that is not taking into account in the literature: the State as a normative actor. This finding is an emergent issue of the study. The literature assumes that the State has the authority and the power to impose practices through law and norms, and the literature usually classifies the State as a coercive actor (Greenwood et al., 2008: see Section I).

As analysed in the previous chapter Argentinean present scenario shows the State is passive and has neither resources nor capabilities to cope with CSR issues. As it has already been mentioned, initiatives come from the private sector. Thus, the study finds that there seem to be initial intentions from the State to create departments or agencies to promote and facilitate some practices of CSR and Sustainability. An Owner (RE1) clearly poses that situation:

*“The State is starting to care; city, provincial and national administrations are showing some interest in engaging in this issue. They’ve got a role to play –I don’t think it’s the role the State wants to play, because the first they tell you is, “let’s have a CSR certification.”*

In the same line, another Owner (RH1) explains:

*“The State did nothing until last year, but, now, it’s working on several things. Public agencies are trying to approach us. They know they have to, but they don’t really understand what for and they don’t know if they believe in this or not, but they do know*

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*that they have to get involved –so much so that a Corporate Social Responsibility Department has been created, and some meetings have already been held.”*

To remark the tendency, and thinking in this role of the State as promoting CSR, and not as a regulative actor, a Quality Assurance Officer (WI4) states:

*“We notice some knowledge that was not there before. In the past, it was like “it’s none of my business,” but I think the State realized also that it cannot encompass everything, and it’s starting to leave room for other stakeholders to engage and participate.”*

After more than ten years of CSR in Argentina, the State is starting to generate some seminars, awards, or meetings to promote and share CSR practices, very quietly. An HR Manager (AG2) resumes this idea:

*“Honestly, I think the State doesn’t help at all. Sadly, over the past seven or eight years, civil society has taken the lead spectacularly, and I think it’s growing increasingly professional and focused, stepping in to take the place of the State when it should actually complement it. Clearly, a lot of it started in 2001, when we hit rock-bottom socially. Many organizations and projects surfaced at that time, and I think it’s now evolving, engaging the State a bit more.”*

Table 35 presents mechanisms, quotations, and findings.

*Table 35. The State as normative actors – Quotes*

<b>Normative Pressure Mechanisms</b>	<b>Representative Data Examples</b>	<b>Outcomes</b>
<p>Creation of Official Organisms Seminars and Conferences Awards Soft Credits of SMEs</p>	<p><i>The State is starting to care; city, provincial and national administrations are showing some interest in engaging in this issue. They've got a role to play –I don't think it's the role the State wants to play, because the first they tell you is, "let's have a CSR certification". (Owner RE1)</i></p> <p><i>The State did nothing until last year, but, now, it's working on several things. Public agencies are trying to approach us. They know they have to, but they don't really understand what for and they don't know if they believe in this or not, but they do know that they have to get involved –so much so that a Corporate Social Responsibility Department has been created, and some meetings have already been held. (Owner RH1)</i></p> <p><i>We notice some knowledge that was not there before. In the past, it was like "it's none of my business," but I think the State realized also that it cannot encompass everything, and it's starting to leave room for other stakeholders to engage and participate. (Quality Assurance Officer WI4)</i></p> <p><i>Honestly, I think the State doesn't help at all. Sadly, over the past seven or eight years, civil society has taken the lead spectacularly, and I think it's growing increasingly professional and focused, stepping in to take the place of the State when it should actually complement it. Clearly, a lot of it started in 2001, when we hit rock-bottom socially. Many organizations and projects surfaced at that time, and I think it's now evolving, engaging the State a bit more. (HR Manager AG2)</i></p>	<p>*The State put CSR and Sustainability issues in the agenda, is still accessory but visible.</p>

### **8.3. Discussion of findings**

The previous sections analysed how normative pressures shape the social responsibility CSR practices of local companies. Moreover, they identified the actors who motivate these pressures.

In this section the empirical findings regarding proposition two are discussed within the logic of the conceptual model. As such the focus is on the way local companies understand social responsibility practices, and how they perceive normative pressures. At the same time, the study analyses which actors exert these pressures and how local companies respond to those pressures.

This section is structured as follows: first, the role of CSR and Sustainability Institutes, Accreditation, Evaluation Systems, and Standards as normative actors are discussed; second, it tackles the role of Chambers of Commerce and Industry Associations as normative actors; third, it addresses the role of MNCs as normative actors; fourth, the role of the State as normative actor. Finally, it confirms, rejects or modifies proposition two and its sub propositions. The findings are then summarized in Table 36.

**Table 36. Proposition 2: Summarized Findings**

<p>CSR and Sustainability Institutes as a normative actor</p>	<ul style="list-style-type: none"> <li>✓ CSR and Sustainability Institutes are perceived as meeting points and a source of networking</li> <li>✓ CSR and Sustainability Institutes disseminate and give access to general information, and tools; translate international information to local context circumstances.</li> <li>✓ Also, these institutes legitimate CSR practices.</li> <li>✓ Awards as a tool to organize internal information and give external visibility to the company</li> <li>✓ Particular places (in particular cities) generate CSR awareness from Institutes and Organizations</li> <li>✓ Big companies need an institution that give representation and with capacity of lobby for the private sector (size as moderator).</li> </ul>
<p>Accreditations, Evaluation Systems, and Standards as a normative actors</p>	<ul style="list-style-type: none"> <li>✓ Standards, tools, and norms have an important role in the dissemination of CSR practices. They are perceived as internal (processes) and external (image) assets.</li> <li>✓ Big companies and companies in controversial industries perceived this norms, tools, and standards as basic requirement to operate and gain social license (size and type of industry as moderator).</li> <li>✓ Small companies perceived this norms, tools, and standards as a way to manage and maintain CSR efforts (size as moderator).</li> <li>✓ Big companies with low presence of MNCs do not give importance to CSR norms, tools, and standards (size and context as moderator).</li> </ul>
<p>Chambers and Industry Associations as normative actor</p>	<ul style="list-style-type: none"> <li>✓ Chambers and Industry Associations do not have CSR issues in the agenda:</li> <li>✓ Chambers and Industry Associations of big and controversial industries have CSR issues in the agenda: in special the environmental ones (size and type of industry as moderators).</li> </ul>
<p>MNCs as normative actors</p>	<ul style="list-style-type: none"> <li>✓ Negative role: part of the companies sees the MNCs as importing packages without context understanding. Also saw a lack of real commitment and a double standard</li> <li>✓ Positive role: how MNCs manage CSR issues: templates, patterns, use of standards and guidelines (e.g. GRI).</li> <li>✓ Companies in controversial industries with high presence of MNCs have a negative view of the role of MNCs as normative actors (type of industry and context as moderator).</li> <li>✓ Companies in controversial industries with low presence of MNCs have a positive view of the role of MNCs as normative actors (type of industry and context as moderator).</li> </ul>
<p>State as normative actor</p>	<ul style="list-style-type: none"> <li>✓ The State is starting to put CSR and Sustainability issues in the agenda, is still accessory but visible.</li> </ul>

Under the light of those findings it seems easy to note that in Argentina, normative pressures are the most common ones, and where CSR and Sustainability matters are running. Most of the actors and mechanisms that shape CSR and sustainability in Argentina interact in this normative domain. In the following section the study draws out the different dimensions of this normative dimension and discusses the different actors, carriers and mechanisms by which normative pressures function and shape local companies' social responsibility practices.

**8.3.1. CSR and Sustainability Institutes as normative actors**

Here, it seems interesting to discuss the perception of these contexts as meeting points, also, as safety places: *I think that would be their greatest role: a safe, quiet place to meet with CSR managers* [Board Director – Retail]. The sense of safety denotes the conception that to talking about CSR matters outside CSR community, even in the company, could be dangerous. Dangerous because these topics have a lack of legitimacy, also inside companies, and they are perceived as something accessory for companies. In this contexts CSR managers need safe scenarios in which people *know what they're talking about* [CSR Responsible – Bank], and share the relevance.

Accordingly, it could be argue that people working on new themes need a space where they can generate confidence and friendship; a community where they can share problems and feelings (Glynn, 2008). Those places facilitate arguments to cope with these issues inside companies. They set examples of other companies that legitimize CSR practices in general. Such circumstances function as a typical normative pressure: people share and understand that the context is considering those practices as something good and desirable.

This suggests that these organisations have a double function: on the one hand, they are meeting and safe points for CSR managers; there are places where CSR community build their identity. On the other hand, they facilitate the translation of social expectations into the local realm: *[Institutes] are powerhouses, organizations that,*

*despite their differences, are contributing to translating good practices to our local reality...* [CSR Manager MD3]. In this process of translation, the CSR community discusses international standards and practices and compares them with the local reality. The dynamic implications of the appropriation of such practices reinforce the conviction and motivation of the community.

When Thornton et al. (2012) analyse different level of institutional orders, they found that communities are necessary to set values, norms, and practices to cope with new social needs and expectation. They argue: *“If our hunch is correct, without the concept of community we cannot know what set of norms, values, symbols, and practices are being transmitted or transacted by the pipes and prisms of the network”* (2012: 69). In this same vein Marquis et al. (2007) pose that that community is important in the constitution and maintenance of institutional orders (see also Marquis & Battilana, 2009).

This same process can be understood, in the context of locally based CSR and Sustainability Institutes, in analysing particular scenarios (cities in Argentina) where the local businessman creates those types of organizations to centralize all this effort, and gives more visibility to CSR practices. There is a main objective of dissemination where CSR Institutes that are base in Buenos Aires (capital city) usually do not reach. These local institutes replicate seminars and give local content to those practices.

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Large companies appear to give a different value to CSR and Sustainability Institutes. Large companies consider these Institutes as a way to protect companies from government regulations. They have a clear position regarding sustainability issues, and at the same time, they look out for sectorial interests within the lobbying process: *It's got a very significant and orderly lobbying ability, and the truth is that they represent the entire private sector* [CSR Coordinator AG3].

Finally, it could be argued that these different types of organizations could be identified as communities of practice. This term has come from the pedagogical realm (Lave & Wenger, [1991] 2003) and it is used in organizational studies (Wenger, 1998; Wenger & Snyder, 2000). It is defined as follows: *“a community of practice is a collection of people who engage on an ongoing basis in some common endeavour: a bowling team, a book club, a friendship group, a crack house, a nuclear family, a church congregation”* (Eckert, 2006: 683).

These communities of practices operates meeting places where CSR community could share challenges, and at the same time operates as think tanks to spread best practices, and new developments regarding CSR matters. The CSR community found these places as places where CSR as a discipline is constituted and frame. Communities of practice occupy role of professions in the rationalization and legitimation (DiMaggio, 1979; Meyer & Rowan, [1977] 1991) of the best CSR practices and expected behaviour.



*8.3.2. Accreditations, Evaluation Systems, and Standards as normative actors*

Tools, standards and accreditation systems show the complexity of players that are included CSR and Sustainability issues. Behind these mechanisms there are multi-stakeholder organizations, such as International Organization for Standardization [ISO], Global Reporting Initiative [GRI] or United Nations [UN], international organizations with global presence and great legitimacy among different local and international actors. Although international they are likely to have a local presence in different countries increasing their relevance to domestic companies.

Regarding these tools, standards and accreditation systems the study finds different ways to understand it and also, different ways to use it depending of a type of industry. Large companies in controversial industries are seen to perceive these tools and standards as a minimum; as a way to gain and retain social license to operate; they are part of the game. Moreover, small companies perceive those elements, for one side, as a way to show a formal and voluntary commitment with CSR matters and, from the other side, as a way to not let the CSR die in the day to day agenda. Finally, large companies in non-controversial industries with a low MNC presence appear to ascribe limited importance to these standards and tools. For these companies they are pursued for the sake of reputation only.

What do these standards, tools and accreditations represent? Where do they come from? They represent the way of finding common understandings at global scale. These standards, tools and accreditation systems are a type of soft law, which through informal

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institutions are leading the sustainability movement. As Kirton and Trebillock argue: “...*informal institutions – those transnational and intergovernmental bodies, including those exclusively among governments that similarly rely on consent and consensus, rather than on codified and ratified charters, and intergovernmental bureaucracies with resources of their own. Informal institutions with voluntary standards or commitments and compliance systems are thus the hard core of soft law*” (2004: 10).

The underlying theme to this discussion reflects our understanding of globalisation and the way pressures flow throughout the globe. As McNichol poses “*Such an understanding of the nature of globalization is consistent with the argument made here that processes giving birth to new transnational forms governance cannot be fully explained without examining how they play out in the domestic arena where rules governing markets are actually constitute and enforced*” (2008: 370-71).

It is interesting to note that soft regulation is the way of generate common agreements in CSR and sustainability topics, and those agreements are made by informal institutions. As Kirton and Trebilcock argue, the world is facing hard choices regarding the integrations of economic equality, environmental, and social values, and *it is hardly surprising that the world has increasingly turned to soft law solutions to the hard choices its confronts. Such soft law solutions came in a richly kaleidoscopic variety of forms.* (2004: 4)

As mentioned in the beginning of this section, different types of companies perceived different these normative pressures (in the form of soft law) towards CSR practices. Large companies are closer to feel it as a “law”, and small companies are closer to feel it “soft”. The exception to this process is regarding environmental practices that, as analysed in the previous chapter, are operating as a coercive mechanism.

### 8.3.3. *Chambers and Industry Associations as normative actors*

The study found that chambers of commerce and industry associations did not play a significant role in shaping CSR practices. The only exception was the case of big companies in controversial industries where chambers of commerce and industry associations had those issues in the agenda. What is clear from the qualitative evidence is that chambers and industry associations have as a primary goal the short term agenda, which refers mainly to tax, regulations, and unions.

It is interesting to note the idea that these types of organizations were conceived and designed to address different problems and realities. In particular, they were meant to defend sectorial interest against government and other sectors: *Business chambers were designed in the other world –a world where companies ended at the door, and they were not meant to build quality relationships* [Owner RE1]. In this context, issues such as those related to the environment or to social matters, which are focused on a global scale are out of the scope of chambers. In sum, long term issues and global issues are not part of the chamber and industry association’s agenda.

Why do large companies in controversial industries have CSR and sustainability topics on the agenda of business chambers? Controversial industries are global industries, and sustainability questions are part of the daily agenda in order to obtain social licence to operate. In this vein, given the controversial activity of these industries, sustainability matters are a sectorial and short term problem that needs to be address. The context, not only at local level but also at sectorial one, changes the CSR agenda of the different actors. As mentioned in the literature review on CSR and developing countries, the context could change the nature of the CSR agenda, and impose to different actors diverse agendas.

### *8.3.4. MNCs as normative actors*

It is in the analysis of this proposition where the study identifies the real dimension of how local companies perceive the role of MNCs. The general finding is that MNCs have a normative role when they run their CSR and Sustainability programs towards local companies. MNCs show local companies how to manage those topics, and import practices from their headquarters.

A key finding embedded in the analysis refers to the degree that MNCs are perceived as controversial actors. A substantial literature has discussed the controversial role of MNCs in developing countries and the difficulties in gaining social legitimacy (Dashwood, 2004; Eweje, 2006; Gifford & Kestler, 2008; Gugler & Shi, 2009; London & Hart, 2004; Muller, 2006; Rodriguez, Siegel, Hillman, & Eden, 2006). The arguments are the power that MNCs have against the lack of power of local governments and local

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companies. As Dashwood poses: *“This process is magnified in countries in the developing world, where the annual revenues of MNCs outstrip the gross national product (GNP) of the poorest of the less developed countries”* (2004: 196).

In this vein, in developing countries there is an ideological background against MNCs, rooted in a post-colonialism pattern that can be synthesised in the fact that *the MNCs came here to take all our money and resources and leave nothing but poverty and exclusion* (see for further details on post-colonialism and MNCs Boussebaa & Morgan, 2014; Boussebaa, Morgan, & Sturdy, 2012). While some of the local companies in this study are seen to share this view it is not explicit but emerges as a deep lack of trust towards MNCs, where MNCs are argued to have a hidden objective or intention (Blowfield & Frynas, 2005).

It is important to note that all of the comments are about MNCs CSR's programs, and that the interviewees talk about these programs, in a positive or a negative way. Implicitly, they all agree that MNCs run programs. With that in mind, perspectives are divided into those who think that the actions are not enough and follow double standards, or that they only have a reputational objective; and those who see these actions as models of management and as good examples to follow. MNCs are considered a normative actor that proposes activities through its own accomplishments. These practices are perceived by local companies as new the standard of CSR and sustainability, although they believe or not in the inner motivation of those practices.

This same debate seems to be reproduced in controversial industries. In this context, the study found that large companies with a high presence of MNCs have a negative view of the role of MNCs regarding CSR and Sustainability issues. In contrast, large companies with a low presence of MNCs have a positive view of the role of MNCs regarding CSR and Sustainability issues. Again, these findings also confirm the controversial role of MNCs in developing countries. Their normative role is confirmed, although not always as something positive.

### **8.3.5. *The State as normative actor***

McNichol writes that *“It has become almost a truism in social theory circles to reaffirm that states “matter”, but the current study suggests that state institutions may matter in “non-state” para-regulatory efforts in specific ways”* (2008: 371). The qualitative evidence of this study suggests that the State “matters” in CSR practices more as a normative rather than as a coercive actor.

How could the State have a normative role? Following Fox et al. (2002) we can argue that the State should provide an “enabling environment” for CSR. These authors explain that *“by “enabling environment” we mean a policy environment that encourages (or mandates) business activity that minimizes environmental and/or social costs and impacts while at the same time maintaining or maximizing economic gains”* (2002: 1).

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In that tension between encouraging or mandating, the study has already discussed in proposition one that the State does not have a role as a regulative actor regarding CSR and Sustainability (does not *mandate*). However, the State is starting to *encourage* CSR and Sustainability, developing some agencies that provide for endorsement and facilitation, and legitimating these activities. Thus, the State is starting to have a normative role regarding CSR and Sustainability topics in Argentina. Supporting Ward's contention that, there is *increasing evidence that developing country governments are beginning to view CSR practices as a subject with relevance for public policy* (2004: 4).

With regard to CSR and Sustainability issues, the State is looking for its own place to settle. The underlying question is, on one hand, how long is the State going to wait into move to a mandating role? And on the other hand, when is the global sustainability agenda (NGOs, International Organizations) going to claim for a more active role in regulation on behalf of the State?

### 8.4. Conclusion: back to the proposition

In light of the findings, and connecting with the research questions *what institutional pressures shape local companies' CSR practices in developing countries?*, and *which type of institutional pressures shapes each type of CSR practices?*, the study concludes that the proposition two is accepted. Moreover, it seems CSR social responsibility practices are shaped by different players that act from different contexts such as CSR and Sustainability institutes, business chambers, and industry associations. There seems

to be a general normative atmosphere where local companies have the feeling that CSR and Sustainability practices are becoming a *must*.

The results suggest that not all actors and contexts have the same influence. CSR Institutes play a different role from that of business chambers. Large companies in controversial industries understand and assume pressures in different ways. However, all in all, taking all these elements together into consideration, there is a clear normative pressure over local companies to engage in CSR social responsibility practices.

The role of MNCs as a normative actor, although positive and negative perceptions, is without doubt. MNCs are running CSR programs, following international standards, and generating environments where CSR and sustainability practices became more common. The role of the State as a normative actor has been identified as an emerging issue. The study had not considered explicitly this element in the development of the conceptual model, but it could be included in proposition 2a. In this sense, the State could be understood as part of the local normative elements.

Thus far, the proposition is confirmed. The study poses that:

*2a. Local Companies' social responsibility CSR practices are motivated by local normative pressures*

*2b. Local Companies' social responsibility CSR practices are motivated by MNCs normative pressures*



To conclude, this chapter analyses the findings related to proposition two, in order to confirm, modify, or reject it. In this regard, the study identified those actors that exert normative pressures and how they behave, focusing not only on the previously identified actors but also leaving a space for emerging issues.

In sum, it is interesting to note how this proposition, which has been drawn from the literature, has been enriched and has become more complex after the research. It can be assumed that local companies in developing countries are under normative pressures from different actors. Finally, as analysed before, the study concludes that in Argentina normative pressures are the ones that mostly shape CSR practices of local companies.

Next, the study will analyse and discuss the findings of proposition three in order to confirm, reject or modify it.



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*“I believe it’s a duty, especially as a result of my moral and Christian upbringing: looking out to see what’s happening to the guy next door, right? I mean, we shouldn’t just focus on our needs and our problems. And that has been the way I was brought up, at the schools I attended –I went to Catholic school- and in my family.”*

Owner (CO2)

*“I also feel that youths’ culture is more spot-on in this regard. Concerning environmental care, you won’t see a kid throwing waste on the streets –quite the contrary; kids will teach how to take care of the environment... Ever since they were born, young people share a culture based on environmental care, demand and consumption awareness, recycling, etc.”*

CSR Manager (MD2)

*“I believe that companies lacking this distinctive approach won’t have any continuity, because, clearly, the same society that distrusts the business community will play an increasingly influential role in purchasing decisions, and people will start looking inside businesses. The companies that I think will endure the longest are those that remain more transparent, more open.”*

Director (LT1)

The objective of this chapter is to present the findings concerning proposition three, and to discuss them in the light of the conceptual model (chapter 3). Proposition three refers to those pressures and forces that shape social responsiveness CSR practices, and suggests that:

*3. Local Companies' social responsiveness CSR practices are motivated by local cultural-cognitive pressures.*

In exploring these propositions this chapter addresses two questions: first, which are the factors (or institutions) that drive culture-cognitive pressures? And second, what are the perceived CSR social responsiveness practices? In answering these questions the study will accept, reject, or modify proposition 3.

The chapter is structured in three parts: the first part presents a brief theoretical introduction reconnecting the previous discussion on how cultural cognitive pressure influence behaviours and the main carriers, routines, actors and elements (chapter 3); the second part, analyses the interview responses in order to understand what actors, factors or dimensions shape the social responsiveness practices of local companies. After undertaking a general analysis, the discussion is structured by size of firm and type of industry. Finally, the third part discusses the findings and, connects them with the conceptual model in order to accept, reject, or modify the propositions. Summary tables are provided which bring together the main concepts, quotations, and findings.

### 9.1. Cultural Systems in Developing Countries: Carriers, Routines, and Actors

As mentioned in chapters 2 and 3, cultural dimensions do not operate in coercive and normative ways. The main reason underlying this statement refers to the fact that cultural systems function in an implicit and symbolic manner (Swidler, 1986). Given that logic, it is not possible to recognize clear and identifiable actors who exert that pressure, as in the previous propositions. Accordingly, in the cultural dimension, this study identified symbols, routines, language, and attitudes that shape ideas. In the end, all of these repertoires impact on actions, but in an unconscious and implicit way (Thornton et al., 2012: see Chapter 1).

Following Meyer et al. (1994) this study understands culture as a model of society that is structured by different elements and actors. They argue: *“Culture includes the institutional models of society itself. The cultural structure of these models defines and integrates the framework of society...”* (1994: 17). They also argue that culture is not a set of rules that demark the moral boundaries of society but a set of elements that enact the values of society from inside. To unpack the cultural pressures over CSR practices this study identified elements and actors that articulate those values that structure the model of society.

Hence, different elements and actors of social life led the analysis of the findings. Among them, cultural indicators that shape the CSR's actions of local companies can be traced. In the case of cultural queries, there are no definitive actors, such as the State, MNCs, or Industry Associations that exert a formal pressure. Instead the study

identified elements that enhance a particular social dynamic where the different values of a given society develop and model social values (Scott, 2001; Swidler, 1986). Following Swidler (1986) it could be argued that culture shapes rather than determines actions subject to resources. The identification of these resources or elements is necessary to understand cultural-cognitive processes. Culture is *“more like a ‘tool kit’ or repertoire from which actors select different pieces for constructing lines of actions”* (Swidler, 1986: 277).

This dynamic and procedural view of the way that culture works (Scott, 2001 see chapter 2) gives a particular characteristic and in that sense, as mentioned in chapter 3, cultural phenomena are constituted part in the past, as a consequence of taken-for-granted behaviours and part in the future, as a consequence of the imagination of the future (Battilana, Bernard, & Boxenbaum, 2009; Emirbayer & Mische, 1998). Given that characteristic, cultural cognitive force, through mimicry, has the capacity to build a bridge and unify past and future, giving some sort of continuity to certain cultural features, and to enable at the same time change and reconfiguration of the future. In that sense, this is why culture is understood as a process of construction of identity (Geertz, 1973; Zucker, 1988a).

In this context, the results in this study emphasise the importance of elements such as immigrants, religious values, and family traditions background that generate the cultural system of a given society. But at the same time, new trends such as globalisation and new technologies also have an impact on cultural conditions. The mix of the past with

the present generates a cultural dynamic that translates into diverse ways of action for different actors.

## **9.2. Presentation of Findings**

This section presents the findings following the criteria previously discussed. At the same time, it looks for emergent issues that could enrich the proposition under analysis. This section does not refer to actors as in the previous propositions; rather, it refers to the elements and dimensions that constitute the cultural cognitive pillar. These elements and dimensions are immigrant groups, family traditions and religious values on the one hand, and emerging trends and globalisation on the other hand.

In order to comprehend this phenomenon and to confirm, reject or modify the proposition, this chapter is structured as follows: first, the role of immigrant groups, family traditions, and religious values regarding CSR practices are analysed, second, new global trends and the manner in which they affect CSR practices in local companies are identified, and third, emergent issues regarding cultural-cognitive institutional pressures are identified. In the fourth and final section, the findings are summarised.

### ***9.2.1. Immigrants, Family Traditions, and Religious Values as cultural cognitive factors***

Argentina was part of the Spanish Imperia during the Sixteenth, Seventeenth, and Eighteenth Centuries. Spanish colonization bought and imposed the Roman Catholic

religion as the national religion. Argentina received, during the Twentieth Century particularly strong immigration waves from Spain and Italy. The vast majority of immigrants were Catholic (Garguin, 2007) and this has resulted in a population which has strong roots in Italy and Spain and is broadly Catholic in religion (for a detail analysis see Romero, 2013).

Immigrants came to Argentina with different trades and started a “business” following the familiar traditions that they imported from their home countries (Romero, 2013). Accordingly, today, immigration configures a great part of the business culture of Argentinean local companies. The HR Manager (MF1) says:

*“If you look at our history, it’s filled with developments or institutions associated with the common good. Visiting the small towns in this area primarily characterized by gringos’ [European immigrants] settlements, you find that, in our small towns, access to electricity, the first movie theatres, and so came as a result of efforts deployed by institutions like the Spanish association, the Italian association, and we have a solidarity-based culture naturally bred in this area. I think that’s a key feature here.”*

In the same line a Board Director (CO1) adds:

*“I think that immigrants, in general –because immigrants used to treat their employees as part of their families, for better or worse. Overall, in all the companies that were built as a result of immigration, owners protect their employees, trying to detect their needs... We don’t realize it because we’re here, but, when we go somewhere else, a place with a different culture or a different kind of immigration background, things are different.”*



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The study suggests that these cultural factors generate a culture of solidarity, where the owners of the company “treat their employees as part of their families”. In small companies, with low presence of MNCs and in non-controversial industries, this situation is still explicit. As an Owner (RH1) -third generation- says:

*“Starting there, the family tradition has always been to be very involved with organizations. We belong to Mendoza’s Jewish community, and we serve at the board, the treasury, chairing the organization, coordinating efforts and projects. We also actively support several institutions, including one called Martín Fierro, where my grandfather was involved. There is a kind of Jewish Rotary Club, a charity organization.”*

A Director (LT1) adds:

*“Yes, partly on account of my work at VALOS [CSR Organization] and my ongoing involvement, yes. It has been very easy for me because I’d say it comes from the cradle –I don’t have to explain anything to my dad (laughs). At VALOS, we share our values, which are, precisely, the values of our parents and our grandparents.”*

Finally, the Owner (MM2) -second generation- and HR manager adds:

*“We are not individualistic; we talk a lot about family, our loved ones, the need to be surrounded by your family and friends; that’s something we value tremendously here in Argentina. People who emigrate complain about missing that abroad. I think the whole helping others bit may have to do with that, with an emotional issue.”*

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Religious values have a central role in Argentinean society, and are closely connected to solidarity and philanthropy. Although there are multiple religions in the country, the Catholic is the most common, and in the credo there is a clear message towards “helping the poor”. This relation is clearly identified by a CSR Manager (PH1):

*“We turned 85 last year, and our anniversary is always celebrated with a thanksgiving Mass at the San Pedro González Telmo Church. It was a very important religious experience for the entire company community, with a great turnout. Employees took one look at the church and said, “we want to help.” As I had organized the event, they told me, “we want to help the church.” Then, I realized that volunteer work must be organized, because people are willing to engage. Ongoing service is part of company’s culture.”*

The Owner of another business (CO2) adds:

*“We built a church at a neighbourhood called San Felipe –you can see it from the Panamericana Highway- to, as we discussed with the Bishop and the local priest who took over- shelter street children, to give them a glass of milk, to support them, to provide them with something to do in their leisure time, and to escape the dangers entailed by roaming the streets. Truth be told, it turned out really, really well. That is, it’s a busy church that gathers a lot of people. I believe it’s a duty, especially as a result of my moral and Christian upbringing: looking out to see what’s happening to the guy next door, right? I mean, we shouldn’t just focus on our needs and our problems. And that has been the way I was brought up, at the schools I attended –I went to Catholic school- and in my family. My father was a lawyer, but we were a large family, absolutely hard-working; we lived on a salary –we don’t come from a wealthy family...”*

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It is interesting to note how these values became an entrance door for CSR practices, and how they function as a driver for philanthropic motivations. An Owner and CEO (HH1) says:

*“Concerning CSR, I’m involved at ACDE [Christian Association of Business Managers], and I also think that donating my time and that of a group of people proves interesting, because we contribute this notion of values, businessmen’s critical view of their own mission in society. We held some meetings, delving into the Church’s Social Teaching, and we built an educational roadmap, bringing in renowned lecturers.”*

All of these factors (i.e. immigrations, family traditions, religious values) have a common cultural background and are related to each other generating the conditions that create cultural solidarity. An HR Analyst (PA1) makes a synthesis of that phenomenon:

*“Here at Capitán Bermúdez, there is a neighbourhood called Barrio Papelero (Paper Borough), where the company was very involved in housing development, so that people could come to do the work they had been doing in their native Italy. In later generations, the organization also grew with local people. Behind the houses, in the same lot, a school was built –it’s operating now, and it’s called Our Lady of Miracles. Next to the school, a church was built as well. It was the first church in that area, and it promoted people’s spirituality. Today, it’s a meeting and prayer point for a lot of parishioners... Since 1929, when it was founded with mostly Italian roots and foundations, the company believed that the organization had to, unequivocally, do something more than what any business does to be successful. Promoting a human-oriented industry was the founders’ slogan. Culturally, since the very beginning, the company –consistently over time, with the social investment fads that changed from one generation to another– worked on promoting social development and sustainability in the community where it operates.”*

Taken together this suggests that cultural solidarity is a key feature of Argentinean society. As a CSR Manager (BK2) remarks:

*“I think Argentines are naturally solidarity-oriented. We’ve seen it, witnessed it, and perceived that. Nowadays, solidarity, as it happens, emerges in specific occasions, when there is an emergency, a natural disaster, a crisis. You have a lot of testimonies from society, from people, telling you that they expected something from public agencies, but, they are amazed by the unexpected generosity of their peers, their neighbours, and ordinary citizens just like them. I mention this because I’ve seen it, I’ve read about it, and I’ve experienced it many times. People are surprised by something that should be natural: they’re amazed when their neighbours help them, because their neighbours are doing a little better, but not well enough to look at others.”*

It seems relevant to note that while the study identifies solidarity as a key value, it also has some limitations. As a Director (MD1) says:

*“Looking at great examples, we find Shaw [business man], who was extremely Catholic; La Bernalesa’s [company name] founder was Jewish. I think Flandria’s [company name] founders were Protestants. I think that has got a lot to do with it; it’s part of individuals’ personal commitment. In society, there is also an explanation for the way things are done. Argentines show a lot of solidarity. For the past year, we’ve had some corporate volunteer work experiences. We’re actually amazed by people’s engagement. Yes, this is more of an individualistic solidarity. People like to do things for themselves, and we’ve got to sell company efforts very carefully. There is a lot of internal trust as regards what the company wants to do with its Foundation and its support. Otherwise, people tend to*

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*follow a more individual trend, with some reluctance to engage in efforts that also require a commitment.”*

A CSR Manager (BK1) delves deeper into this idea:

*“We’re impulsive, good-hearted people, and we all chip in and try to help out. I think we are among the countries with more voluntary aid campaigns –you see that... Next week, I have been invited to have lunch with the Pink Ladies. There are so many wonderful people helping others. Clearly, that makes a difference. On the other hand, though, we are also tempted to be phonies; we don’t abide by the laws; we don’t comply with regulations; we try to cut corners whenever possible. So, when we want to get serious and work on a project, to think about how things should be done, those projects don’t come to fruition.”*

In the same vein, the Owner and CEO (IT3) adds:

*“Yes, I think so: when people are mobilized, they do get involved. Still, I feel we’re waiting to be rallied, waiting for someone else to take the initiative. I think we should be more proactive, more aware of the fact that we’ve still got a lot to do.”*

Finally, this cultural background, and in particular, the value of solidarity is related to CSR philanthropic actions. An Owner (BT2) says:

*“The truth is that you sometimes do things you don’t know had a name. You do them intuitively, because of your upbringing. My parents always donated to public institutions. I come from a family with a tradition of giving to public institutions. My father was a*

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*patron at my school –he had three kids and paid for four, so that additional fee went to pay tuition for someone who couldn't afford it.”*

As a CSR Manager (TN1) remarks:

*“We construe CSR like this: we had been working on CSR when what is now known as CSR didn't even exist. This is a business, a tannery, and, as such, we have always treated effluents; we have always cared for the environment since the beginning. This company is 54 years old –at first, it didn't work on leather, but it started to work with leather later. I joined the company in 2001, with the notion of CSR, and, as I said before, it's not on tape, we work on CSR without calling it CSR.”*

Table 37 presents mechanisms, quotations, and findings.

**Table 37. The Role of Immigrants, Traditions, and Familiar and Religious Values as cultural-cognitive factors – Quotes**

Culture Cognitive Pressure Mechanisms	Representative Data Examples	Outcomes
<p>Common Values Taken for granted schemas Rituals</p>	<p><i>If you look at our history, it's filled with developments or institutions associated with the common good. Visiting the small towns in this area primarily characterized by gringos' (European immigrants') settlements, you find that, in our small towns, access to electricity, the first movie theatres, and so came as a result of efforts deployed by institutions like the Spanish association, the Italian association, and we have a solidarity-based culture naturally bred in this area. I think that's a key feature here. (HR Manager MF1).</i></p> <p><i>I think that immigrants, in general –because immigrants used to treat their employees as part of their families, for better or worse. Overall, in all the companies that were built as a result of immigration, owners protect their employees, trying to detect their needs... We don't realize it because we're here, but, when we go somewhere else, a place with a different culture or a different kind of immigration background, things are different. (Board Director of a Construction Company)</i></p> <p><i>We turned 85 last year, and our anniversary is always celebrated with a thanksgiving Mass at the San Pedro Telmo Church. It was a very important religious experience for the entire company community, with a great turnout. Employees took one look at the church and said, "we want to help." As I had organized the event, they told me, "we want to help the church." Then, I realized that volunteer work must be organized, because people are willing to engage. Ongoing service is part of company's culture. (CSR Manager PH1)</i></p> <p><i>We built a church at a neighbourhood called San Felipe –you can see it from the Panamericana Highway- to, as we discussed with the Bishop and the local priest who took over- shelter street children, to give them a glass of milk, to support them, to provide them with something to do in their leisure time, and to escape the dangers entailed by roaming the streets. Truth be told, it turned out really, really well. That is, it's a busy church that gathers a lot of people. I believe it's a duty, especially as a result of my moral and Christian upbringing: looking out to see what's happening to the guy next door, right? I mean, we shouldn't just focus on our needs and our problems. And that has been the way I was brought up, at the schools I attended –I went to Catholic school- and in my family. My father was a lawyer, but we were a large family, absolutely hard-working; we lived on a salary –we don't come from a wealthy family...(Owner CO2)</i></p> <p><i>Concerning CSR, I'm involved at ACDE [Christian Association of Business Managers], and I also think that donating my time and that of a group of people proves interesting, because we contribute this notion of values, businessmen's critical view of their own mission in society. We held some meetings, delving into the Church's Social Teaching, and we built an educational roadmap, bringing in renowned lecturers. (Owner and CEO HH1).</i></p> <p><i>Here at Capitán Bermúdez, there is a neighbourhood called Barrio Papelero (Paper Borough), where the company was very involved in housing development, so that people could come to do the work they had been doing in their native Italy. In later generations, the organization also grew with local people. Behind the houses, in the same lot, a school was built –it's operating now, and it's called Our Lady of Miracles. Next to the school, a church was built as well. It was the first church in that area, and it promoted people's spirituality. Today, it's a meeting and prayer point for a lot of parishioners... Since 1929, when it was founded with mostly Italian roots and foundations, the company believed that the organization had to, unequivocally, do something more than what any business does to be successful. Promoting a human-oriented industry was the founders' slogan. Culturally, since the very beginning, the company –consistently over time, with the social investment fads that changed from one generation to another– worked on promoting social development and sustainability in the community where it operates.(HR Manager PA1)</i></p>	<p>*Immigrants treat their employees as family, and build the company with familiar values</p> <p>*Religious beliefs predispose towards philanthropy behaviour.</p>
	<p><i>I think Argentines are naturally solidarity-oriented. We've seen it, witnessed it, and perceived that. Nowadays, solidarity, as it happens, emerges in specific occasions, when there is an emergency, a natural disaster, a crisis. You have a lot of testimonies from society, from people, telling you that they expected something from public agencies, but, they are amazed by the unexpected generosity of their peers, their neighbours, and ordinary citizens just like them. I mention this because I've seen it, I've read about it, and I've experienced it many times. People are surprised by something that should be natural: they're amazed when their neighbours help them, because their neighbours are doing a little better, but not well enough to look at others. (CSR Manager BK2).</i></p> <p><i>Looking at great examples, we find Shaw [business man], who was extremely Catholic; La Bernalesa's [company name] founder was Jewish. I think Flandria's [company name] founders were Protestants. I think that has got a lot to do with it; it's part of individuals' personal commitment. In society, there is also an explanation for the way things are done. Argentines show a lot of solidarity. For the past year, we've had some corporate volunteer work experiences. We're actually amazed by people's engagement. Yes, this is more of an individualistic solidarity. People like to do things for themselves, and we've got to sell company efforts very carefully. There is a lot of internal trust as regards what the company wants to do with its Foundation and its support. Otherwise, people tend to follow</i></p>	<p>*Solidarity as a characteristic of Argentines</p>

	<p><i>a more individual trend, with some reluctance to engage in efforts that also require a commitment. (Director MD1)</i></p> <p><i>We're impulsive, good-hearted people, and we all chip in and try to help out. I think we are among the countries with more voluntary aid campaigns –you see that... Next week, I have been invited to have lunch with the Pink Ladies. There are so many wonderful people helping others. Clearly, that makes a difference. On the other hand, though, we are also tempted to be phonies; we don't abide by the laws; we don't comply with regulations; we try to cut corners whenever possible. So, when we want to get serious and work on a project, to think about how things should be done, those projects don't come to fruition. (CSR Manager BK1)</i></p> <p><i>Yes, I think so: when people are mobilized, they do get involved. Still, I feel we're waiting to be rallied, waiting for someone else to take the initiative. I think we should be more proactive, more aware of the fact that we've still got a lot to do. (Owner and CEO IT3)</i></p> <p><i>The truth is that you sometimes do things you don't know had a name. You do them intuitively, because of your upbringing. My parents always donated to public institutions. I come from a family with a tradition of giving to public institutions. My father was a patron at my school –he had three kids and paid for four, so that additional fee went to pay tuition for someone who couldn't afford it. (Owner BT2)</i></p> <p><i>We construe CSR like this: we had been working on CSR when what is now known as CSR didn't even exist. This is a business, a tannery, and, as such, we have always treated effluents; we have always cared for the environment since the beginning. This company is 54 years old –at first, it didn't work on leather, but it started to work with leather later. I joined the company in 2001, with the notion of CSR, and, as I said before, it's not on tape, we work on CSR without calling it CSR. (CSR Manager TN1)</i></p>	
<p>Size and Type of Company moderator</p>	<p><i>Starting there, the family tradition has always been to be very involved with organizations. We belong to Mendoza's Jewish community, and we serve at the board, the treasury, chairing the organization, coordinating efforts and projects. We also actively support several institutions, including one called Martín Fierro, where my grandfather was involved. There is a kind of Jewish Rotary Club, a charity organization. (Owner RH1)</i></p> <p><i>Yes, partly on account of my work at VALOS [CSR Organization] and my ongoing involvement, yes. It has been very easy for me because I'd say it comes from the cradle –I don't have to explain anything to my dad (laughs). At VALOS, we share our values, which are, precisely, the values of our parents and our grandparents. (Director LT1).</i></p> <p><i>We are not individualistic; we talk a lot about family, our loved ones, the need to be surrounded by your family and friends; that's something we value tremendously here in Argentina. People who emigrate complain about missing that abroad. I think the whole helping others bit may have to do with that, with an emotional issue. (HR Manager MM2)</i></p>	<p>*CSR general practices before the concept appears</p> <p>*Small and familiar companies have a strong tradition of helping the community</p>



**9.2.2. New Trends and Globalisation as cultural cognitive factors**

From a different but complementary point of view, globalisation and global trends affect the CSR behaviours of companies. These cultural factors function as something novel, something that “is happening”. These new trends lack materiality. This is why they are not perceived as normative pressures. Moreover they are perceived as something that is happening but does not affect people in a direct way. Accordingly, the study classified these trends as a cultural-cognitive pressure. As a HR Manager (OG1) comments:

*“I hope that the new generations, as a result of globalisation, turn this responsible marketing, responsible consumption –and I don’t mean alcohol, but products that follow these standards- into youth values... Yes, so that they tell one product apart from another and, somehow, help us drive this change in Argentina -and Latin America at large, for some issues are not only domestic.”*

Recognizing that these issues are part of a global trend, and making the connection with the culture of environmental care, a CSR Coordinator (MD2) adds:

*“I also feel that youths’ culture is more spot-on in this regard. Concerning environmental care, you won’t see a kid throwing waste on the streets –quite the contrary; kids will teach how to take care of the environment. Ever since they were born, young people share a culture based on environmental care, demand and consumption awareness, recycling, etc. Argentine youths are more solidarity-oriented than we were; they are more sensitive to reality. I think consumer awareness is a global trend. Environmental responsibility is a growing demand, with people looking at products and complaining about pollution.*

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*That's a global phenomenon. And Argentine youths show solidarity -at least from what I see- in everything we do. When we print some news, youths are incredibly mobilized."*

This global trend is more strongly related to environmental rather than social issues. New generations have a high awareness towards environmental concerns, and it is not only something that comes from the outside, companies and schools are working with children to produce a paradigm shift. As a Public Relations Director (WS2) says:

*"Environmental care is built-in in them; for us, it was something we acquired, and they were born with more environmental awareness. In fact, we work a lot with children; we have environmental awareness programs for them, and their work is very rich –they're our best dissemination agents, because they go home and replicate what they have learned; it comes natural to them."*

These new trends are highly related to new generations, also known as *Generation Y* or *Millennials*. People that belong to that generation are more committed to CSR issues than others. As a Public Relations Director (IT4) suggests:

*"I think it's increasingly valued –I notice that every day. In the past, they didn't ask about what we did, and, when we recruit new people, this is a recurring topic that applicants want to discuss in their interviews. And internal communications on what we do are highly valued."*

Or as an HR Manager (PH3) points out:

*“Your question already pointed to it, actually. It’s got to do with people’s age. Typically, older people –forty-year-olds and up- have a harder time understanding CSR as a discipline that cuts across the entire company, spanning all areas. They find it hard to understand why an employee benefit may be viewed from a social responsibility standpoint. Younger people seem much more motivated to join in. When we started to open up to these topics, communicating what we had been doing, the youngest group showed a great desire to collaborate, driven by an issue that mobilized them beyond any compensation-related interests, saying, “I’d like to participate, and, if something can be done, I’m in.”*

Arguing in the same direction, a CSR Manager (MD3) adds:

*“On the other hand, if you break it down by age group, it skyrockets among the young –I don’t know if it is the “Roof” [a national campaign called “A Roof for My Country”] effect or what, but youths’ willingness to collaborate, to work as volunteers, to contribute on a regular basis peaks very remarkably. Of course, if you combine both age, social and financial data, you find a higher peak among university students and graduates, but, even in lower income levels, it’s higher than in other age groups, which makes me hopeful about a possible change underway, a sustainable one at that.”*

This tendency towards environmental and social care that is *built-in* in new generations is translated into the CSR concept and how companies imagine the future. There is an idea of process, of a cultural transformation that will generate changes in the future. As a Public Relations Director (AS2) poses:

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*“I think this is a cultural issue that will change gradually. I believe consumer movements and complaints and demands are brewing in this regard.”*

Another Public Relations Director (AI1) adds in that way:

*“Then, this requires time –I compare it to raising awareness on the ozone layer, or raising awareness on environmental issues. I think the efforts that at one time went into promoting environmental causes came as a result of the work top leaders did at grassroots level, and the momentum was built from the bottom up.”*

In the same line, this conception of something that is inevitable, that is happening and that companies have to adapt to the new scenario is clearly explained by a Director (RT1):

*“Like any other financial or administrative tool, including –I daresay– the use of computers, it took some getting used to. You’ve got to train people, teach them how to use this tool, but, once they realize just how powerful it is and the connectivity it provides, they find it’s a whole new world. CSR must be a part of people’s daily operations... It’s all about demand: if consumers start demanding that companies, in addition to a good shampoo for their hair, do not pollute the environment or do not use child labour to manufacture sneakers –if that happened, I think the change would be well underway. The key lies in individuals.”*

These cultural changes will have an impact in the consumer, and companies need to react to adapt to the future consumer. This cultural shift will condition companies from the outside. It is understood as a bottom-up dynamic of change. As a CEO (IT1) argues:

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*“Consumers are starting to notice or care about who buys what and what their principles are, but we’ve still got a long way to go as consumers. At companies, I believe this has grown tremendously; companies have become more aware and keen to venture into these issues over the past three or four years. I’ve seen some great progress.”*

In the same vein, a CSR Coordinator (OG2) adds:

*“That’s why I’m telling you that the public is becoming increasingly demanding and starting to value these products and service traits. This leads companies to start engaging in Social Responsibility. I don’t know just how much it’s growing –I have no idea, but the truth is that you hear more and more talk about Social Responsibility, and I think that’s good.”*

In sum, the imagination about future societies includes CSR and Sustainability as a must, as a basic requirement from costumers and society, and this imagination shape the present, and change actual behaviours. As a Director (LT1) says:

*“I believe that companies lacking this distinctive approach won’t have any continuity, because, clearly, the same society that distrusts the business community will play an increasingly influential role in purchasing decisions, and people will start looking inside businesses. The companies that I think will endure the longest are those that remain more transparent, more open.”*

Table 38 presents mechanisms, quotations, and findings.

**Table 38. The Role of Globalisation, Global Trends, and New Generations as cultural-cognitive factors – Quotes**

Culture Cognitive Pressure Mechanisms	Representative Data Examples	Outcomes
Globalisation Global Trends Generational features	<p><i>I hope that the new generations, as a result of globalisation, turn this responsible marketing, responsible consumption –and I don't mean alcohol, but products that follow these standards- into youth values... Yes, so that they tell one product apart from another and, somehow, help us drive this change in Argentina -and Latin America at large, for some issues are not only domestic. (HR Manager OG1)</i></p> <p><i>I also feel that youths' culture is more spot-on in this regard. Concerning environmental care, you won't see a kid throwing waste on the streets –quite the contrary; kids will teach how to take care of the environment. Ever since they were born, young people share a culture based on environmental care, demand and consumption awareness, recycling, etc. Argentine youths are more solidarity-oriented than we were; they are more sensitive to reality. I think consumer awareness is a global trend. Environmental responsibility is a growing demand, with people looking at products and complaining about pollution. That's a global phenomenon. And Argentine youths show solidarity -at least from what I see- in everything we do. When we print some news, youths are incredibly mobilized. (CSR Coordinator MD2)</i></p> <p><i>Environmental care is built-in in them; for us, it was something we acquired, and they were born with more environmental awareness. In fact, we work a lot with children; we have environmental awareness programs for them, and their work is very rich –they're our best dissemination agents, because they go home and replicate what they have learned; it comes natural to them. (PPRR Director WS2)</i></p>	*There is a global trend towards environmental practices.
	<p><i>I think it's increasingly valued –I notice that every day. In the past, they didn't ask about what we did, and, when we recruit new people, this is a recurring topic that applicants want to discuss in their interviews. And internal communications on what we do are highly valued. (PPRR Director IT4)</i></p> <p><i>Your question already pointed to it, actually. It's got to do with people's sage. Typically, older people –forty-year-olds and up- have a harder time understanding CSR as a discipline that cuts across the entire company, spanning all areas. They find it hard to understand why an employee benefit may be viewed from a social responsibility standpoint. Younger people seem much more motivated to join in. When we started to open up to these topics, communicating what we had been doing, the youngest group showed a great desire to collaborate, driven by an issue that mobilized them beyond any compensation-related interests, saying, "I'd like to participate, and, if something can be done, I'm in. (HR Manager PH3)</i></p> <p><i>On the other hand, if you break it down by age group, it skyrockets among the young –I don't know if it is the "Roof" [a national campaign called "A Roof for My Country"] effect or what, but youths' willingness to collaborate, to work as volunteers, to contribute on a regular basis peaks very remarkably. Of course, if you combine both age, social and financial data, you find a higher peak among university students and graduates, but, even in lower income levels, it's higher than in other age groups, which makes me hopeful about a possible change underway, a sustainable one at that. (CSR Manager MD3)</i></p>	*The Y Generation has sensitivity towards CSR issues and a new understanding about the role of business in society
	<p><i>I think this is a cultural issue that will change gradually. I believe consumer movements and complaints and demands are brewing in this regard. (PPRR Director AS2)</i></p> <p><i>Then, this requires time –I compare it to raising awareness on the ozone layer, or raising awareness on environmental issues. I think the efforts that at one time went into promoting environmental causes came as a result of the work top leaders did at grassroots level, and the momentum was built from the bottom up. (PPRR Director AI1)</i></p> <p><i>Like any other financial or administrative tool, including -I daresay- the use of computers, it took some getting used to. You've got to train people, teach them how to use this tool, but, once they realize just how powerful it is and the connectivity it provides, they find it's a whole new world. CSR must be a part of people's daily operations... It's all about demand: if consumers start demanding that companies, in addition to a good shampoo for their hair, do not pollute the environment or do not use child labour to manufacture sneakers –if that happened, I think the change would be well underway. The key lies in individuals. (Director RT1)</i></p> <p><i>Consumers are starting to notice or care about who buys what and what their principles are, but we've still got a long way to go as consumers. At companies, I</i></p>	*The role of the consumers and the changes in the purchasing behaviour will determine company's future actions.

	<p><i>believe this has grown tremendously; companies have become more aware and keen to venture into these issues over the past three or four years. I've seen some great progress. (CEO IT1)</i></p> <p><i>That's why I'm telling you that the public is becoming increasingly demanding and starting to value these products and service traits. This leads companies to start engaging in Social Responsibility. I don't know just how much it's growing –I have no idea, but the truth is that you hear more and more talk about Social Responsibility, and I think that's good. (CSR Coordinator OG2)</i></p> <p><i>I believe that companies lacking this distinctive approach won't have any continuity, because, clearly, the same society that distrusts the business community will play an increasingly influential role in purchasing decisions, and people will start looking inside businesses. The companies that I think will endure the longest are those that remain more transparent, more open. (Director LT1)</i></p>	
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### **9.3. Discussion of findings**

The previous sections analyses the findings on how cultural-cognitive pressures shape social responsiveness CSR practices of local companies. Moreover, it identifies the different elements and dimensions that carry out those pressures.

In this section, the findings regarding proposition three are discussed within the logic of the conceptual model. As such, it considers how local companies understand social responsiveness practices, and how they perceive cultural-cognitive pressures. At the same time, it analyses what elements and dimensions exert those pressures and how local companies respond to those pressures.

The section is structured as follows: first, it considers to the role of immigrants, traditions, and familiar and religious values as cultural-cognitive factors; second, it tackles the role of globalisation, global trends, and new generations as cultural-cognitive factors. Finally, proposition three is confirmed, rejected or modified. Before starting the discussion, Table 39 summarizes the findings.



**Table 39. Proposition 3: Summarized Findings**

Immigrants, Traditions, and Familiar and Religious Values as cultural-cognitive factors	<ul style="list-style-type: none"> <li>✓ Immigrants treat their employees as family, and build the company with familiar values</li> <li>✓ Religious beliefs predispose towards philanthropy behaviour.</li> <li>✓ Small and familiar companies have a strong tradition of helping the community</li> <li>✓ Solidarity as a characteristic of Argentineans</li> <li>✓ CSR general practices before the concept appears</li> </ul>
Globalisation, Global Trends, and New Generations as cultural-cognitive factors	<ul style="list-style-type: none"> <li>✓ There is a global trend towards environmental practices.</li> <li>✓ The Y Generation has sensitivity towards CSR issues and a new understanding about the role of business in society</li> <li>✓ The role of the consumers and the changes in the purchasing behaviour will determine company's future actions.</li> </ul>

**9.3.1. The role of Immigrants, Traditions, and Familiar and Religious Values as cultural-cognitive factors**

This section of the study has a central question: what are the culture-cognitive pressures that shape local companies' CSR action? This thesis finds that culture operates in two complementary roles: as a condition and as an enabler of future actions. With regard to the first role-culture as a condition- immigrants and both religious and family values generate solidarity and a philanthropic background that naturalized philanthropic CSR.

The relationship between CSR and religiosity has been discussed in the literature in the recent literature (Angelidis & Ibrahim, 2004; Beekun & Badawi, 2005; Brammer, Williams, & Zinkin, 2007; Graafland, Kaptein, & Mazereeuw, 2006; Jamali & Sidani, 2013). The evidence confirms that religiosity generates a broader conception of the social responsibilities of business (see in particular Brammer et al., 2007). This broader conception is related to the idea of business as a good citizen and as a good neighbour; it is an extrapolation of individual beliefs to organizations.

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The findings, in this study, show that the immigrants bring to Argentina religious values, in vast majority the catholic religious values. The Catholic Social Teaching stresses, among different principles, the “option for the poor” (Bowes, 1998; Hill & Capella, 2014; Vaccaro & Sison, 2011). This idea is clearly identified by the Owner of a Construction company: *I believe it's a duty, especially as a result of my moral and Christian upbringing: looking out to see what's happening to the guy next door, right? I mean, we shouldn't just focus on our needs and our problems. And that has been the way I was brought up, at the schools I attended –I went to Catholic school- and in my family* [Owner CO2].

These religious values are the result of immigration waves, which have generated a cultural background towards solidarity and philanthropy. This cultural background is aligned with the CSR ideas, and generates social conditions for the acceptance and acquisition of CSR practices; in particular practices with the community. In this vein, the Owner of a Biotechnological company addresses: *“The truth is that you sometimes do things you don't know had a name. You do them intuitively, because of your upbringing”* [Owner BT2].

This *intuitively* and *because of your upbringing* shows in a very clear and synthesized way that this is a cultural background, a taken-for-granted notion, a shared logic of action (Scott, 2001; Zucker, 1988a, b, [1977] 1991). In this line, the study also finds that small and family companies express this cultural characteristic as something present and vivid. This findings confirms the evidence shown in different studies in developed countries that suggest that ethical and religious dimensions are a fundamental

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motivation for CSR practices (Spence, 1999, 2000; Spence & Lozano, 2000; Tantaló, Caroli, & Vanevenhoven, 2012). As Matten and Moon (2008) conclude: “*The degree to which explicit CSR will become more common for corporations’ domicile in these countries may depend on the strength of traditional institutions (e.g., family, religious, and tribal institutions) and governments that have shaped implicit CSR*” (2008: 418).

In addition, small and family companies are embedded in the community, not only emotionally, but also physically. Companies are close to the school, the square; employees live near the company. As the Owner and CEO of a small company addresses: “*I meet with my employee even on Sunday, in Mass*” [Owner and CEO HH1]. It seems interesting to note that the notion of proximity could change the notion of responsibility. In this sense, more proximity generates more engagement and commitment (Barreto & Baden-Fuller, 2006; Reed, 2002).

This study finds that cultural pressures predispose companies towards CSR social responsiveness practices, as something that has come from *inside*, that seems to be a *duty* as a role of the businessman. Thornton et al. (2012) argue, following M. Weber (Weber, [1922] 1962) that there are value-spheres (economic, religious, political, and aesthetic) that have different patterns of logic and compete each other (value conflict). In that case, it could be argued that the religious and economic value-spheres are reconciled in CSR behaviours.

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In sum, the evidence of this study shows what literature acknowledges as ‘silent’ or ‘sunken’ CSR (Jenkins, 2004; Murillo & Vallentin, 2012; Perrini, 2006; Perrini, Pogutz, & Tencati, 2006). As Perrini et al. pose: *“It is indeed true that many of the voluntary activities carried out by companies, mostly SMEs... are scarcely systematic, that is, they are not structured into formalized strategic processes, and they have low visibility outside the company. This approach to CSR that can be defined as a sort of sunken CSR is a frequent phenomenon but cannot be appreciated as deeply enhanced from the competitive point of view...”* (2006: 11). As mentioned before, this silent CSR are background conditions for a the future explicit (not-silent) CSR.

***9.3.2. The role of Globalisation, Global Trends, and New Generations as cultural-cognitive factors***

This study also finds that culture functions as an enabler of future actions. Culture as an enabler refers to certain factors, dimensions, and actors that appear in the horizon and generate conditions for future actions. In this sense, interviewees talk about trends: something diffused enough not to be a reality yet, but with enough *evidence* to suggest it as something that is going to happen in the near future, and changes present behaviours (Bourdieu, 1990).

All these new trends in sustainability are framed in a context of globalisation, a context of hyper-communication, which facilitates the dissemination of global issues and global agendas. The global sustainability agenda is heavily dominated by environmental matters (Pomarici & Vecchio, 2014). The environmental issues are not only a goodwill agenda; rather a critical agenda with empirical evidence (see the study on planetary boundaries of the Stockholm Resilience Centre<sup>25</sup>) that shows in black and white the urgency and call for action. Moreover, conferences on sustainable development such as RIO+20, where countries, companies, and international organizations are represented also help to raise the awareness (Belal & Momin, 2009).

Findings suggest that there is a global trend towards environmental practices. This trend is understood as the perception that in the near future companies' behaviours toward environmental practices will change, because something is changing in a deeper dimension. As a CSR Manager remarks: "*Concerning environmental care, you won't*

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<sup>25</sup> <http://www.stockholmresilience.org/21/research/research-programmes/planetary-boundaries.html>

*see a kid throwing waste on the streets –quite the contrary; kids will teach how to take care of the environment. Ever since they were born, young people share a culture based on environmental care, demand and consumption awareness, recycling, etc” [CSR Manager MD2].*

As noted above, this study finds clear evidence that regulative and normative pressures shape environmental practices. But at the same time, there are cultural-cognitive pressures as well that are shaping these types of practices. If regulative and normative pressures function in a top-down direction, cultural-cognitive function in a bottom-up direction (Scott, 2001, 2004). While regulative and normative pressures explicitly posit the necessity to adopt practices that take care of the environment and have formal mechanisms (law, rules, standards, etc.) to do it, culture-cognitive pressures implicitly show that taking care of the environment is a trend, and something that will be a must in the future. In that sense, my imagination of the future shape my present behaviour (Battilana et al., 2009; Emirbayer & Mische, 1998).

It is interesting to note that the different institutional dimensions are in a constant dynamic. Moreover, it enables the analysis of the different institutional levels as something flexible (Lounsbury & Ventresca, 2002), something that is in a constant process of structuration (Giddens, 1986). In this same line, when analysing how institutional theory evolves and becomes mature, Scott, poses that understanding the change and the dynamic and interconnection of pressures is part of this maturing (Scott, 2008: see in particular p. 437-38) of the theory.

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One emergent finding of our study is the role of the Millennials, or the so called Generation Y. This generation (individuals born between the years 1979 and 2001) has a different understanding of the role of companies in society. Many studies (see in particular Cone & AMP, 2008; PwC, 2011) observe that this population cohort has as key characteristics open-minded, global thinking, and requires from companies good reputation and ethical practices. As a Public Relations Director addresses “*I notice that every day. In the past, they didn’t ask about what we did, and, when we recruit new people, this is a recurring topic that applicants want to discuss in their interviews*” [PPRR Director IT4].

The Cone 2006 Millennial Cause Study (Cone & AMP, 2008) finds that this generation has a pro-social mind-set, and inside this mind-set recycling is in the first place (Cone & AMP, 2008: see table in page 6). It is interesting to analyse how this global trend towards environmental awareness is reflected in this new generation, and the analysis in this study confirms this global trend. As a Public Relations Director of a water supply company says: “*Environmental care is built-in in them; for us, it was something we acquired, and they were born with more environmental awareness. In fact, we work a lot with children; we have environmental awareness programs for them, and their work is very rich –they’re our best dissemination agents, because they go home and replicate what they have learned; it comes natural to them*” [PPRR Director WS2]. The question that arises is the following: what is going to happen when this new generation assumes responsibilities in companies, and in other institutions?, how will this new mind-set shape the companies’ behaviours?

## Chapter 9. Proposition 3: Findings and Discussion

The findings suggest that a crucial factor that will condition the future behaviour of companies will be responsible consumer behaviour. Webb et al. (2008) analyses different definitions of responsible consumer behaviour, and conclude that the definition of Mohr et al. (2001) contemplates all the dimensions previously studied. They define a responsible consumer as *“a person basing his or her acquisition, usage, and disposition of products on a desire to minimize or eliminate any harmful effects and maximize the long-run beneficial impact on society”* (Mohr et al., 2001: 47).

Consumers' behaviour is related to the previous discussion about Millennials. McGlone et al. pose: *“Millennials actually do intend to reward or punish a company based on its commitment to social causes, then the public perception of the firm is critical”* (2011: 197). This thesis finds evidence that supports the idea that in the future, new generations will become more responsible consumers, and that situation will modify companies' behaviours.

A Public Relations Director of Airport synthesises how different pressures move, and capture the dynamics of social construction realities, and how new ideas and practices naturalize: *“Then, this requires time –I compare it to raising awareness on the ozone layer, or raising awareness on environmental issues. I think the efforts that at one time went into promoting environmental causes came as a result of the work top leaders did at grassroots level, and the momentum was built from the bottom up”* [PRRR Director A11].



In sum, this study finds that there is a global tendency in the future generations towards CSR practices, in particular towards environmental issues. At the same time, this tendency will be traduced in consumer's behaviours reinforcing and shaping companies' behaviours.

#### **9.4. Conclusion: back to the proposition**

Under the light of the findings and the previous discussion, the study concludes that the proposition three is accepted. CSR practices perceived as social responsiveness have a clear cultural-cognitive background constituted by factors that function as conditions of possibility, and by future enablers.

In this sense, the proposition 3 is confirmed:

*3. Local Companies' social responsiveness CSR practices are motivated by local cultural-cognitive pressures.*

To conclude, this chapter analyses the findings related to proposition three, in order to confirm, modify, or reject it. In this regard, the study identified elements and factors that exert cultural-cognitive pressures and how they work and behave, focusing not only on the previously identified elements and factors but also leaving a space for emerging issues.

## **Chapter 9.**Proposition 3: Findings and Discussion

In sum, it is interesting to note how this proposition, which has been drawn from the literature, has been enriched and has become more complex after the research (i.e. the role of millennials regarding CSR practices). It can be assumed that local companies in developing countries are under cultural-cognitive pressures from different elements, and actors.

In the next section, the thesis will reconnect the findings and discussion of each proposition with the research questions, and the conceptual model, in order to analyse and discuss the contributions and limitations of this thesis, and directions for future work.



## 10. Conclusion: Contributions, Limitations, and Future Work

Social expectations of companies' behaviours have changed dramatically in the last 20 years (Crane & Matten, 2010; Jamali, 2006). Environmental degradation, social inequality and working conditions have put the role of companies in society on the agenda (Blowfield & Frynas, 2005; Blowfield & Murray, 2008; Crane, 2013). In response, CSR and its formal and informal infrastructure have been outlined as having the potential to focus business organizations' efforts and responsibilities in helping to relieve these problems (Jamali & Neville, 2011; Margolis & Walsh, 2003).

From environmental degradation to child labour, all these matters are embraced in the CSR concept and have been discussed widely in the management literature (Blowfield & Frynas, 2005; Crane, Palazzo, Spence, & Matten, 2014). Although there is a particular CSR community in academia<sup>26</sup>, other academic communities, from finance and operations to marketing, are also focusing their research on the effects of CSR in their different disciplines (see as examples Elliott, Jackson, Peecher, & White, 2014; Naiker, 2013; Prasad & Holzinger, 2013).

It is in light of these contemporary changes that this thesis has aimed to understand one relatively unstudied aspect of CSR: CSR practices in developing countries (see chapter 2). Following an institutional theory approach to this issue (see chapter 3), the research question that leads this thesis is: *What institutional pressures shape local companies' CSR practices in developing countries?* In the process of addressing this main research question, the study has also sought to answer three subsidiary questions: *What types of*

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<sup>26</sup> See the Social Issues in Management (SIM) Division of the Academy of Management, or the International Association for Business and Society (IABS) as examples.

*institutional pressures shape each type of CSR practice? What role does the state play in shaping local companies' CSR practices in developing countries? How do MNCs influence local companies' CSR practices in developing countries?*

To do so, this thesis has developed a conceptual model (see chapter 4) which brings together institutional theory and CSR practices in developing countries, putting the emphasis on the role of MNCs. To unpack this phenomenon, three propositions (and their sub-propositions) have been derived from the conceptual model. In-depth interviews were undertaken in local companies in Argentina, a developing country in Latin America, with the aim of confirming, rejecting or modifying these propositions. The findings may also prove applicable to other developing countries.

At the same time, this thesis seeks to understand both the role of MNCs as conduits of global institutional pressures and the way in which MNCs shape the CSR practices of local companies in developing country contexts. As previously mentioned, MNCs are relevant elements in the literature regarding the diffusion of new practices (Hah & Freeman, 2014; Wiig & Kolstad, 2010). Finally, this thesis also aims to comprehend the role of the state in the adoption of CSR practices by local companies.

In answering the research questions, this thesis finds that the main institutional pressures which shape CSR practices are normative ones, through CSR and sustainability institutes, accreditations of norms and standards, the dissemination of practices by MNCs and also the role of the state in facilitating and partnering CSR programmes. Cultural-cognitive pressures shape CSR practices through the cultural background of Argentina (religious values, immigrants' solidarity) and attitudes towards

philanthropy and the influences of global trends driven by new generations. This thesis also finds that only MNCs and international markets exert coercive pressures towards CSR practices, in particular, towards environmental practices. Thus, different CSR practices are shaped by different institutional practices and, as analysed in detail through this thesis (see chapters 7, 8, and 9), size, type of industry and the presence of MNCs are found to operate as moderators. Table 40 presents a summary of the findings by type of institutional pressure.

Table 40. Summary of the Findings by Type of Pressure

<i>Coercive Pressures</i>	
<i>Actors or Elements</i>	<i>Findings</i>
State as a regulative actor	<ul style="list-style-type: none"> <li>• The State is absent, passive and “soft” in the regulation of CSR issues.</li> <li>• Although the passivity of the State:                             <ul style="list-style-type: none"> <li>- Large companies need it to give a frame and legitimacy to certain CSR programs.</li> <li>- Companies in controversial industries need it to legitimize its programs and actions.</li> </ul> </li> <li>• The State is starting to regulate state-owned companies</li> </ul>
MNCs as regulative actors	✓ MNCs play a regulative role <i>through soft mechanisms</i> (perceive a coercive) but only regarding environmental practices and standards.
International markets as regulative actors	<ul style="list-style-type: none"> <li>✓ International markets play a significant regulative role as mandating some standards (especially environmental) that operate as entry barriers.</li> <li>✓ Big companies and companies in controversial industries are especially exposed to coercive pressures from international markets (size and type of industry as moderators).</li> </ul>
<i>Normative Pressures</i>	
<i>Actors or Elements</i>	<i>Findings</i>
CSR and Sustainability Institutes as a normative actor	<ul style="list-style-type: none"> <li>✓ CSR and Sustainability Institutes are perceived as meeting points and a source of networking</li> <li>✓ CSR and Sustainability Institutes disseminate and give access to general information, and tools; translate international information to local context circumstances.</li> <li>✓ Also, these institutes legitimate CSR practices.</li> <li>✓ Awards as a tool to organize internal information and give external visibility to the company</li> <li>✓ Particular places (in particular cities) generate CSR awareness from Institutes and Organizations</li> <li>✓ Big companies need an institution that give representation and with capacity of lobby for the private sector (size as moderator).</li> </ul>
Accreditations, Evaluation Systems, and Standards as a normative actors	<ul style="list-style-type: none"> <li>✓ Standards, tools, and norms have an important role in the dissemination of CSR practices. They are perceived as internal (processes) and external (image) assets.</li> <li>✓ Big companies and companies in controversial industries perceived this norms, tools, and standards as basic requirement to operate and gain social license (size and type of industry as moderator).</li> <li>✓ Small companies perceived this norms, tools, and standards as a way</li> </ul>

	<ul style="list-style-type: none"> <li>to manage and maintain CSR efforts (size as moderator).</li> <li>✓ Big companies with low presence of MNCs do not give importance to CSR norms, tools, and standards (size and context as moderator).</li> </ul>
Chambers and Industry Associations as normative actor	<ul style="list-style-type: none"> <li>✓ Chambers and Industry Associations do not have CSR issues in the agenda:</li> <li>✓ Chambers and Industry Associations of big and controversial industries have CSR issues in the agenda: in special the environmental ones (size and type of industry as moderators).</li> </ul>
MNCs as normative actors	<ul style="list-style-type: none"> <li>✓ Negative role: part of the companies sees the MNCs as importing packages without context understanding. Also saw a lack of real commitment and a double standard</li> <li>✓ Positive role: how MNCs manage CSR issues: templates, patterns, use of standards and guidelines (e.g. GRI).</li> <li>✓ Companies in controversial industries with high presence of MNCs have a negative view of the role of MNCs as normative actors (type of industry and context as moderator).</li> <li>✓ Companies in controversial industries with low presence of MNCs have a positive view of the role of MNCs as normative actors (type of industry and context as moderator).</li> </ul>
State as normative actor	<ul style="list-style-type: none"> <li>✓ The State is starting to put CSR and Sustainability issues in the agenda, is still accessory but visible.</li> </ul>
<i>Cultural-cognitive Pressures</i>	
<i>Actors or Elements</i>	<i>Findings</i>
Immigrants, Traditions, and Familiar and Religious Values as cultural-cognitive factors	<ul style="list-style-type: none"> <li>✓ Immigrants treat their employees as family, and build the company with familiar values</li> <li>✓ Religious beliefs predispose towards philanthropy behaviour.</li> <li>✓ Small and familiar companies have a strong tradition of helping the community</li> <li>✓ Solidarity as a characteristic of Argentineans</li> <li>✓ CSR general practices before the concept appears</li> </ul>
Globalisation, Global Trends, and New Generations as cultural-cognitive factors	<ul style="list-style-type: none"> <li>✓ There is a global trend towards environmental practices.</li> <li>✓ The Y Generation has sensitivity towards CSR issues and a new understanding about the role of business in society</li> <li>✓ The role of the consumers and the changes in the purchasing behaviour will determine company's future actions.</li> </ul>

Although this thesis groups the findings by institutional pressure, it is necessary to note that institutional pillars (and their mechanisms) are a dynamic reality. As a result, institutional pressures are often entangled and mutually reinforcing and it is difficult to delineate neatly them in practice. As Lounsbury and Ventresca (2002) argue, institutional levels are flexible and are constantly dynamic; it is necessary to understand the findings of this thesis within this dynamic scenario. The particular characteristics of the developing country context also give rise to new mechanisms and new actors – or different behaviours of the same actors which must be understood within this dynamic.

The rest of this chapter is organized as follows: first section presents the conceptual model and revisits the propositions; second section discusses the contributions of the thesis in light of the conceptual model, its propositions and the findings; third section, where acknowledges the limitations of this study and highlights the significance of the proposed theoretical contributions for future research. Finally, the chapter concludes with a restatement of the central premises and a conclusion.

### 10.1. Conceptual Model and Propositions Revisited

This section considers the conceptual model and its propositions and then revisits the findings as a prelude to the analysis of the contributions. The propositions were discussed in detail in chapters 7, 8 and 9. Table 41 summarises each of the original propositions and the revised variations which follow from the empirical work. A new proposition (1b) emerges from the findings.

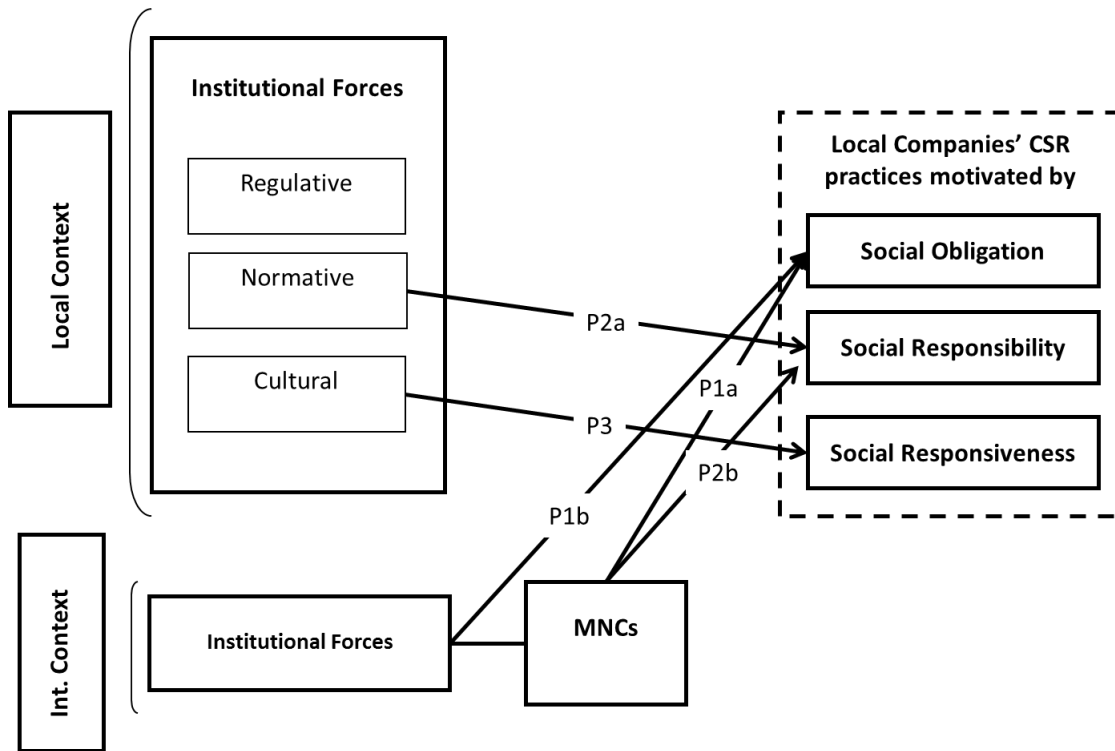
Table 41. Confirmed, modified and emergent propositions

Original Propositions	Confirmed, Modified and Emergent Propositions
1. Local Companies' social obligation CSR practices are motivated by coercive pressures from domiciled MNCs rather than from the State.	<b>Modified:</b> 1a. Local Companies' social obligation CSR practices, in particular environmental practices, are motivated by coercive pressures from domiciled MNCs rather than from the State.
	<b>Emergent:</b> 1b. Local Companies' social obligation CSR practices, in particular environmental practices, are motivated by coercive pressures from International Markets rather than from the State.
2a. Local Companies' social responsibility CSR practices are motivated by local normative pressures.	<b>Confirmed:</b> 2a. Local Companies' social responsibility CSR practices are motivated by local normative pressures.
2b. Local Companies' social responsibility CSR practices are motivated by MNCs normative pressures.	<b>Confirmed:</b> 2b. Local Companies' social responsibility CSR practices are motivated by MNCs normative pressures.
3. Local Companies' social responsiveness CSR practices are motivated by local cultural-cognitive pressures.	<b>Confirmed:</b> 3. Local Companies' social responsiveness CSR practices are motivated by local cultural-cognitive pressures.



Following the confirmation and modification of the propositions, the conceptual model was revisited and proposition 1b was added. Figure 9 presents the revised conceptual model.

Figure 9 Model of Corporate Social Responsibility in Developing Countries Revisited



As can be seen in Figure 9, proposition 1b is a direct effect of the international context without any moderating element from the local context. As discussed in chapter 7, international markets exert coercive pressure by imposing entry barriers on local firms that lay claim to exporting products or services. These pressures are exerted by international markets regarding environmental practices in particular (emergent proposition 1b). It could be added that environmental practices are also those that domiciled MNCs impose as a must for local companies and are perceived by these companies as practices required by social obligation (modified proposition 1a).

Propositions 2 and 3 were confirmed and have already been discussed in chapters 8 and 9 in detail. In the next section, the main contributions of the thesis are discussed.

### 10.2. Contributions of this thesis

The research questions mentioned above and the subsequent conceptual model with its propositions explore the main purpose of this thesis: to understand how institutional pressures influence the adoption of different CSR practices by local companies in developing countries. In relation to these questions, this thesis extends knowledge, based on qualitative research, through three main contributions:

1. Regarding the role of MNCs as conduits of institutional pressures, this thesis suggests that MNCs operate akin to regulatory actors by imposing coercive pressures and/or sanctions which have implications for local firms in developing countries. Furthermore, it contributes to our understanding of MNCs as amongst the main actors encouraging the homogenization of CSR practices on a global scale.
2. This study shows how the state shapes CSR practices in Argentina, contributing to the broader debate on the role of the state in developing countries (e.g. Fox et al., 2002; Ward et al., 2007). This thesis finds that the state behaves as a normative actor in Argentina – rather than a coercive one – regarding CSR practices.
3. Regarding the use of institutional theory to explain the adoption of CSR practices by local companies in the context of a developing country, this thesis identifies the mechanisms and actors through which institutional pressures shape different CSR practices. This thesis sheds light on how institutional pressures operate in new contexts, adding new insights to extant theory which is largely

derived from developed country contexts. It contributes to the existing literature (e.g. Greenwood et al., 2008; Scott, 2001, 2008; Thornton et al., 2012) by explaining how cultural-cognitive mechanisms operate in Argentina. It also makes an empirical contribution by providing evidence of a new form of normative mechanism in a developing country context: the diffusion of CSR practices through communities of practice.

In the following sub-sections, this study explains each contribution in detail.

### *10.2.1. The role of MNCs as conduits of institutional pressures*

This thesis contributes to empirically show the role of MNCs as conduits of institutional forces towards adoption of CSR practices by local companies in developing countries. Previous literature has addressed this idea, but only in a conceptual basis (Campbell, 2007; Lindgreen et al., 2009; Matten & Crane, 2005; Matten & Moon, 2008; Muller, 2006). In the same manner, it contributes to understand MNCs in developing country contexts as institutions that operate in order to make local environments, where they operate, homogeneous towards CSR practices. Jamali and Neville (2011) paper develops a conceptual model in this same sense.

The findings of this thesis regarding the role of MNCs as institutional conduits in a developing country could be framed within the CSR convergence and divergence debate (see Jamali, 2010; Jamali & Neville, 2011; Matten & Moon, 2008). The notion of CSR convergence assumes that local forms will inevitably give way to universal forms driven

by the process of globalisation, generating a process of homogenisation in heterogeneous local contexts. Behind this thesis lies the assumption that global rational processes will triumph over local structures; two clear examples of this are democracy in politics and free markets in economics. MNCs operate in different forms to foster convergence because they are naturally global actors that disseminate rational global standards and practices in every country of the world (Djelic & Sahlin-Anderson, 2008; Kostova, 1999; Kostova & Roth, 2002; Muller, 2006).

In terms of the context of this study, local companies' positive perceptions of MNCs' CSR practices are related to the process of convergence of CSR. Local companies stress that MNCs import new forms of management related to CSR practices; for example, they import templates, patterns and standards, such as GRI guidelines and ISO standards (14000, 5000 and 26000). These standards and guidelines are clear examples of CSR convergence, exhibiting the rationalization process. From an institutional perspective, this process of convergence is related to the original statement made by DiMaggio and Powell (DiMaggio & Powell, [1983] 1991) regarding the fact that institutional theory has to do with the homogenisation processes (see section 3.1.1. of this thesis). The fact that companies in industries with a low presence of MNCs do not accord much importance to norms and guides as normative pressures confirms the assumption that MNCs are the main actors driving the convergence of CSR practices.

Also, in the context of CSR convergence, this thesis finds that local companies perceive the environmental standards as social obligation practices imposed by MNCs as a condition of being suppliers in the local sphere on the one hand and by international markets as entry barriers on the other hand. In this sense, international markets have

become global regulators (the same argument posed by Djelic & Sahlin-Anderson, (2008). This thesis contributes to this debate by showing how international institutional pressures influence CSR in local firms through local actors (such as domiciled MNCs) or directly through standards and norms which act as entry barriers in the global arena (see emergent proposition 1b).

On the other hand, the CSR divergence argument is related to the radicalisation of local cultural differences. This thesis assumes that globalisation raises barriers in terms of different nations, religions and cultural identities, reinforcing values that fight against this globalisation process (Amaeshi et al., 2006). An example is the radicalisation of groups in the Middle East against anything that comes from Western countries. As Jamali and Neville (2011) state:

“The divergence thesis, therefore, would suggest that the CSR infrastructure will either not be absorbed, or alternatively that it will be tailored to each developing country’s particular historical, cultural, economic, and political context, thus potentially reflecting in new hybridized expressions” . (2011: 602)

Again, in the context of this study, local companies with negative perceptions of MNCs’ CSR practices raise the question of MNCs importing packages of CSR practices to Argentina without a deep contextualized understanding. In doing so, MNCs are trying to fit their global programmes into the local culture. From this perspective, MNCs are perceived as actors with a lack of local commitment. In this sense, the divergence CSR thesis uses MNCs to highlight the need to develop local CSR, founded on the cultural values of the specific context.

As mentioned previously (chapter 3), institutional forces exert pressure towards the homogenisation of practices through different mechanisms (DiMaggio & Powell, [1983] 1991; Scott, 2001). In light of the findings of this study, it could be argued that MNCs are among the main forces for the homogenisation of CSR practices in developing countries, but any form of homogenisation produces resistance from different actors (Oliver, 1992; Zucker, [1977] 1991). While MNCs bring a soft type of coercive and normative pressures to bear, which encourage global standards and practices, some local companies exert cultural-cognitive pressures preserving their cultural values. The ways in which the tensions between these institutional forces are resolved are configured by social values and social identity (Marquis & Battilana, 2007; Zucker, [1977] 1991).

The main “resistance” argument of local companies is that MNCs import packages that are not adequate for the local context because they lack deep understanding. As a CSR Coordinator (IT5) remarked, “I think it’s better and more important for companies in Argentina to look at the best practices shared by Argentine companies, with local traits and working on local problems, than whatever comes from abroad, which, ultimately, is nothing but a foreign package”.

All in all, if the process is analysed as a whole, it could be argued that the findings of this thesis show that, in Argentina, there is a trend towards a CSR convergence. Even in cultural-cognitive forces, new trends represented by new generations are assuming a more global identity (Cone & AMP, 2008; PwC, 2011). Marquis and Battilana (2009) argue along this line and present the tension between local and international pressures as a paradox in institutional theory. Moreover, they assert that different institutional

contexts resolve this paradox in different ways and at a given moment. Regarding CSR practices, this thesis finds that MNCs are key players in the resolution of that tension.

In local contexts, MNCs are stressed by the “institutional duality” (Kostova & Roth, 2002) of performing in line with their headquarters or conforming to the local contexts in which they operate (Barreto & Baden-Fuller, 2006). The diametrically opposed perceptions of local companies regarding MNCs confirm this duality. It is interesting to note how local companies in controversial industries with a high level of domiciled MNC presence have a negative perception of MNCs. They focus on what they see as double standards, i.e. the need for international companies to comply with global standards but without real local commitment. On the other hand, local companies in controversial industries with low levels of domiciled MNCs have a positive view of MNCs as normative actors which import and disseminate good CSR practices.

In sum, the convergence and divergence CSR debate, from the perspective of “institutional duality” is also related to one of the main debates of institutional theory: conformance and performance (Heugens & Lander, 2009, see chapter 3 for a detail discussion). MNCs in developing countries have the pressure to perform to reach the goal of the headquarters, but at the same time they have the pressure to conform to local expectations. In this sense, “institutional duality” can be understood as a certain type of decoupling (Meyer & Rowan, [1977] 1991) in order to survive in the local context. Companies may thus decouple their activities to cope with both pressures (institutional and competitive), generating two different structures (and discourses): one for the institutional context and one to cope with economic performance.

It can be concluded from the findings here that the more CSR converges with international standards, the more MNCs can focus on performance, meaning that the need for decoupling tends to disappear. As a result, MNCs are likely to put pressure on the local context to converge with global CSR practices (Kostova, 1999; Kostova & Roth, 2002) to reduce the cost of decoupling.

### *10.2.2. The role of the State as normative actor*

One contribution of this thesis is the finding that the state, notwithstanding its absence as a regulatory actor, takes a normative role regarding CSR practices in developing countries, establishing national and local agencies to foster CSR practices among local companies. The state assumes a role in facilitating, partnering and endorsing CSR practices (Fox et al., 2002), thus leaving a void in its regulatory role. Existing literature documents the absence of the state as a regulator of CSR practices (see chapter 2), but this thesis contributes empirical evidence to address not only the state's absence as a regulatory actor but also its presence in a normative actor role.

This study also finds that companies (in particular large local companies) look to the state to give legitimacy and credibility to their CSR programmes. It is interesting to note here that there are some institutional roles of the state, such as providing legitimacy and credibility to social actors, which cannot be delegated to other social actors. Large local companies and MNCs, given the lack of trust and legitimacy in local communities (Gifford & Kestler, 2008; Gifford et al., 2010), need legitimation and credibility from the state. The other side of the coin is that society does not trust large companies and in



particular those in controversial industries; the state plays a passive but fundamental role in this context by providing legitimacy to the CSR practices of these companies.

These findings are aligned with the literature (Campbell, 2007; Jamali & Neville, 2011; Matten & Moon, 2008) which argues that corporations, in particular multinational and large companies, need the state to play a clear role and require strong regulations to engage in socially responsible behaviour. A strong presence of the state reduces uncertainty and prepares the environment for a more rational and standardised CSR process (CSR convergence). In the same line of thought, this thesis also finds that companies in controversial industries ask for this strong role on the part of the state as game ruler. Companies in controversial industries, with high international exposure when involved in social and environmental issues, require the presence of the state to mediate between them and society and generate the trust that controversial industries do not possess. It should be noted that although CSR matters are not a central issue on the state's agenda, it is on the CSR agenda of these companies. In light of these findings, this thesis contributes to a deeper understanding of the role of the state in developing countries, suggesting that it legitimizes the CSR practices of companies, in particular large companies and those in controversial industries.

The role of the state needs to be understood and rethought within the framework of a global trend towards new forms of regulation. The failure of global initiatives, such as Rio+20<sup>27</sup>, in regulating and establishing global standards (Jacobsson, 2008) are also giving rise to claims for different forms of regulations and standards related to global issues, such as environmental degradation or new forms of modern slavery (Crane,

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<sup>27</sup> [http://www.washingtonpost.com/national/health-science/rio20-earth-summit-results-in-nonbinding-declaration-with-moderate-goals/2012/06/22/gJQA7kpMvV\\_story.html](http://www.washingtonpost.com/national/health-science/rio20-earth-summit-results-in-nonbinding-declaration-with-moderate-goals/2012/06/22/gJQA7kpMvV_story.html), and <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmenvaud/200/200.pdf>

2013). In sum, it can be argued that CSR matters are part of a global agenda and that in the absence of global authorities with power to regulate such matters, non-conventional forms appear (Djelic & Quack, 2008; Djelic & Sahlin-Anderson, 2008; Jacobsson, 2008; Jacobsson & Sahlin-Anderson, 2008). What remain open are the questions of how these new regulatory configurations will develop and how social movements will engage in these matters (Kurland & McCaffrey, 2014).

In the scenario in which there is doubt concerning the role of classic regulatory actors, this thesis contributes to the understanding of the state as a normative actor regarding CSR matters in developing country contexts. This thesis shows how the state has involved itself recently in CSR matters, offering help to companies, providing frameworks for action and helping in the coordination of activities. This thesis concludes that society in Argentina, within the context of CSR, asks for a state that coordinates, legitimates and partners rather than regulates.

### ***10.2.3. The use of institutional theory to explain the adoption of CSR practices in developing countries***

#### ***10.2.3.1. Cultural-cognitive mechanisms as a condition of possibility for CSR practices***

The conceptual model proposes that different types of CSR practices are motivated by different institutional pressures. This classification is dynamic and is understood as a CSR space in which companies move; i.e. it is the possible space (Bourdieu, 1990) for CSR practices. This thesis has found that the same practice (following environmental standards) could be understood by different types of companies (industry, size) as a different kind of CSR practice and motivated by various institutional pressures. A local

company could follow an environmental standard (CSR practice) because it is necessary so as to be a supplier of MNCs or to export to foreign markets (social obligation), or because it understood that this is the best practice of the industry (social responsibility), or because, in the future, retaining talent will be a competitive advantage (social responsiveness).

What is clear to local companies is that there are some practices carried out on a mandatory basis and others undertaken on a voluntary basis. The mandatory and non-mandatory classification of CSR practices seems to fit well in the CSR “manager” mind-set. However, this thesis, following institutional theory, a universe of practices is found to exist: those that managers “are thinking” of doing in the future, those that exist virtually (Meyer et al., 1994; Suddaby, Elsbach, Greenwood, Meyer, & Zilber, 2010), those perceived as trends and those viewed as a requirement for future generations. All of these are also part of the universe of CSR practices because they are shaping current CSR practices.

The dynamics of institutional forces work in generating conditions for things to happen (Scott, 2004, 2008). This thesis, in analysing CSR practices from this perspective, has been able to capture the complexity and dynamics of the process of the adoption of CSR practices. In particular, it contributes to our understanding of how cultural cognitive mechanisms work in the adoption and diffusion of these practices. As Scott (Scott, 2004, 2008) argues in his analysis of the future path of institutional theory, these processes have been the least studied.

This thesis has found that cultural cognitive pressures generate the background conditions for CSR practices. These background conditions are present in two ways. In one way, in Argentina, the cultural background inclines towards philanthropy. In another way, it is found that among local companies there is a perception that new generations will require CSR practices as a must in the future and companies have to be prepared.

The tendency towards philanthropy is rooted in the religious background of the immigrants who arrived in Argentina, as analysed in detail in chapter 9. These philanthropic-type CSR practices are aligned, as mentioned before, to what the literature acknowledges as “silent” or “sunken” CSR (Jenkins, 2004; Murillo & Vallentin, 2012; Perrini, 2006; Perrini et al., 2006). Silent CSR is not strategic or systematic; it is informal and based on historical relationships. It does, however, generate the conditions for explicit and strategic CSR in companies, in particular SMEs (Jenkins, 2004). Thus, cultural cognitive elements function as taken-for-granted conditions and they work in silence, generating background conditions for future formal CSR practices.

Culture cognitive pressures also work in a virtual way (Bourdieu, 1990). Future generations are being educated within a more socially and environmentally friendly background and this education may be actualized in the future. To respond to this future expectation, companies understand CSR practices as a preparation for the future. To retain talent in the future, companies will need to address the CSR agenda (Cone & AMP, 2008). When companies respond to a future expectation, they ratify this tendency and accelerate the process of social transformation, working in conjunction with normative and regulative processes.

Therefore, this work contributes to the existing literature by explaining in a more detailed fashion and with an empirical background that cultural-cognitive pressures are settled in the past and in the future at the same time, configuring actual social expectations and working as conditions of possibility for the appearance of regulative and normative pressures. Using empirical data, these findings confirm the idea proposed by Marquis and Battilana (2009) that cultural-cognitive pressures are shaped by local roots “exposed to global trends” (2009: 294).

### 10.2.3.2. A new form of normative pressure: communities of practice

From CSR institutes to international organizations, such as ISO or GRI, in Argentina there is a normative CSR environment that explicitly exhibits a social expectation with regard to local companies. As argued by Scott (Scott, 2001), the basis of the legitimacy of the normative pillar is moral schemes configured by explicit social expectations. In sum, this thesis has found that there is a normative atmosphere which pushes local companies to engage with CSR practices, responding to a social expectation.

Within this normative atmosphere, this thesis contributes to actual theory by discussing a new form of normative pressure that is not empirically well addressed in the institutional theory literature: the concept of communities of practice bodies that set expectations and practice standards (see discussion in chapter 8). A community of practice is a “collection of people who engage on an ongoing basis in some common endeavour” (Eckert, 2006: 683). The contribution of this thesis is to understand the role of these communities of practices as normative elements, exerting pressure for the

homogenisation of CSR practices in the local context. Here, these communities operate in the same way as the professional bodies identified earlier by institutional theory as key actors in the institutionalisation process (DiMaggio, 1979, 1991).

This thesis finds that CSR and sustainability institutes, which bring together the local CSR community in Argentina, have an essential role in the dissemination of practices throughout the country, operating as communities of practice. The main roles of these organizations are to share best practice and generate awareness among companies, as well as to set the CSR standard (morally governed) for companies which want to engage in CSR. In so doing, these organizations have become one of the most important normative forces perceived by local companies.

The findings of this thesis empirically confirm the new developments in institutional theory, which reinforce the idea of the community as an institutional order (Thornton et al., 2012: see chapter 3). Communities can be understood in two ways: in a geographical sense, as the “local geographic environment” (Marquis et al., 2007), and in a virtual sense as these are the communities that do not necessarily have to share the same geographical location and are the result of new technologies and forms of communication (O'Mahony & Bechky, 2008; O'Mahony & Ferraro, 2007). These virtual communities are driven by a clear purpose that allows them not to share the same “location” but still be very uniform and consistent. Both types of communities are understood as groups of people that embody common understandings (norms, habits, rules) which serve as mental models for the organize, definition, or creation of a given reality (Thornton et al., 2012).

The findings empirically confirm the existence of CSR communities of practice in Argentina. Whilst in Argentina there is a CSR community identified as such (with no clearly defined geographical identification) which operates through national CSR and sustainability institutes in some important (and large) cities of Argentina – Rosario, Córdoba and Mendoza – there is a strong business community committed to CSR practices that is turning those cities into *CSR spots* (geographical identification) for the rest of the country. It could be argued that geographical and non-geographical communities reinforce each other to generate a normative atmosphere for the implementation of CSR practices among local companies.

In the context of this work, the interviewees affirm that CSR and sustainability institutes are safe places in which motivation can be found. In contrast, this study finds that Chambers of Commerce and business associations do not share this idea of community and they are perceived as sectorial lobby agents. It could be argued that Chambers of Commerce and industry associations have lost their common values and commitment and their members are only together for practical convenience. Local companies perceive these organizations only in a transactional way. Accordingly, these organizations do not have the moral authority to motivate or call for the new practices to be embraced, or to set new standards.

In sum, as previously discussed in chapter 9, communities of practice operate as professional bodies of CSR and following in institutional theory's footsteps, they disseminate practices as normative agents. The power of these communities resides in their commitment and shared values (Lave & Wenger, [1991] 2003; Thornton et al., 2012). These communities become a legitimate authority and a reference for other

organisations that want to embrace CSR practices. These “places” give the community a safe place and a meeting point, reinforcing the identity of the group.

Finally, this thesis contributes by providing a deeper understanding of how institutional theory and its mechanisms behave in a developing country context. Thus, this thesis contributes to the existing theory which explains how institutional theory foundations are developed (see chapter 3) in developed country contexts. This thesis explores the different pressures and actors that exert pressures on CSR practices in developing countries. The case of the state is paradigmatic, in that it assumes a normative role, as is the case of sustainability institutes, which assume the role of professional bodies. This thesis opens up a new vein for future research in studying the dynamic of institutional pillars in different settings.

### **10.3. Practical implications**

As analysed in this study, CSR practices in Argentina are driven mostly by normative pressures; this state of affairs generates an opportunity for local companies to become involved in the development of CSR in Argentina, in particular through CSR and sustainability institutes, which are leading the CSR initiatives. Although there are power distances among different types of companies, CSR communities are places in which small and medium-sized companies can raise their voices and be heard by large companies (local and multinational). As seen earlier, communities of practice are purpose-driven organizations and are not hierarchical, as Chambers of Commerce or industry associations are); thus, in communities of practice, all types of companies can contribute to the state of the art in the local CSR arena.



At the same time, local companies have the possibility to understand the motivation of MNCs and help them in the contextualisation of their CSR programmes. If local companies understand what motivates MNC CSR programmes, they will be able to work more wisely and in a more integrated fashion. Likewise, MNCs that operate in developing countries can gain an understanding of the perceptions held by local companies and also look forward for the contextualization of their CSR programmes. MNCs have the opportunity to include local organizations in their CSR programmes and show their local commitment. These local organizations will by definition help MNCs to contextualize their programmes.

Managers of local companies will find an intrinsic motivation towards CSR matters in future generations and they could guide their talent retention programmes in relation to CSR commitments. Local companies could find a differentiating asset in CSR and use these programmes not only for the retention of millennials, but also as a motivational strength.

Likewise, local companies need to adopt a more strategic approach in their philanthropy. There are two factors that contribute to making general charity (the philanthropic approach) a must in local companies: on the one hand, poverty, social exclusion and deficient nutrition in Argentina need urgent assistance in the form of food, housing, etc.; on the other hand, the Argentinean catholic background makes this practice commonplace and something that is expected by the community. Taking this tension between philanthropy and strategy into account, managers of local companies need to understand the CSR agenda as a global agenda and move towards strategic

CSR, potentially integrating their philanthropic approach within the strategic approach (Jamali, 2007).

The practical implications for local managers in Argentina are also relevant to other managers in different developing countries, taking into account cultural differences and the stage of CSR practices in the local sphere. In particular, local managers in similar contexts should look to generate or support CSR communities of practice around actual organizations, or create new ones to expand the diffusion and adoption of CSR practices.

Finally, there are also practical implications for Chambers of Commerce and industry associations. These organizations need to become more deeply involved in CSR and sustainability issues. This thesis has found that they are perceived by local companies, in particular small and medium-sized organizations, as “old and conservative”, failing to understand new tendencies and movements. They are perceived as lobby organizations with sectorial interests that represent mostly large companies. These organizations could use CSR matters to obtain social legitimacy and to attract not only large companies but also small and medium-sized ones to their ranks. Social assumptions about companies are changing and Chambers of Commerce and industry associations seem to be functioning within an old paradigm of the role of business in society.

#### 10.4. Limitations and future work directions

Following Thorngate's (Silverman, 2001; Thorngate, 1976) postulation of commensurate complexity, it could be said that a theory of social systems cannot be at the same time general, accurate and simple. This thesis aims to further understanding of how institutional forces shape local companies' CSR practices in developing countries. With this goal, the study has developed a conceptual model, merging the CSR and institutional theory literature, and has run an empirical project in Argentina, a developing country in Latin America. The identification of some limitations of the thesis can shed some light on possible future research directions on these topics, beyond the lines implicit in the above discussion.

The replication of certain aspects of this research with different samples or in different research contexts will be necessary to confirm the findings. The developing countries classification is based on material and economic factors, such as GDP, inflation, productivity, investment and income (The World Bank, 2012). Although these material conditions generate circumstances that produce common characteristics for the countries within this category (see the analysis in chapter 2), there are other conditions, more related to cultural dimensions, such as religious background and ethnicity, or even geographical considerations (Barreto & Baden-Fuller, 2006; Marquis & Battilana, 2009) that should be taken into account among countries. In the context of this study, such cultural dimensions could make a great difference, representing a limitation for the generalization of results on the one hand, but the possibility of enhancing the results in new settings on the other.

The sample was designed around local companies that already run CSR programmes and the interviewee was the person in charge of CSR, following the criteria presented in chapter 5. Sampling in a different way could gain in diversity and complement these findings. First, it would be interesting to design the sample around non-CSR staff in the companies to capture a more neutral and perhaps critical view. Second, the sample could also include the opinion of MNCs operating in the country to capture their views and compare them to local companies' views. Third, another possibility to enrich the results could be sampling local companies without any CSR programme to understand why they do not engage in CSR and how they perceive local CSR practices.

Institutional theory may also benefit from a closer scrutiny of the complementary dynamics of structure and agency tension (see chapter 3). This thesis is more focused on a structured approach, using the institutional pillars to analyse the adoption of CSR practices in a developing country. Although during the interviews the agency perspective was captured to a greater extent, it could be a future vein to complement the results presented here.

Researchers investigating CSR practices in developing countries could also focus on the study from the beneficiaries' point of view. How do different stakeholders perceive companies' CSR programmes? Do all the stakeholders have the same perception of companies' CSR programmes? It could be interesting to understand the cognitive gap in relation to CSR (EuropeanCommission et al., 2006) between managers and stakeholders.

Finally, this thesis follows a deductive and an inductive approach, the main purpose of which is to propose, reject or modify propositions drawn from the literature. Given the nature of the context and the purpose of the study, qualitative methods were used. A future direction could be to test the propositions developed in this thesis using quantitative methods.

### 10.5. Restatement and Conclusion

This thesis has argued that different local companies' CSR practices in developing countries are shaped by institutional forces. To comprehend this phenomenon, this study developed a conceptual model with propositions capturing the dynamic between institutional pressures and CSR practices. By running in-depth and open-ended interviews with CSR agents of local companies in Argentina, this work has captured how different institutional forces (through diverse actors and mechanisms) shape CSR practices.

Normative pressures are those that shape local companies' CSR practices to the greatest extent. This work shows how institutional pressures need to be understood in an institutional dynamic as a whole and that there is complementarity among institutional pillars. The state and MNCs have been analysed as key actors, by action or omission, as conduits of institutional pressures. By this means, the thesis sheds light on the discussion about the role of the state and MNCs in developing countries from an institutional perspective.

The research suggests that local companies in Argentina are under multiple institutional pressures to engage in different types of CSR practices. Moreover, this thesis also addresses how different types of local companies (by industry and size) perceive institutional pressures in different ways. Large companies in controversial industries could run the same programme as a small company in a non-controversial industry but the institutional pressures that outline such behaviours are completely different. Finally, this thesis contributes to the institutional theory and CSR literature and also addresses practical implications for local companies in developing countries.



## **Appendices**





## Appendix A. Journals Ranked by Impact: Management

### Journals Ranked by Impact: Management

([http://sciencewatch.com/dr/sci/09/apr12-09\\_2/](http://sciencewatch.com/dr/sci/09/apr12-09_2/))

Rank	2007 Impact Factor	Impact 2003-07	Impact 1981-2007
1	MIS Quarterly (5.83)	MIS Quarterly (10.87)	Adm. Sci. Quart. (81.86)
2	Acad. Manage. J. (5.02)	Adm. Sci. Quart. (9.80)	Acad. Manage. Rev. (59.93)
3	Acad. Manage. Rev. (4.37)	Acad. Manage. J. (7.43)	Res. Organization. Beh. (54.58)
4	Organization Science (3.13)	Res. Organization. Beh. (7.28)	Acad. Manage. J. (45.66)
5	Adm. Sci. Quart. (2.91)	Acad. Manage. Rev. (6.90)	Strategic Manage. J. (40.52)
6	Strategic Manage. J. (2.83)	Organization Science (6.63)	Org. Behav. Human Peform. (38.06)
7	Acad. Man. Learn. Ed. (2.80)	Information Syst. Res. (6.62)	MIS Quarterly (34.18)
8	Information Syst. Res. (2.68)	Strategic Manage. J. (5.90)	Organization Science (29.22)
9	Organ. Res. Methods (2.55)	Journal of Management (5.11)	Journal of Management (24.85)
10	Int. J. Bus. Stud. (2.28)	Decision Sciences (5.08)	Org. Beh. Human Dec. Proc. (24.37)

The above table compares the citation impact of journals in a given field as measured over three different time spans. The left-hand column ranks journals based on their 2007 "impact factor," as enumerated in the current edition of *Journal Citations Report*<sup>®</sup>. The 2007 impact factor is calculated by taking the number of all current citations to source items published in a journal over the previous two years and dividing by the number of articles published in the journal during the same period--in other words, a ratio between citations and recent citable items published. The rankings in the next two columns show impact over longer time spans, based on figures from *Journal Performance Indicators*. In these columns, total citations to a journal's published papers are divided by the total number of papers that the journal published, producing a citations-per-paper impact score over a five-year period (middle column) and a 27-year period (right-hand column).

SOURCE: *Journal Citations Report* and *Journal Performance Indicators*.



## **Appendix B. Interview Questionnaire**

### Part 1. Introduction

Thank you

Purpose of the study

Ethic clearance

Confidentiality

Consent to tape

#### 1.1. Who is the Interviewee?

Name:

Position Held / Organization:

Email Address:

Sex / Age:

Years in the Company:

MNCs activity in your Industry: Low or High

### Part 2. Pre-Formulated Questions

The objective of this section is to understand the motivations of companies to engage in CSR actions and to understand the institutional pressures that shape the different types of CSR practices. The objective is also to have a historical perspective to understand the evolution of CSR practices inside each company.

#### 2.1. General Motivations about CSR (capture the history)

- a) Have your company a CSR program?
- b) How your company defines CSR, and since when did CSR actions?
- c) What is your company doing on CSR?
- d) Which are the main motivations for your company to engage in CSR actions?
- e) Which types of actions are included in your CSR practices?

#### 2.2. Particular Motivations about CSR

- a) What your company does specifically with Employees, Community and Environment?

### 2.3. Institutional Pressures

- a) What do you think are the drivers to engage in CSR practices?
- b) Does your company follow any law or strong regulation regarding CSR issues?
- c) How is the role of State regarding CSR?
- d) How your Chamber of Commerce or your Industrial Association affect your CSR programs?
- e) Did you (or any college) attend to any CSR Conference in the past year?
- f) Did you certify any norm related to CSR?
- g) What do you think is your main source of CSR inspiration?
- h) How the values and cultural environment affect your CSR programs?

### 2.4. MNCs Pressures

- a) How MNCs activity in your industry affects your CSR programs?
- b) How MNCs activities affect the CSR context in general?
- c) Do you think the CSR in your company it will be different if MNCs were absent?

## Part 3. Re-questioning

Capturing Emerging Issues

## Part 4. Closing

### 4.1. Demographics

Type of Companies:

Number of Employees:

Sales:

Export: Yes or No

## Appendix C. Practices by Box and by Practices

### Box 1

COMPANIES / PRACTICES	Assurance (45)	Assurance (12)	Fashion (14)	Retail (20)	Construction (29)	Hotel and Health (33)	IT (50)	IT (51)	IT (54)	Total	
<b>COMMUNITY</b>											
Education Program	1	1				1	1	1	1	6	
Health Program	1	1			1	1				4	
Housing Program					1					1	
Finance Program					1					1	
Help in Catastrophes											
General Charity		1	1	1				1		4	
Culture	1									1	
Employment Program				1						1	
Social Inclusion	1			1						2	
Child Labor											
Institutional support to NGOs				1			1	1	1	4	
3 <sup>rd</sup> Age											
<i>Total</i>										24	58,5 %
<b>EMPLOYEE</b>											
Volunteering								1		1	
Schooling								1		1	
Credit for Housing											
Work-life balance			1	1			1	1		4	
Health Problems	1					1				2	
Economic Benefits						1	1			2	
Hired Handicap People											
Working Conditions								1	1	2	
<i>Total</i>										12	29,3 %
<b>ENVIRONMENT</b>											
Recycling	1			1				1		3	
Industrial or Comercial process	1									1	
Eco-Buildings								1		1	
<i>Total</i>										5	12,2 %
	7	3	2	6	3	4	4	9	3	41	

Box 2

COMPANIES / PRACTICES	Biotechnology (11)	Biotechnology (13)	Oil (17)	Wine (21)	Oil (44)	Wine (55)	Total		
COMMUNITY									
Education Program	1	1	1		1		4		
Health Program				1		1	2		
Housing Program									
Finance Program									
Help in Catastrophes									
General Charity	1	1		1	1	1	5		
Culture						1	1		
Employment Program									
Social Inclusion			1				1		
Child Labor				1			1		
Institutional support to NGOs									
3° Age									
<i>Total</i>							14	58,3 %	
EMPLOYEE									
Volunteering			1				1		
Schooling					1		1		
Credit for Housing						1	1		
Work-life balance	1						1		
Health Problems	1			1			2		
Economic Benefits	1					1	2		
Hired Handicap People									
Working Conditions									
<i>Total</i>							8	33,3 %	
ENVIRONMENT									
Recycling	1						1		
Industrial or Comercial process	1						1		
Eco-Buildings									
<i>Total</i>							2	8,3 %	
	7	2	3	4	3	5	24		

Box 3

COMPANIES / PRACTICES	Food (4)	Agro (5)	Banking (8)	Banking (9)	Banking (10)	Agro (24)	IT (27-28)	Television Media Production (34)	Agro (40)	IT (41)	Agro (46)	Food (47)	Assurance (48-49)	Agro (52)	Food (57)	Total		
<b>COMMUNITY</b>																		
Education Program	1	1	1	1		1	1	1	1	1	1	1	1	1	1	14		
Health Program	1	1	1	1					1		1	1			1	9		
Housing Program	1	1													1	3		
Finance Program			1	1					1							3		
Help in Catastrophes	1															1		
General Charity					1							1	1	1	1	5		
Culture			1					1	1							3		
Employment Program				1					1		1	1	1			5		
Social Inclusion	1					1	1	1				1			1	6		
Child Labor						1					1				1	3		
Institutional support to NGOs	1		1	1				1		1						5		
3° Age					1								1			2		
<i>Total</i>																59	52,7 %	
<b>EMPLOYEE</b>																		
Volunteering	1		1	1		1	1			1	1	1	1			9		
Schooling	1	1									1					3		
Credit for Housing	1	1		1							1					4		
Work-life balance	1		1			1		1	1							5		
Health Problems	1	1										1			1	4		
Economic Benefits	1	1	1			1					1	1			1	7		
Hired Handicap People																		
Working Conditions								1	1						1	3		
<i>Total</i>																35	31,3 %	
<b>ENVIRONMENT</b>																		
Recycling	1	1	1	1				1		1			1	1		8		
Industrial or Comercial process	1		1			1			1	1	1		1	1		8		
Eco-Buildings			1										1			2		
<i>Total</i>																18	16,1 %	
	14	8	11	8	2	7	3	7	8	5	9	8	8	8	6	112		



Box 4

COMPANIES / PRACTICES	Pharma (3)	Pharma (7)	Paper (15)	Tobacco (18)	Tobacco (19)	Electricity (23)	Leather (22)	Wine (25)	Pharma (37)	Wine (42)	Total	
<b>COMMUNITY</b>												
Education Program	1		1	1	1	1	1	1			7	
Health Program	1	1	1	1	1	1	1	1	1	1	10	
Housing Program												
Finance Program												
Help in Catastrophes		1									1	
General Charity												
Culture			1								1	
Employment Program				1	1						2	
Social Inclusion			1	1	1	1	1	1			6	
Child Labor				1	1			1			4	
Institutional support to NGOs			1				1				2	
3 <sup>rd</sup> Age												
<i>Total</i>											33	49 %
<b>EMPLOYEE</b>												
Volunteering	1		1			1					3	
Schooling				1	1		1	1		1	5	
Credit for Housing				1	1			1			3	
Work-life balance	1	1							1		3	
Health Problems			1	1	1			1			4	
Economic Benefits			1				1				2	
Hired Handicap People									1		1	
Working Conditions								1			1	
<i>Total</i>											22	33 %
<b>ENVIRONMENT</b>												
Recycling	1	1	1						1	1	5	
Industrial or Comercial process		1	1	1	1			1	1		6	
Eco-Buildings			1									
<i>Total</i>											12	18 %
	5	5	11	9	9	4	6	9	5	4	67	

Box 5

COMPANIES / PRACTICES	Retail of pharmaceutical goods (26)	Manufacturing or fabricated metal products (35)	Restaurant (36)	Retail of household goods (43)	Logistics and Transportation (53)	Manufacturing or fabricated metal products (56)	Total	
<b>COMMUNITY</b>								
Education Program								
Health Program	1			1			2	
Housing Program								
Finance Program								
Help in Catastrophes								
General Charity	1	1	1	1	1	1	6	
Culture				1			1	
Employment Program						1	1	
Social Inclusion	1						1	
Child Labor								
Institutional support to NGOs								
3 <sup>rd</sup> Age								
<i>Total</i>							11	34,4 %
<b>EMPLOYEE</b>								
Volunteering			1				1	
Schooling			1		1		2	
Credit for Housing			1				1	
Work-life balance								
Health Problems								
Economic Benefits		1	1	1	1	1	5	
Hired Handicap People	1						1	
Working Conditions		1	1	1	1	1	5	
<i>Total</i>							15	46,9 %
<b>ENVIRONMENT</b>								
Recycling	1		1		1		3	
Industrial or Comercial process		1	1		1		3	
Eco-Buildings								
<i>Total</i>							6	18,8 %
	5	4	8	5	6	4	32	

Box 7

COMPANIES / PRACTICES	Construction (16)	Media (Newspaper) (30)	Media (Newspaper) (31-32)	Manufacture of furniture (39)	Total	
<b>COMMUNITY</b>						
Education Program	1	1		1	3	
Health Program				1	1	
Housing Program						
Finance Program						
Help in Catastrophes						
General Charity	1	1		1	3	
Culture		1			1	
Employment Program		1			1	
Social Inclusion						
Child Labor						
Institutional support to NGOs		1	1		2	
3 <sup>rd</sup> Age						
<i>Total</i>					11	41 %
<b>EMPLOYEE</b>						
Volunteering		1	1		2	
Schooling						
Credit for Housing	1				1	
Work-life balance		1		1	2	
Health Problems				1	1	
Economic Benefits	1			1	2	
Hired Handicap People						
Working Conditions	1	1	1		3	
Internal Activities						
<i>Total</i>					11	41 %
<b>ENVIRONMENT</b>						
Recycling		1	1		2	
Industrial or Comercial process	1	1	1		3	
Eco-Buildings						
<i>Total</i>					5	19 %
	6	10	5	6	27	

Box 8

COMPANIES / PRACTICES	Airport (1)	Water Supplier (2)	Water Supplier (6)	Paper and Agro (38)	Total	
<b>COMMUNITY</b>						
Education Program	1	1	1	1	4	
Health Program	1	1			2	
Housing Program						
Finance Program						
Help in Catastrophes	1	1			2	
General Charity				1	1	
Culture						
Employment Program				1	1	
Social Inclusion						
Child Labor				1	1	
Institutional support to NGOs						
3 <sup>rd</sup> Age						
<i>Total</i>					11	41 %
<b>EMPLOYEE</b>						
Volunteering		1	1		2	
Schooling				1	1	
Credit for Housing				1	1	
Work-life balance	1	1			2	
Health Problems		1		1	2	
Economic Benefits				1	1	
Hired Handicap People						
Working Conditions						
Internal Activities						
<i>Total</i>					9	33 %
<b>ENVIRONMENT</b>						
Recycling	1	1	1	1	4	
Industrial or Comercial process	1	1		1	3	
Eco-Buildings						
<i>Total</i>					7	26 %
	6	8	3	10	27	



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