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DOI:

[10.1177/0018726719828437](https://doi.org/10.1177/0018726719828437)

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*Document Version*

Peer reviewed version

*Citation for published version (Harvard):*

Ben Khaled, W & Gond, J-P 2019, 'How do external regulations shape the design of ethical tools in organisations? An open polity and sociology of compliance perspective', *Human Relations*.  
<https://doi.org/10.1177/0018726719828437>

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Checked for eligibility: 17/12/2018

Ben Khaled, W., & Gond, J.-P. (2019). How do external regulations shape the design of ethical tools in organisations? An open polity and sociology of compliance perspective. *Human Relations*. <https://doi.org/10.1177/0018726719828437>  
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# **How do External Regulations Shape the Design of Ethical Tools in Organisations?**

## **An Open Polity and Sociology of Compliance Perspective**

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### **Abstract**

In response to the numerous hard and soft ethical regulations that have emerged in the wake of recurrent corporate scandals, Multinational Corporations (MNCs) have adopted ethical tools. This move is often interpreted as a means to garner legitimacy and as loosely coupled to corporate activities. Little is known, however, about the processes by which external regulations affect the design of ethical tools. Approaching organisations as open polities and building on institutional theory and the sociology of compliance, we conducted a qualitative study of the development of twenty-three ethical tools at four MNCs. We analytically induced a three-stage model that explains how ethical tools are externally sourced (importation), then subjected to competing pressures from distinct professional groups that replicate legal features of the environment (politicisation), to become finally turned into quasi-legal procedures (legalisation). Our analysis contributes to theory by explaining how external regulations relate to the organisational production of ethical tools in a self-reinforcing manner, while specifying the role of ethics professionals in the process of ethical tool production.

**Keywords** Ethical tools, Ethics professionals, Institutional theory, Judicialization, Open polity, Sociology of compliance.

**Acknowledgements:** We gratefully thank Tim Kuhn for the high quality of editorship work he has made for this paper. We also thank the three anonymous reviewers for their constructive and supportive comments. We are also grateful for the support received by the EGOS and EURAM board which awarded an earlier version of this paper in 2015. A special gratitude for their comments and support goes to Arno Kourula, Jeremy Moon, Bronwyn Haslam, Jérôme Méric, Yoan Bazin, Jérémy Morales, Julia Parigot, Melissa Boudes and Bernard Leca. We are also very grateful for the support of *La Chaire Ethique et Gouvernement d'Entreprise* from Paris Dauphine University.

Regulations increasingly define both what constitutes ethical behaviour for organisations and how ethics are applied in corporations. This trend is sustained by both hard and soft regulations. On the hard side, there is increased ‘judicialisation’, which is the ‘domination of non-judicial negotiating or decision-making arenas by quasi-judicial (legalistic) procedures’ (Tate and Vallinder, 1995: 5). On the soft side, there is a growing ‘politicisation’ of corporate environments (Scherer et al., 2016), visible in the explosion of norms and standards that focus on defining corporate responsibility and accountability, such as ISO 26000 (Gilbert et al., 2011; Rasche, et al., 2013). Despite these trends, little research has connected the development of external ethical regulations to the politics surrounding the implementation of ethical tools within organisations (Clegg et al., 2018; Weber and Waeger, 2017).

Thus far, the literature dedicated to ethical tools has focused on the determinants of their adoption (Chua and Rahman, 2011; Weaver et al., 1999) or on their organisational effectiveness (Kaptein and Schwartz, 2008), leaving untouched the work of professionals involved in the development of ethical tools (Romani and Szkudlarek, 2014) and how external regulations influence the design of ethical tools. Through institutional theory, authors have clarified multiple endogenous factors (e.g., search for legitimacy, reputation) and exogenous factors (e.g., cultural shifts, public pressures) that drive the corporate adoption of ethical tools (Bondy et al., 2008) and have suggested that ethical regulations may in fact remain ‘decoupled’ from actual organisational practices (Meyer and Rowan, 1977; Weaver et al., 1999).

However, the micro-dynamics underlying the design of ethical tools remain overlooked, as do the political struggles that may take place at the boundary between organisations and their external institutional environment. As a result, little is known about how the external political trends that sustain the development of ethical regulations relate to the internal politics of ethical tool development, though we can expect the two phenomena to be

empirically related (Clegg et al., 2018; Weber and Waeger, 2017).

In this paper, we seek to theorise the relationships between the (internal) development of ethical tools and (external) ethical regulatory trends by uncovering the processes by which external regulations are connected to, translated into, and involved in the design of ethical tools. To do so, we combine insights from the ‘open polity model of organisations’ (Weber and Waeger, 2017) and the ‘sociology of compliance’ (Edelman and Talesh, 2011; Parker and Nielsen, 2011; Talesh, 2009) in a baseline framework. Open polity scholarship focuses on how ‘internal political processes are intertwined with external conditions, so that organisational responses to their environment are mediated and shaped by boundary processes and organisational coalition dynamics’ (Weber and Waeger, 2017: 887) and suggests we might explore how external and internal politics interact in ethics regulation. The sociology of compliance (Edelman and Talesh, 2011; Parker and Nielsen, 2011; Talesh, 2009) is a field of study derived from the institutional analysis of how legal pressures influence organisations (Edelman, 1990, 1992; Meyer and Rowan, 1977). It acknowledges the necessarily ambiguous nature of any regulation (Edelman, 1992) and sheds light on the key role played by professionals (Lenglet, 2012), their subjective interpretations (Edelman and Talesh, 2011), and their embodied experience (Pérezts and Picard, 2015) in the processes through which external regulations are ‘translated’ into an organisational context.

To empirically investigate how external ethical regulations shape the design of ethical tools, we focus our analysis on the professionals involved in designing these tools at four MNCs headquartered in France. Adopting analytical induction as our research method, we analyse 23 processes of ethical tool design. We build on this analysis to develop an augmented framework that captures how external ethical regulations are translated in MNCs through the design of ethical tools. This model consists of three steps: ethical tools are first sourced through *importation*; then, they are subjected to competing pressures from distinct

groups of ethics professionals through *politicisation*, which replicates the legal features of the environment; and finally, they are turned into quasi-legal procedures through a focus on compliance, standardisation, and individualisation of responsibility at the *legalisation* stage.

As a whole, our study offers a twofold contribution to theory. First, our results show the connections between the internal and external political dynamics of ethical regulations, thereby advancing current analyses of organisations as open polities and the sociology of compliance. We explain how these regulations are connected to organisations through the sourcing of ethical tools, the intra-organisational replication of political divisions and processes, and the emerging and self-reinforcing legalisation of ethical tools. Second, our study advances current knowledge of how ethical tools are designed in organisations (Romani and Szkudlarek, 2014). We highlight the key roles played by distinct groups of professionals and their interpretative processes throughout the process of translating regulations. In so doing, we underline the risk of the balkanisation of ethics professionals.

### **Reconsidering the institutional perspective on the adoption of ethical tools**

In line with prior research on ‘ethical programs’ (Kaptein, 2015; Trevino and Weaver, 2001), we broadly define ‘ethical tools’ as the set of devices designed to formalise and regulate ethics in the workplace. This definition is consistent with the notion of a ‘business code’, i.e. ‘a distinct and formal document containing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues of at least its managers and employees toward one another, the company, external stakeholders and/or society in general’ (Kaptein and Schwartz, 2008: 113).

In addition to important empirical studies on the effectiveness of ethical tools (for an overview, see Kaptein, 2015; Kaptein and Schwartz, 2008; Romani and Szkudlarek, 2014), there are a number of articles that employ institutional theory to account for the adoption of ethical tools. According to these articles, ethical tools are adopted in response to institutional

pressures and the adoption of compliant behaviours is central to an organisation's survival (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). These compliant behaviours may be related to fears of legal punishment or a bad reputation (Chua and Rahman, 2011; Conroy and Emerson, 2008). Such fears might also explain the increasing development of ethics offices and tools, which signal positive intent (Bondy et al., 2004) and increase social legitimacy (Meyer and Rowan, 1977; Suchman, 1995).

Prior institutional research also shows that institutional pressures explain not just the adoption of ethical tools but also their isomorphism (Bondy et al., 2008; Conroy and Emerson, 2008). These studies view ethical tools as a voluntary rule-setting mechanism to escape or limit state intervention in organisational decisions (Chua and Rahman, 2011). Ethical tools are thus approached as 'self-regulation' devices (Adams et al., 2001) meant to manage regulatory risks (Bansal and Hunter, 2003; Levis, 2006) rather than means to increase a firm's performance (DeJong et al., 2005). Despite their voluntary nature, ethical tools are thus outcomes of organisations' perceived obligation to comply with social and legal expectations.

However, an analysis of the micro-foundations of compliance practices that connect external regulations to the development of internal tools and practices is still missing from the literature. Institutional studies have usually assumed the pre-existence of such tools in organisations or organisational fields, neglecting the development of these tools within organisations (Kaptein and Schwartz, 2008; Romani and Szkudlarek, 2014). They have also assumed that ethical tools circulate without necessarily being altered, despite evidence that practices or tools are usually tailored to local contexts (Ansari et al., 2010; Gond and Boxenbaum, 2013). As a result, little is known about the design of ethical tools and the work of the professionals in charge of designing these tools.

Additionally, and more importantly for our purpose, prior institutional studies of ethical

tools have overlooked the political mechanisms affecting organisational responses to external pressures and have regarded the adoption of ethical tools as a homogenous organisational outcome. However, recent approaches to organisations as ‘open polities’ (Weber and Waeger, 2017) suggest that such institutional processes may be influenced by both dynamics in the external political environment and dynamics in organisations (Clegg et al., 2018). For instance, Waeger and Weber (2018) conceptualise how intra-organisational political dynamics can shape organisational responses to multiple and contradictory institutional pressures, and Mezhiorak’s (2018) study of the adoption of outsourcing at an MNC shows how such internal and external political dynamics combine to shape the labour process. Further, in a literature review of studies with an open polity approach to organisations, Weber and Waeger (2017: 888) call for future work focused on the boundary processes that ‘couple organisations’ internal policies to their external political environments’. In what follows, we respond to this call: specifically, we open the ‘black box’ of ethical tool design and closely analyse how MNCs translate ethical regulations into internal ethical tools through boundary micro-processes. We address the following question: *How are external ethical regulations translated in organisations through the design of ethical tools?*

### **Boundary micro-processes of ethical tool adoption: Model development**

To explore the boundary micro-processes that connect external ethical regulations to the adoption of ethical tools, we develop a baseline model that combines concepts from the analysis of ‘organisations as open polities’ (Weber and Waeger, 2017) and the ‘sociology of business compliance’ (Parker and Nielsen, 2011). Figure 1 provides an overview of our baseline model that summarises the previous literature and has guided our inquiry. This model explains how the development of ethical regulations reinforces the *ambiguity* of such regulations. Further, it explains how *the legal sphere shapes the boundary micro-processes underlying the adoption of ethical tools*. These boundary micro-processes also involve the



*translation of regulations by ethics professionals, political dynamics, and material dimensions.* We now present each component of our baseline model in greater detail.

INSERT FIGURE 1 ABOUT HERE

*Addressing the ambiguity of ethical regulations*

The sociology of business compliance moves from a positivist to an interpretivist stance on regulations, a stance that fully recognises the role of the organisational interpretative processes through which compliance is achieved and external regulations are translated (Parker and Nielsen, 2011). In this perspective, the ambiguity of regulations enables organisations to construct their own meaning of compliance (Edelman, 1990), leading to different organisational interpretations of compliance (Edelman, 1992; Lenglet, 2012) – even though isomorphic pressures drive organisational behaviour (DiMaggio and Powell, 1983).

We argue that the specific context of the adoption of ethical regulations is especially relevant to advancing our understanding of organisational interpretative processes, as ethics is a particularly ambiguous notion. Definitions of ethics vary across legal frameworks and across organisations. They usually point to broad values like ‘integrity’ or ‘honesty’ that are difficult to implement and enforce (Crane and Matten, 2010; McCrudden, 2008). Just as for corporate social responsibility or sustainability, the increasing number of distinct soft standards intended to regulate ethics creates a high degree of opacity in this field (Wijen, 2014). And yet, despite this ambiguity, MNCs have responded to ethical regulations through a similar adoption of codes of ethics or enforcement of whistleblowing procedures (Bondy et al., 2004; Chua and Rahman, 2011). To understand how organisations manage the adoption of ethical regulations, compliance studies suggest focusing on the role of the professionals in charge of translating external regulations into internal policies and practices; from the open polity viewpoint, such professionals operate as ‘boundary spanners’ who connect features of the external political environment to organisational practices (Rao and Sivakumar 1999;

Weber and Waeger, 2017).

*Recognising the role of professionals and the extension of the ethical regulative sphere*

Sociology of compliance studies have highlighted the importance of the professionals in charge of this translation as key mediation points between law and practice (Edelman, 1992; Edelman and Suchman, 2007; Edelman and Stryker, 2005). Previous studies suggest that these professionals often have a background in law, even though their positions or status may differ across organisations (e.g., compliance officers, legal officers, internal auditors). As a result, they ‘embody the law’ and create an ‘overlapping zone’ between the legal field and their organisation. By sanctioning or discouraging certain types of behaviour, these professionals set the tone for how their organisation will comply (or fail to comply) with regulations (Lenglet, 2012) and develop regulatory expertise that helps them build powerful internal positions (Farjaudon and Morales, 2013). This extends the legal or normative sphere into the managerial and organisational sphere, further linking external and internal political dynamics (Weber and Weager, 2017).

*Considering multiple political dynamics*

Because external regulations are usually ambiguous, this process of interpretation and translation is a ‘contested area’ (Edelman, 1992) within which a variety of actors compete to express their views (Edelman et al., 2001). Different experts can provide such divergent interpretations about the impact of a regulation for the organisation that the interpretative process becomes highly political (Edelman and Stryker, 2005; Lenglet, 2012; Talesh, 2009).

Accordingly, the organisational implementation of laws, standards, and norms is subjected to political dynamics (Weber and Waeger, 2017) and multiple occupational and professional groups may compete to shape the meaning of regulatory frameworks for the organisation (Lenglet, 2012). As some conceptions of regulations may be more accepted or legitimate than others (Edelman et al., 2001; Power, 2004; Shamir, 2010), professional groups

may consolidate their power positions or undermine the positions occupied by other groups (Farjaudon and Morales, 2013). The process of translating regulations therefore not only reframes the meaning of the law but also potentially allows organisations to evade legal mandates (Edelman, 1992) and plays a central role in preserving managerial authority and discretion in organisations (Edelman and Talesh, 2011; Potoski and Prakash, 2011).

*Considering materiality: Ethical tools in practice*

Tools have not been the main focus of scholars interested in the sociology of compliance (Parker and Nielsen, 2011), and studies of boundary processes that adopt an ‘open polity’ approach have neglected materiality (Weber and Weager, 2017: 906). However, several recent empirical studies suggest that specific tools may play an important and concrete role in compliance (Pérezts and Picard, 2015; Vigneau et al., 2014). For instance, Pérezts and Picard’s (2015) empirical analysis of an anti-money laundering compliance unit at a French investment bank suggests that compliance professionals spend a lot of energy designing management tools – such as files, lists, or matrices – that other employees or organisational actors can then use. Interestingly, their analysis of whether and how compliance occurs in practice relies on the analysis of how a specific set of files related to risk assessment are consulted and manipulated by compliance officers. Our focus on ethical tools can help advance such an inquiry and thus contributes to expand prior analyses of both organisations as open polities and business compliance.

Because the field of ethical regulation is populated with many tools, we focused on this material dimension of the role of compliance professionals. This is an area that deserves further inquiry, as ethical tools function as the lynchpin between external pressures and the internal implementation of ethics. Such an approach is attuned to recent studies that insist on the specific features of ethical tools and the potential organisational interests that are served in the development of such devices (see, for example, Haxhi et al., 2013). We therefore consider

the actors in charge of ethics as more than ‘professionals’ competing to shape interpretative processes in their organisation’s responses to ethical regulations; we also consider them as ‘designers’ who are actively engaged in producing new ethical tools and who advance their own views through the design process. Equipped with our conceptual apparatus (Figure 1), we now explore the role of ethics professionals in designing ethical tools in order to unpack the processes that underlie MNCs’ responses to ethical regulations.

## **Methods and data**

### *Research design and case sampling*

A qualitative approach was deemed appropriate (Yin, 2003) to our study, as the processes of designing ethical tools have been largely overlooked in prior research (Romani and Szkudlarek, 2014). As MNCs are described in the literature as heavy consumers of ethical tools (Bondy et al., 2008; Kaptein, 2015), have been the source of influential ethical scandals, and have sufficient resources to design specific tools, we focused on this type of organisation and approached four MNCs headquartered in France. Following a logic of ‘purposive’ sampling (Yin, 2003), we focused on MNCs that were known to be engaged in or about to commence processes of ethical tool formalisation so that we could document the complete process of ethical tool design. Our ‘multiple case study’ design (Yin, 2003) allowed us to capture some variance across organisational contexts while also documenting multiple processes of ethical tool design in each organisation.

Consistent with our exploratory approach, we maximised ‘theory-driven variance’ in the data (Palys, 2008: 697) by selecting cases with distinct external and internal contexts (Pauwels and Matthyssens, 2004). With regard to the external context, our four MNCs operate in different industries (automobile, electric equipment, energy) yet encounter a relatively similar set of ethical issues (conflicts of interest, corruption, fraud, human rights issues in the supply chain, workplace harassment). With regard to the internal context, we selected

organisations with various levels of maturity in and recognition for their ethical standards and tools. Two MNCs were already well advanced, with formalised ethical tools designed more than 10 years ago (hereafter: MNCs 1 & 3), whereas the ethical tools of the other two MNCs were still in development at the time of the study (hereafter: MNCs 2 & 4). At these four MNCs, ethics was sometimes expressly referred to as such and was other times referred to through other labels, such as corporate responsibility or sustainable performance. Appendix A provides an overview of the characteristics of the four MNCs (Table A1). Across these four MNCs, a total of 23 processes of ethical tool formalisation were documented (the full list of the ethical tools is provided in the Appendix, Table A2).

#### *Data collection*

In order to uncover the processes by which external regulations are translated in organisations through the design of ethical tools, we combined several techniques of data gathering.

Appendix A provides the full list of data sources for each MNC (Table A2) and shows how these sources are used in our data analysis (Table A3).

*In-situ observation and participant observation.* The lead author of the paper carried out in-situ observations of meetings and brainstorming sessions for the preparation and design of ethical tools at three of the four MNCs. All observations<sup>i</sup> were transcribed as field notes after each session (for a total of about 112 hours of observation, see Appendix A). Through participant observation, the lead author was also involved in the process of formalising ethical tools at three MNCs and was thus continuously informed about the design of the tools. This researcher acquired an insider's knowledge of the issues underlying these tools' development and became acquainted with most of the professionals in charge of ethics at three of the four MNCs. These lasting interactions helped her develop close relationships with the actors, observe the in vivo interactions of managers, and move beyond superficial accounts to collect informal information about the design process.

*Interviews.* A total of 26 interviews were conducted with professionals in charge of developing ethical tools at the four MNCs to validate insights from our observations and deepen our understanding of the design of ethical tools. These face-to-face interviews were semi-directed and covered topics related to the interviewee's background and views on ethics and ethical tools, the specific processes of development under observation, and the challenges inherent to designing tools. Interviews were recorded and transcribed for analytical purposes.

*Secondary and archival data.* Observation and interview data were complemented with internal and external data from each MNC, including the ethical tools themselves and internal information and corporate videos related to the tools. We also collected other publicly available data related to our topic for each MNC, including their corporate social responsibility (CSR) reports or newspaper articles about their ethical tools.

#### *Data analysis*

Analytical induction (Bansal and Corley, 2011) was adopted as the main strategy to analyse our data, following the 'Gioia method' (Gioia et al., 2013). First, we engaged in open coding by identifying initial data concepts and grouping them into 'first-order concepts'. We compared data across informants to discern the main concepts; we created a first-order concept only if there was enough data from at least two cases of ethical tool design.

Second, a round of axial coding was performed (Strauss and Corbin, 1998) by looking for deeper relationships between first-order concepts and assembling them into more abstract 'second-order themes' (Gioia et al., 2013). During this process, the researchers discussed how to interpret the themes while moving back and forth between the literature and the empirical data. Through this process, prior concepts related to the sociology of compliance (e.g. professionals' interpretations of ethical regulations) and open polities (e.g. linking the organisation with the external environment) were found to be relevant to make sense of our themes (see Figure 1).

Third and finally, to define aggregate dimensions, we gathered second-order themes into the aggregate dimensions. We found three aggregate dimensions, each of which corresponds to a distinct stage of the process of ethical tool development: ‘external sourcing of ethical tools’, which corresponds to the *importation* of ethical tools in the organisation; ‘legalist domination’, which refers to the *politicisation* stage in the design of tools; and finally, ‘ethical tools as quasi legal procedures’ which corresponds to the *legalisation* of ethical tools. Figure 2 illustrates the data structure of our findings. Appendix B provides additional illustrative data for the aggregate constructs we identified. Together these aggregate constructs form the stages of a framework that accounts for how ethical tools translate external regulations. After briefly presenting the context within which ethical tools are designed at MNCs, we introduce our findings.

INSERT FIGURE 2 ABOUT HERE

### **Case context**

The increasing number of ethical and financial scandals (e.g., Siemens in 2006; Alstom in 2014; Tesco in 2014; Volkswagen in 2015; Rolls Royce in 2017) has led to an increase in the number of regulations on ethical issues (Conroy and Emerson, 2008) and influenced the adoption and design of ethical tools by our case study MNCs.

#### *Specifying the actors and processes of ethical tool design*

At each of the MNCs studied, an average of 3 to 5 people were specifically tasked with the role of designing an ethics program (see Appendix A); we refer to these actors as ‘ethics professionals’ or ‘designers’ throughout the narrative. Their role was to actively participate in reflecting on and implementing ethics in the MNC. We thus excluded from this group anyone whose role was limited to simply assisting in this process in order to focus our analysis on the persons in charge of designing ethical tools.

Ethics professionals are not necessarily members of the ethics department; our term also

covers members of the legal or compliance department with whom collaboration is more or less forced. Accordingly, two different designer ‘profiles’ emerged from our data: the legalists and the non-legalists. We employ the term ‘legalist’ to designate legal experts or their equivalents due to their connection to the law and rules, generally fostered by legal studies.<sup>ii</sup> However, it is not their legal education that specifically defined actors in this category, but rather their expression of an adherence or particular attachment to rules and compliance with them in questions of ethics, as inferred from the analysis of their discourse.

We use the term ‘non-legalists’ for the professionals with other profiles. These profiles are inflected by their varied prior experiences and positions – i.e. human resources, sustainable development, ethics, unions, academia, or operations. None of them had an educational or professional background in law or a related area. They therefore form a group with heterogeneous professional profiles. The fuzziness surrounding who is really in charge of ethics raises certain problems that we will explore in our findings.

Although the processes of ethical tool design differ in ways that we will document in our findings, we nevertheless found underlying commonalities in the design process across the four MNCs. For instance, all MNCs had established an ethics committee (‘steering committee’ for MNC 4) at the same level as the executive committee and which directly reports to the Chief Executive Officer (CEO). The objective of the committee is to approve the content of the ethics program and authorise its release. This committee meets a few times per year to discuss and approve proposals for ethical tools.

Accordingly, a ‘standard’ path for deciding whether an ethical tool will be adopted and/or for defining or specifying its content can be summarised as a four-stage process. First, the tool is formalised by designers from the ethics or legal department, i.e. by non-legalists or legalists; second, a potential consulting phase with the legal (or compliance) department ensures that the proposed content complies with applicable standards; third, the proposal is



then sent to the ethics committee for validation; fourth and finally, it is ultimately sent back to the ethics' department for its implementation in operations and divisions. Table 1 provides more practical details about this process, specifying the key actions that take place at each stage, as well as their likely impact on ethical tools.

INSERT TABLE 1 ABOUT HERE

### **Findings: Unpacking the translation of external regulations within organisations**

Our empirical analysis suggests that external ethical regulations are translated within organisations. Figure 3 presents our 'augmented framework' according to which external ethical regulations are first *imported* in the organisation in ways that support the development of ethical tools, then *politicised* by competing internal approaches to ethical in which the legalist perspective dominates, and ultimately *legalised* through the production of ethical tools that are constituted as quasi-legal procedures. In what follows, we build on our data to explain each stage of this process and then explain how the process can become self-reinforcing.

INSERT FIGURE 3 ABOUT HERE

#### *Importation: The external sourcing of ethical tools*

Ethics professionals are aware of the ambiguity of ethical regulations and the difficulty of implementing them. They therefore mainly rely on their relationships with external actors to determine their implementation, leading to the development of channels connecting ethical regulations to the external environment. In this process, the legal and judicial trend of ethical regulations pushes actors to trade quality of tools for confidence in particular people to select or adopt ethical tools (Davis and Greve, 1997).

*Connecting with the external environment.* Our analysis firstly reveals that MNCs have numerous occasions to *share their ideas with their peers* regarding business ethics and its implementation. In our case, all MNCs studied joined French clubs or think tanks related to CSR and ethics, such as *Le Cercle Éthique des Affaires* (CEA), and were involved in business

ethics forums to 'share' best practices.

I have to say that there are other companies with good programs too, that's for sure, because we hear about these programs in the groups we belong to. (Joseph, MNC 1, Interview 25)

As ethics department are usually small, most ethics professionals in the larger French MNCs knew each other; as one of them explained it during a CEA meeting, 'it's a small world' (notes from observation). During data collection, we noticed that twelve of our fifteen interviewees were interacting with each other on a regular basis through such forums. Professionals in charge of ethical tools at our MNCs were members of not only ethics clubs but also industry-specific clubs, where business ethics was often tackled as a 'hot topic,' creating more occasions to share with their peers.

We found ethics professionals to work so closely that they were well aware of the ethical tools developed by other MNCs. This was illustrated by one of our interviewees, who commented on the recent outsourcing of a whistleblowing procedure by another French MNC: 'we thought that the fact that the tool was not outsourced would slow it down, but now, with an open tool, it doesn't go any quicker' (Farid, MNC 2, Interview 11).

Secondly, the four MNCs were also *working with consultants and other external organisations* like Transparency International, Institute of Business Ethics, or Global Compact to either import or design ethical tools. Ethics professionals consider the development of such relationships to be an important 'institutional' facet of their job that informs the design of ethical programs.

There's a part that's more institutional, let's say, which is to participate, to get closer to NGOs, institutional working groups in the Global Compact. We're trying to create an agreement with Transparency International. (Guillaume, MNC 3, Interview 10)

We found that MNCs rely mainly on consultants to design their ethical tools. This was the case at all four MNCs. MNC 4 worked with three different consulting companies, at the same time, to develop and design their ethical tools. Though external, these consultants were

usually regarded as collaborators by ethics professionals: ‘The Danish Institute reviewed it; we sent it to other external stakeholders, NGOs. It’s really a collaboration’ (Pascale, MNC 1, Interview 19). Yet, in comparing the consulting firms’ ethical tool proposals with the tools actually implemented, we found that the differences between them were at best subtle. Ethical tools were not really ‘co-constructed’ or ‘redesigned’ in collaboration with the MNCs, nor were they adapted to specific organisational needs: ethics professionals tended to reuse the ethical tools sold by consultants almost ‘as such,’ altering only a few words or some visual details. Consulting firms tend to sell ‘the same document, everywhere, [companies are] free to adapt it and make it work, but it’s no longer my business’ (Michel, consultant for MNC 3, Interview 9). Together with sharing ideas for tools with their peers, this collaboration with external organisations shows how actors in MNCs connect with the external environment when developing ethical tools in order to address uncertainties surrounding ethical regulations.

*Trading quality of tools for confidence in people.* We also found the external sourcing of ethical tools to be characterised by a tendency to trade quality for confidence when importing ethical tools. Ethics professionals preferred following external trends and mimicking peers to tailoring tools to internal organisational needs. This tendency was manifested in two forms. Firstly, we found that the external environment directly resourced the process of ethical tool development, as MNCs were not only sharing their ‘best practices’ in external forums but were most often *importing and replicating* them. Our findings suggest that ethics professionals do not so much feed these forums as rely on them to find new tools.

I was the one who formally initiated the process for the group, first as a scout ‘pilot fish’ to look at the different useless reference tools that existed to see what was interesting for us [...] to have a somewhat more developed idea of the most recent advances, the most relevant examples that could inspire us. (Robert, MNC 4, Interview 14)

During meetings, we observed that ethics professionals mainly focused on what other companies were doing. For instance, one of the ethics professionals in MNC 4 was obsessed

with the ethical programs of a French MNC in a different industry and wanted to contact them to acquire more information on their tools. More generally, our data suggest that if an ethical tool seems to work well at a well-established firm and is accompanied by a convincing business case, it is very likely to be imported, whether or not it fits current processes of ethical tool formalisation, the organisational context, or the overall corporate strategy. For example, at MNC 1, ethics professionals decided to design a new tool to be made available through the intranet: short video interviews with well-regarded ethics experts to be used as online training. They had heard that similar videos were well received by employees at another French MNC from a different industry and decided to implement this tool in their firm, even though a two-day training module already existed at MNC 1. We observed the same phenomenon in MNC 2, where four out of seven documented processes were copied from or inspired by those of other companies (notes from observations, MNC 2). Overall, this suggests that ethics professionals tend to trust the information reported by their peers, rather than independently evaluate the relevance of an ethical tool for their own organisation.

Secondly, our observations suggest that the criteria driving the choice of external providers were more related to consultants' prominence (Abrahamson, 1991) than to any specific internal needs. For example, managers from MNC 3 wanted to work with John Ruggie, a reputed specialist in human rights, not because their organisations face human rights issues but mainly because he is 'the one' that every MNC wants to work with: 'he is trendy' (Guillaume, Interview 18). MNC 1 – which does face human rights issues – is proud to have worked with this same consultant not because he is relevant but because he is 'in high demand' (Pascale, Interview 19). A bias towards pre-existing relationships also contributed to working with consultancies that were only loosely relevant to the MNC's context.

Because indeed, the choice was made to work with a consulting firm that [MNC 4] knows well, that the management knows well, that has already assisted us with similar processes over the years. And true, they're not CSR experts [...] maybe we're risking not really being in the crux of the matter, I don't know. (Corentin, MNC 4, Interview 13)

Together with the tendency to replicate the tools of other companies, the selection of such potentially irrelevant external help suggests that MNCs not only have a number of ongoing relationships with external actors, they may also implement their tools without considering whether and how they meet internal needs. As a whole, we found that throughout the stage of ethical tool importation, several channels ‘connected’ the activity of ethical professionals to the external environment – sharing ideas with peers in various forums or working with consultants and external organisations – in ways that led to sourcing ethical tools that were not necessarily relevant to the organisation.

*Politicisation: how legalists come to dominate the organisation of business ethics*

Our analysis suggests that once external ethical regulations make their way into MNCs, they are then subjected to political dynamics. Two groups of ethics professionals competed to promote distinct approaches to business ethics that shaped the design of ethical tools at all the MNCs observed. We found this competition to be biased towards a group of actors who advocated for an approach to ethics based on compliance, mirroring the ‘hard’ trends of judicialisation and legalisation of the external regulatory environment.

*Competing to shape the meaning of ethics.* At each MNC, we observed an *opposition between the approaches to business ethics* that are advocated by the two groups involved in the design of ethical tools, i.e. the legalists and the non-legalists. The legalists’ response to the question ‘how do you define an ethical problem?’ is incontrovertible and always makes reference to compliance: ‘It’s through compliance; so here we’re smack dab in compliance... to rules, practices, applicable standards, etc. That’s where we feel we have an ethical problem’ (Sabine, MNC 3, Interview 7). Legalist professionals usually have a legal educational background and tend to regard business ethics as a compliance issue vis-à-vis the rules and laws that govern business life.

Conversely, non-legalists approach business ethics as an opportunity to convince others

of the importance of ethical issues and to make them aware of their responsibilities. Despite their heterogeneous backgrounds, non-legalists share the view that business ethics is not only a matter of compliance. Indeed, the non-legalist approach to business ethics puts values first, encourages employees' and managers' autonomous judgement and decision-making on a case-by-case basis, and accordingly favours the creation of spaces to discuss issues over the application of pre-defined compliance rules.

One of the biggest challenges [...] has to do with culture, 'speaking up' culture, so that people aren't afraid to speak up, to say, 'Here, I'm not sure, I think something's not right'. (Marie, MNC 1, Interview 26 – Non-legalist)

Similarly, at MNC 1, Pascale (legalist) and Bernard (non-legalist) disagree on the allocation of a bonus for 'good ethics performance'. Pascale wanted to integrate it through profit sharing with employees:

But there's a problem in terms of industrial risks, we integrated occupational accidents into incentives and employee profit sharing, in particular. So it has a business impact in the end. (Pascale, MNC 1, Interview 19 – Legalist)

Conversely, for Bernard, it would be wrong to pay for ethical behaviour or a lack of unethical behaviour; according to him, being ethical is simply doing one's job properly. It is therefore not appropriate to give 'bonuses for something that you're supposed to do, particularly in French companies that are extremely reserved in terms of remuneration systems' (Bernard, MNC 1, Interview 2 – Non-legalist).

As both approaches to ethics lead to very distinct types of tools (e.g., strict guidelines to be followed vs. discussion forums) and are thus material to the design of tools, we found both types of professionals tend to *denigrate or sometimes deliberately undermine* the other group's approach. Non-legalist designers defend their approach to ethics, and they refuse to fall into a legalist, compliance-based approach.

We trust our consultants to steer us also, but we really don't want the legalists to dictate the approach. We really want it to be an in-depth process that is meaningful and adds value and not... that's not just a compliance effort. [...] If we have to wait for the law and the legal department, not only would we be running behind, we would be even further

behind than we are now. (Robert, MNC 4, Interview 14 – Non-legalist)

Conversely, legalist professionals tend to consider the non-legalists' vision of business ethics to be insufficiently practical and to be philosophical in a pejorative sense.

In fact, it's a notion very particular to [MNC 3] to say that, on the one hand, there's sustainable development with its values, message, spreading the good word, prevention, etc., and then, on the other hand, legal management with coercion, penalties, formalisation, etc., tools. In fact, some people are philosophical and some people are operational [...] I think we need to stop philosophising. Today, corporations have real issues, real problems, with huge sanctions behind them. (Sabine, MNC 3, Interview 8)

*Omnipresence of legalists in ethical tool design.* Our analysis also suggests that these competitive dynamics were biased towards the legalist approach for reasons that pertain to the design, approval, and implementation process for ethical tools. Before beginning field observations, we assumed, based on secondary data sources such as the MNCs' organisational charts, that non-legalist professionals from the ethics department were in charge of the design of ethical tools, while the legal department only supported or approved this process. Our empirical evidence contradicted this view. We found the legal departments in all MNCs to have *de facto* extended their responsibilities in ethical tool formalisation through several structural factors. The legal departments at some MNCs produced their own ethical tools that compete with the ones produced by non-legalists. For instance, in MNC 1, there are two ethics departments: one inside the legal department and one at the same hierarchical level as the legal department. Both departments compete to extend their jurisdiction over ethics within the organisation.

Behind this struggle for the 'ownership' of ethics, there is of course competition between the two groups, further fuelled by the belief that each department can design their ethical tools and try their luck with the ethics committee. Indeed, the organisational processes we documented at the four MNCs (see Table 1) give an important weight to ethics committees, which are usually empowered to validate or veto the implementation of an ethical tool. At all MNCs studied, this committee is the highest power in the area of ethics; its members meet

once or twice per year to discuss and approve the ethics department's proposals. However, we found that most members of ethics committees have a legalist profile (e.g. internal auditors, lawyers), which is usually reflected in the committee's name (e.g. 'The Risk and Ethics Audit Committee' at MNC 2). In all four cases, these committees were *legalist-dominated ethics committees*. As a result of their position, legalists could promote a compliance-focused approach to ethics as well as tools that meet legalist criteria.

Legalists can also leverage their position to influence and modify tools made by non-legalist designers and therefore *extend the legalist sphere*. MNC 2 offers a striking illustration of this process of legalists impinging on the non-legalist sphere – a process that we found at all the other MNCs – with the case of a new mediation tool initially intended to expand the scope of the whistleblowing procedure for financial and accounting practices usually managed by compliance officers or lawyers. At the finalisation stage of this new whistleblowing procedure, a legalist manager (internal control) refused to include HR in the process (observation from a meeting), arguing that 'they will be annoying' (quote from observation of a meeting). This was despite the fact that Christophe, the co-director of ethics, insisted on having an HR professional involved in this procedure to improve its reception by employees. The ethics committee decided to follow the legalist's recommendation, excluding HR from the new whistleblowing procedure, which only covers 'the areas of finances, accounting, banking, anti-corruption, and prevention of anticompetitive practices' (extract from the whistleblowing tool of MNC 2). This example reveals the difficulties non-legalists face when attempting to gain the favour of the committee.

Christophe (Co-Director of Ethics, MNC 2) then decided to create a new ethical tool, inspired by the tool of another MNC not part of our sample. This second tool was a mediation process that could be used by employees experiencing doubt about an ethical issue; its main interest was its informal character and the freedom of speech it guaranteed, consistent with the



idea of ethics that Christophe wanted to promote. According to his collaborator, Farid, with this new tool, ‘we are not in legal space. On the contrary, we want this [*mediation*] to happen before [*any legal issue*]’ (Interview, 11). Following their own approach to ethics, the non-legalist designers refused to release the formal whistleblowing procedure to managers in order to promote their softer mediation tool:

Clearly, we’re not giving it any publicity because we wouldn’t want that system to be prioritised [...]. We never gave out brochures saying here’s the address of the whistleblowing tool, use the whistleblowing tool, and give it priority. (Christophe, MNC 2, Interview 11)

However, the ethics committee, reluctant to sign off on a mediation procedure that was ‘too informal’, decided to include a new formal step in it without first consulting its non-legalist designers. Employees who wish to use the mediation procedure now have to first sign a confidentiality agreement at HR offices aimed at managing the corporation’s liabilities in the event of a subsequent legal issue. Worse, the information given by employees ‘is not given anonymously and must be made in writing’ (Extract of document presenting the tool to employees, MNC 2). This change undermined the very purpose of this second tool, which was to enable informal discussions. According to non-legalist designers, this formal step at HR offices creates an impediment – one that they had hoped to avoid with this new tool:

It was the legal department’s idea. It’s so that we can protect ourselves a bit if cases go badly, we have to be able to say that we made people aware. So it was really oriented towards a protection thing. [...] In the procedure, you’ll see there are forms that are really well delimited to maintain confidentiality and determine what data we collect, what we don’t collect, what we do with it. But this kind of document, which has the merit of setting boundaries and preventing things from spinning out, also puts on the brakes [...] because people say, ‘oh, oh, oh, what are they writing? What’s that going to be? Well. It’s an additional brake. (Farid, MNC 2, Interview 11)

The non-legalist promoters of this softer second tool were too discouraged to get into a ‘fight’ with the committee. The mediation tool was approved with the addition of this formal step, and the non-legalist designers did not have an opportunity for further input. Ironically, as it was their tool in the first place, they were supposed to promote it in the end.

R: It's the legal department, there's a legal officer [...] And it's her with another young woman from working conditions, who put that tool in place. [...] It was built in a mindset where the legal is of great importance. [...] But in the design of the tool itself, we were neither mentioned nor...

F: ...Nor consulted. (Rachel; Farid, MNC 2, Interview 11)

Ultimately, both whistleblowing and mediation tools reflected a legalist ideology of ethics. These examples illustrate how, with the support of the legalist ethics committee, legalists sideline non-legalists in the process of ethical tools design. The design process internally reproduces the legalistic trends of business ethics that exist outside the organisation.

#### *Legalisation: Turning ethical tools into quasi-legal procedures*

We found that ethical tools become reduced to legal procedures through internal political dynamics. This process reflects the pursuit of three objectives in the formalisation of ethical tools: a focus on legal compliance, the standardisation of ethical tools, and the individualisation of responsibility for ethical issues.

*Focusing on legal compliance.* Ethics departments are among the most recently created departments at the four corporate headquarters. In two of our four cases (MNCs 1 & 2), the creation of this department directly resulted from a prior ethical scandal. In all cases, the multiplication of corporate scandals pushed professionals to focus on *ethical risk mitigation*. This shift reflects the increased risk of legal and/or financial penalties for companies that do not respect ethical regulations (around corruption or human rights abuses, for example). In our interviews, ethics professionals expressed their feeling that the legislation of corporate ethics has not ceased to increase, and both legalists and non-legalists believe companies' unethical behaviour is likely to become criminalised.

So, there's part of the answer, which is that the legal framework, well, it's moving towards a greater criminalisation than before, so there's that. There's the fact that large corporations are more and more complex because they're global and constantly changing, and internally, through acquisitions, etc. So the risk and exposure to risk is much greater than before, I think. (Hélène, MNC 3, Interview 8)

This risk of litigation is particularly high for MNCs, which are exceptionally exposed due

to their multi-regulated international context. Accordingly, ethics professionals tend to focus on ‘legal threats’ and reduce the purpose of ethical tools to a means to mitigate ethical risk. As explained by the director of ethics of MNC 1, ‘it would be a disaster’ (Interview 2) not to implement ethical tools in their company because of such threats. More generally, we observed that ethics professionals view business ethics as a risk that can be identified and managed, like any other risk for the company.

For a start, you’ve got to do risk mapping. [...] On top of that, once the measures are in place, that doesn’t mean you can avoid all risk. Any activity, whatever it may be, involves risk. So the risks have to be identified, they have to be avoided insofar as possible, and then, if there are any, you have to find a solution. (Pascale, MNC 1, Interview 19)

The focus on a compliance approach to ethics is also nurtured by the fact that almost all ethics professionals view ethics as a matter of *following the rules*. ‘Following the rules’ reduces legal risks and undermines more substantive views of ethics that call upon individuals’ judgement. Accordingly, the ‘rule of the game’ is to enhance compliance with the hard and soft laws that surround business ethics.

When we do ethics and business training... Practically more than... let’s say half of the training session is compliance with anti-corruption, anti-fraud, competition laws and human rights. That’s at least half of the training. (Joseph, MNC 1, Interview 25)

As mentioned by one of our interviewees, this approach reflects the views of the top management: ‘You respect the law and that’s that; that’s the tone from the top’ (Sabine, MNC 3, Interview 5). Ethical tools thus ultimately recreate ‘a normative framework’ within the organisation (Pascale, MNC 1, Interview 19); ethics professionals train employees so that they follow rules, in particular legal rules, instead of relying on their moral compasses: ‘[...] when we do training, we are always in the legal realm’ (Guillaume, MNC 3, Interview 16). Combined with ethical risk mitigation, this view of ethics as rules explains how the *focus on legal compliance* has ‘colonised’ the space of ethical tool design.

*Standardising ethical procedures.* Beyond a focus on compliance, we also found the

legalisation of ethical tools to be driven by a willingness to standardise ethical procedure. This standardisation of ethics is a response to the feeling shared by our interviewees that *ethics is impossible to manage*. For many interviewees, changing the personal ethics of employees is an impossible endeavor and most of them think that no tool is truly capable of regulating behaviour. As one interviewee put it: ‘it’s human, it’s not automatic, hey?’ (Farid, MNC 2, Interview 11). Ethics professionals feel overwhelmed by the number of possible solutions to the same problem. The conclusion is generally incontrovertible: ethical tools will always be imperfect as the field of ethics is vast and thus requires case-by-case management. Ethics professionals are discouraged by the recurrence of similar tasks within the ethics department, which accentuates these feelings of the unmanageability of ethics.

[...] One of the limits we identified in deployment is that yes, people have communicated, but they’ve talked once, twice, maybe three times at one specific time which was in one month, this or that month. And what happens after that? Because we’ve talked about it once, everyone’s up to date? There are new acquisitions. There are people who leave, people who come back, etc. (Sabine, MNC 3, Interview 7)

Ethics professionals feel that there is nothing they can do about it: ‘In any case, it’s not possible to constantly inundate people with this’ (Bernard, MNC 1, Interview 2).

Accordingly, both legalists and non-legalists expressed similar feelings of uselessness when confronted with the recurrence of ethical issues, the scale of potential risks, and the difficulty of reaching out across MNCs that all count several thousands of employees.

A corollary of this view of business ethics is the *reliance on pre-defined ethical standards* when designing ethical tools. To address the uncertainty inherent in ethical behaviour, ethics professionals fall back on already-available hard and soft rules. For example, MNC 3 developed multiple choice questionnaire tools to assess whether employees had understood how to use the ethics guidelines. After presenting a classical dilemma of choosing between one low-price supplier that employs child labour and one high-price supplier that does not hire children, there is a multiple-choice questionnaire; the tool then

provides the appropriate answer by directly citing the ethics guidelines and other standards like ISO 26000 or the Global Compact. Figure 4 is a slide extracted from this self-training tool on child labour, which illustrates how ethical tools ultimately point to external standards without providing any operational guidance.

INSERT FIGURE 4 ABOUT HERE

More broadly, our analysis reveals that ethics professionals mainly rely on external regulative standards to design internal tools without necessarily engaging any heavy translation work. This is exemplified by one of the slides extracted from a PowerPoint presentation for a training session in MNC 2. The first column presents a list of twenty ethical issues that must be considered internally. This list of issues is straightforwardly derived from external 'soft' regulatory standards; the two adjacent columns reference the source for each issue in the ISO 26000 and the Global Compact guidelines. This reliance on external standards reflects expediency in addressing the perceived unmanageability of ethics, and it nurtures the overall standardisation of ethical procedures.

*Individualising responsibility.* Beyond a focus on compliance and standardisation, we also found that the design of ethical tools supported the individualisation of responsibility in terms of ethical behaviour. Indeed, a corollary to framing ethics as a risk is a corporate willingness to delegate this risk to *managers* as much as possible by making them *responsible for the ethical issues* they may be confronted with. Almost all ethical tools are targeted to managers in order to make them 'accountable' (Bernard, MNC 1, Interview 2). The response to the question 'who is the target of the training session related to ethics' is clear and definite: 'Frontline managers! Top management and then frontline managers – that is, the last manager of the operational line' (Guillaume, MNC 3, Interview 16). In each MNC, ethics training and awareness seminars exist but are mainly, if not exclusively, intended for managers and directors, who are deemed responsible for the possible ethical problems they will encounter.

It's a bit like what we do for safety [...] each manager and each employee is responsible for safety. So that's also how we treat ethics. (Joseph, MNC 1, Interview 25)

The underlying purpose is to 'circumscribe' the decisions made by managers facing an ethical problem in order to reduce the risk for the centre of the organisation, corporate headquarters.

The more localised the decision, the easier it becomes to *dissociate 'managerial responsibility' from 'corporate ethics'* in the event of legal action.

We have to protect the corporate veil, so if a person decides to do something stupid over in their corner, we want to be able to prove that that decision was made independently. (Valentine, MNC 1, Interview 3)

Similarly, most ethics professionals we interviewed pay close attention to wording in their ethical tools to avoid overly committing the MNC and to prevent the MNC as a whole from being held liable in the event of a violation. Consequently, employees and managers bear the legal risks of noncompliance.

When we have the president sign it, we have to make sure that it doesn't go too far in terms of implicating him personally in the event of a problem. [...] It's enforceable, so it's enforceable; we have to weigh the pros and cons in terms of liability. We can't be charged if Joe Schmoe didn't do the job we told him to, but we didn't go double check, sort of thing. (Charles, MNC 2, Interview 23)

As a result of the constant focus on compliance, standardisation, and individualisation of responsibility, potentially ambitious ethical tools become reduced to the organisational replication of legal procedures. Accordingly, the process of ethical tool design extends the legalisation of organisations (Sitkins and Bies, 1993).

As a whole, our findings thus suggest that ethical tools are imported and/or designed through a three-stage process of *importation*, *politicisation*, and *legalisation*: ethical tools are first brought into organisations through various connections with the external environment, in ways that trade quality of tools for confidence in people; they are then subjected to the political dynamics of legalist and non-legalist ethics professionals, in ways that privilege a legalist viewpoint; and finally, they are ultimately formalised as quasi-legal procedures.

## **Discussion, implications, and conclusion**

We began this study by observing that MNCs have adopted ethical tools in response to the proliferation of ‘hard’ and ‘soft’ ethical regulations affecting them. Though significant attention has been given to this phenomenon and to the effectiveness of the ethical tools developed by MNCs, how MNCs develop these tools and what factors influence their process remain overlooked. To uncover the ‘boundary micro-processes’ at work in the development of ethical tools at four MNCs, we adopted a qualitative design and built on concepts from the literature of open politics and business compliance. We synthesise our findings in a new framework (Figure 3) that theorises the dynamics of importation, politicisation, and legalisation that shape the adoption of ethical tools.

These results have important theoretical implications for the analysis of how external ethical regulations influence the internal organisational context and how ethics professionals at MNCs design ethical tools. We now discuss these implications in turn.

*Explaining the adoption of ethical tools: The role of boundary micro-processes*

Figure 3 summarises our analysis, suggesting that ethical tools are externally sourced, then subjected to intra-organisational political dynamics in ways that replicate environmental features, before ultimately being transformed into quasi-legal procedures. As ethics professionals aim to address the ambiguity surrounding ethical regulations and because their work is affected by the increasing dominance of the legal sphere, this translation was biased towards a search for standardisation, a focus on compliance, and an individualisation of responsibility. Taken together, these three factors explain why ethical tools may remain decoupled from organisational decision-making.

Our findings contribute to institutional insights by showing how multiple mechanisms of isomorphism, thus far theorised at the *field level* as *external pressures* on organisations (DiMaggio and Powell, 1983), come to play at the *individual level* through the practices of ethics professionals *inside* organisations. Our approach is informed by a recent emphasis on

the micro-foundations of institutions (Barley, 2008; Powell and Colyvas, 2008; Powell and Rerup, 2017). We provide corporate ethics, which has been much analysed at the macro-level, with a micro-level examination. First, we found multiple forms of isomorphic replication to be involved in actors' practices at each of the three boundary micro-processes elaborated in this study. At the *importation* stage, ethical tools were sourced through the use of loosely relevant consultants (Hargadon and Sutton, 1997), but also through the benchmarking activities of ethics professionals and cycles of fads and fashions. At the *politicisation* stage, normative pressures operated differentially through the specific backgrounds of competing groups of ethics professionals in charge of tool design. Finally, at the *legalisation* stage, tools developed as formal procedures reflect the coercive pressures of the external environment, through the work of ethics professionals. Our theorisation of the boundary micro-processes of ethical tool development (Figure 3) thus shows how the 'localised actions' (Powell and Rerup, 2017) of ethics professionals explain the co-occurrence of multiple macro-level isomorphic dynamics.

Second, our results advance institutional theory by integrating insights from compliance and open polity studies. In relation to compliance studies, we document the interpretative dynamics underlying the organisational 'importation' of external ethical regulations and show how a 'legalist mindset' shaped this process at the four MNCs. In doing so, we respond to a recent call for considering how individual sense-making capacities shape institutional processes (Powell and Rerup, 2017). In relation to open polity studies, our analysis uncovers the intra-organisational political struggles between distinct professional groups that provide specific meanings to the external pressures for ethics within organisations. These insights advance the study of how internal politics mediate corporate reactions to external pressures (Weber and Weager, 2018) by specifying a mechanism through which external tensions between 'hard' (legal) and 'soft' (standards-based) modes of ethical regulations from the



environment are translated in organisations. As competing experts within the organisation derive their status from the external environment, they contribute to create a form of intra-organisational balkanisation of the management of ethics that sustains and reproduces political struggles from the environment within organisations (Clegg et al., 2018).

Overall, our three-stage ‘extended’ model of the boundary micro-processes at work in the adoption of ethical tools also provides a clearer picture of how the political dynamics in the MNCs’ environment shape organisational politics (Clegg et al., 2018). We found that professionals’ interpretations and practices replicated these external political trends within organisations and thus potentially reinforce them at the field level (see bottom ‘feedback’ grey arrow on Figure 3). Indeed, by altering the competition between legalists and non-legalists over the meaning of ethics and by contributing to reduce efforts that could enhance ethical judgement within organisations, trends such as judicialisation contribute to the (re)production of compliance-focused, standardised ethical tools that place the responsibility for ethics on individuals rather than on the MNC. These tools, ‘quasi-legalised’ through their importation, can in turn reinforce the judicialisation of organisations’ environments at the field level as they nurture the adoption of these tools by other MNCs.

*Beyond boundary spanning: Ethics professionals as legal expertise carriers, political mediators, and material tool designers*

In showing the role and influence of legalists and non-legalists in ethical tool formalisation, our analysis advances not only compliance studies (Parker and Nielsen, 2011) but also an emerging stream of studies dedicated to the new professionals of ethics, climate change, or CSR (Brès and Gond, 2014; Tams and Marshall, 2011; Wright and Nyberg, 2012). Romani and Szkudlarek (2014) have highlighted the importance of considering the identity and professional context of corporations in understanding the early stages of ethical tool design. Our findings extend this perspective by showing that it is also necessary to consider the

profile of the professional ‘enforcers’ of ethics in organisations (Feldman and Lobel, 2011) as well as their actual practices. A legal background, for instance, may explain a compliance-based approach to ethics that is little compatible with approaches based on independent ethical judgement and discussion. This insight suggests that the new ‘professionals’ of CSR, climate change, or ethics should not be treated as ‘one block’ (e.g. Risi and Wickert, 2016). Rather, we should further investigate how various professionals compete in shaping the design of tools. This situation raises the question of the compatibility of the various domains of expertise of competing groups of ethics professionals, as well as the ethical risks associated with a fragmented knowledge basis. Traditionally, professions have built their legitimacy and status from a unified knowledge base (Abbott, 1988). The self-sustaining balkanisation of ethical expertise within organisations could threaten the capacity to further institutionalise ethics within organisations (Muzio et al., 2013).

Our framework also complements analyses of the ‘boundary spanning’ role of ethics professionals, addressing a recent call from the literature about organisations as open polities (Weber and Weager, 2017). First, we found ethics professionals to be well aware of the activities of their counterparts at other organisations, partly thanks to their connections through a variety of forums and clubs. This also contributed to the sourcing and importing of multiple tools through their personal networks. Through these connections, ethical professionals could continuously ‘resource’ the design of ethical tools, while extending their reach beyond their own organisations. Such ‘resourcing’ may merit more attention, as it likely explains how macro-institutional dynamics around ethics permeate and nurture organisational politics. Future studies could analyse ethics professionals’ networks to investigate how their ‘boundary-spanning’ and ‘resourcing’ activities contribute to the circulation of ethical tools within and across organisational borders.

Second, we found that ethics professionals, like the CSR managers studied by Gond et al.

(2018) or Wickert and de Bakker (2015), connect external field trends (judicialisation) to internal political dynamics (competing expertise) and thus operate as ‘political mediators’ (Weber and Weager, 2017). This political role of ethics, CSR, or sustainable development managers could be further theorised to appreciate how these new actors mediate internal and external political dynamics (Clegg et al., 2018). Our analysis focused on the importation of external political trends into organisations, while only suggesting that this process can also feed back into the field through the production of specific types of ethical tools. Future studies could extend this insight by considering how internal corporate politics could be leveraged to reshape the external political environment of the organisation.

Third, our study documents the politics surrounding the production of ethical tools. Prior open polity studies have paid little attention to the role played by material devices in the boundary processes that link organisations to their political environments (Weber and Weager, 2017: 906). Our analysis begins to address this gap by showing how ethical tools are mobilised in ways that embed important political dynamics. Future research could extend this analysis by investigating how such ethical tools operate as ‘boundary objects’ (Star and Greisemer, 1989) coordinating the activities of multiple groups of professionals within and outside of MNCs. Finally, because our focus is on multinational corporations that operate globally and our findings reveal new insights on the design of ethical tools, we think our framework is ‘transferable’ (Lincoln and Guba, 2002) to other organisational contexts despite the French cultural setting of our study; it could be used as a starting point to investigate and explore the design of ethical tools in MNCs headquartered in different contexts.

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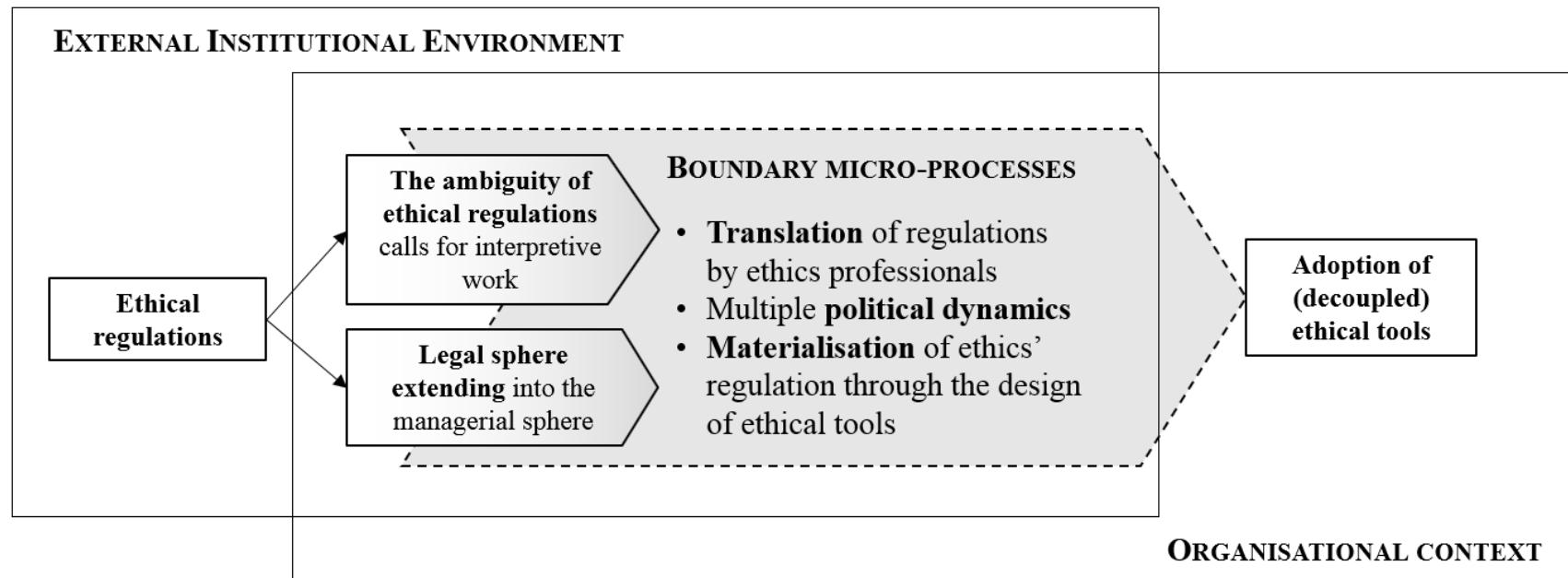
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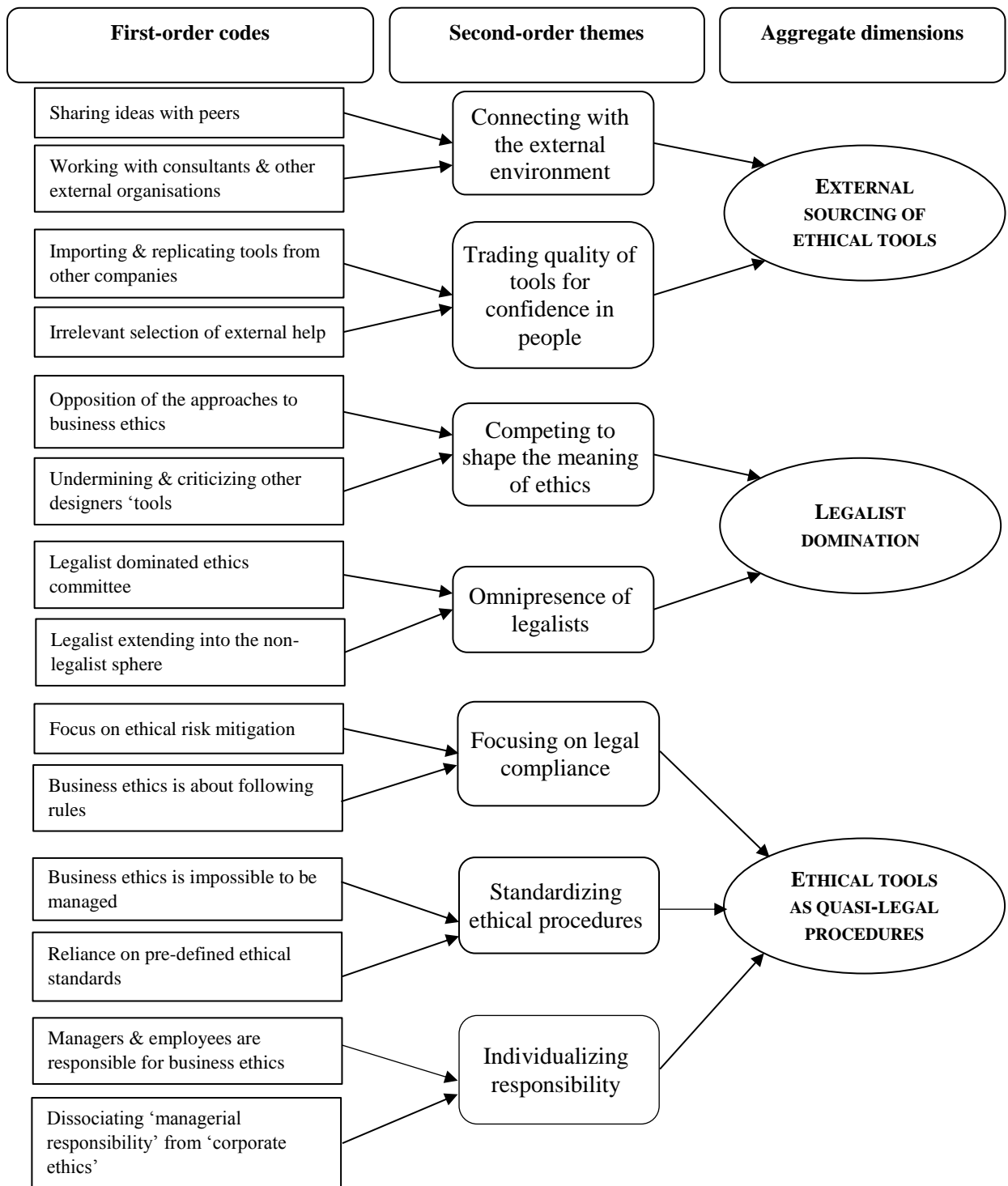
**Table 1. Detailed description of the design process of ethical tools in MNCs**

Step	Actors	Action	Impact on ethical tools <i>Does the tool change?</i>
1	Designers (legalist & non-legalist)	<ul style="list-style-type: none"> <li>- Reflection about new ethical tools</li> <li>- Reflection on how to update a tool for a new law or norm</li> <li>- Organisation of meetings or brainstorming sessions to discuss new tools or updates to existing tools</li> </ul>	<i>Beginning of the design process</i> <ul style="list-style-type: none"> <li>- Draft versions of tools</li> <li>- Formalisation of a final draft of the tool (proposal sent to the ethics committee)</li> </ul>
1'	Non-legalist designers	Non-systematic step: <ul style="list-style-type: none"> <li>- Check the content of the tool with the legal department (e.g. legalist)</li> </ul>	<ul style="list-style-type: none"> <li>- Possible revisions to the tool in substance and/or form</li> <li>- Formalisation of a final proposal to the ethics committee</li> </ul>
2	Designers (legalist & non-legalist)	<ul style="list-style-type: none"> <li>- Presentation of the proposal for a new tool to the ethics committee, often with the support of slides</li> </ul>	No impact
3	Ethics committee	<ul style="list-style-type: none"> <li>- Validation of the proposal (step 4) or</li> <li>- Suggested revisions to the proposal (step 3)</li> </ul>	No impact
3'	Designers (legalist & non-legalist)	In case of revisions (4): <ul style="list-style-type: none"> <li>- Revision of proposal following committee's comments (repeated until validation) or not</li> <li>- Presentation of the revised proposal to the ethics committee (repeated until validation)</li> </ul>	<ul style="list-style-type: none"> <li>- Major or minor modifications to the proposal</li> <li>- Formalisation of a new proposal or</li> <li>- Giving up on the tool and potentially starting to design a new one</li> </ul>
4	Non-legalist designers	After the validation of a proposal for a tool (designed by legalists or non-legalists): <ul style="list-style-type: none"> <li>- Implementation of the tool into operational departments</li> <li>- Internal and sometimes external communication about the tool</li> <li>- Discussion of the tool during dedicated training sessions</li> </ul>	<i>End of the design process</i>

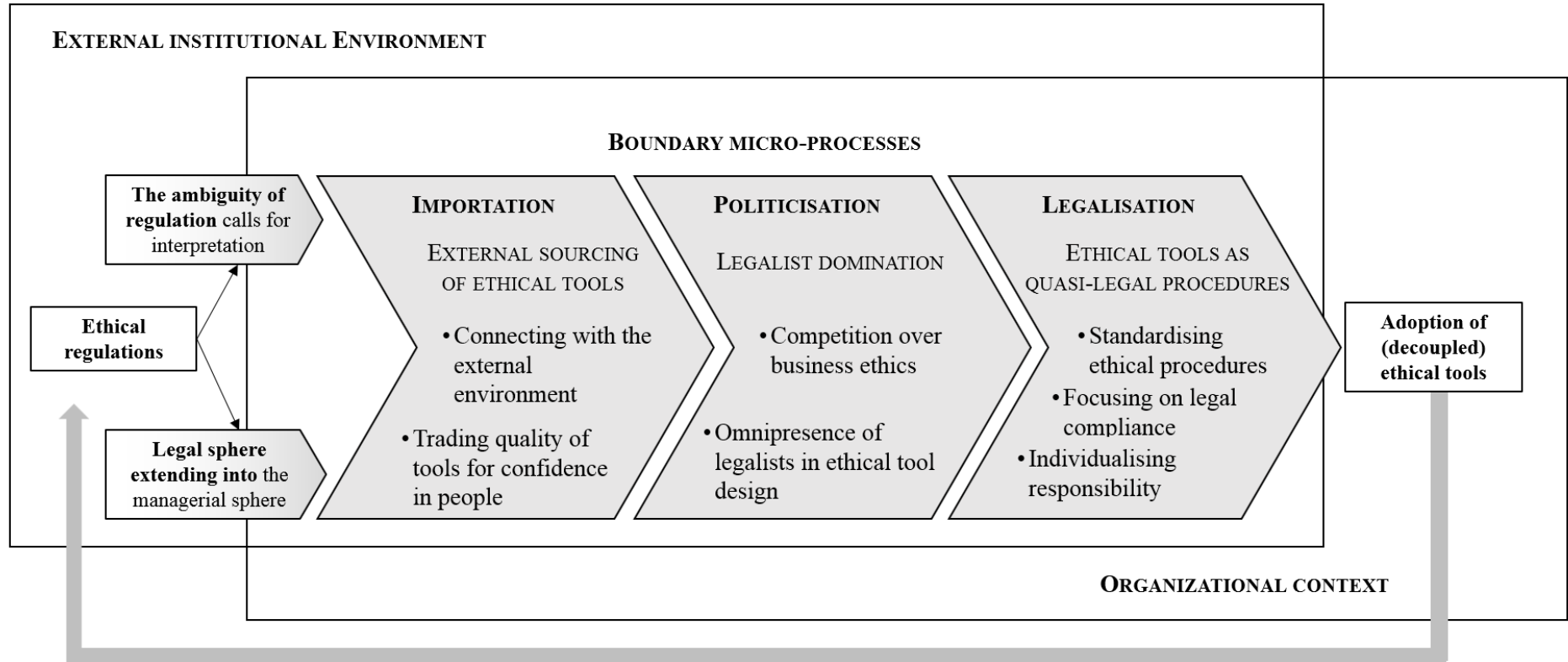
Figure 1. Boundary micro-processes of ethical tools adoption: A baseline model



**Figure 2. Data structure**



**Figure 3. Boundary micro-processes of ethical tools adoption: An extended framework**



**Figure 4. Extract of the self-training tool of MNC 3**

**Referential at stake in this issue**

- The ISO 26000 is the main reference here. On the Issue 5 of Human Rights, it is said that businesses should do anything they can to protect rights of vulnerable groups, and in particular of children
- Supplier Guide Book p. 28
- “Businesses should uphold effective abolition of child labour”.
- [MNC 3] has signed the United Nations Global Compact. Two principles are key
  - Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour
  - Principle 5: Businesses should uphold the effective abolition of child labour?

## Appendix A

**Table A1. Characteristics of the cases studied**

MNC Case	Characteristics of the MNCs*				Characteristics of the ethical programs and ethical tools				
	Sector	Turnover (in M€)	Headcount	Number of countries of operation	Name of the ethics program	Year of ethics program creation	Status of ethics formalisation / development	Profile of ethical tool designers	Data collection period
#1	Energy	236 100	100 000	130	Ethics	2000	Stable for 3 years	3 non-legalists 2 legalists	2012- 2015
#2	Automotive	41 055	117 000	128	Ethics	2012	In expansion	3 non-legalists	2013- 2015
#3	Energy & electric equipment	24 900	170 000	100	Sustainability	2005	Stable for 2 years	2 non-legalists 2 legalists	2013- 2015
#4	Energy	17 200	40 000	41	Responsibility	2013	In formalisation	2 non-legalists 1 legalist	2013- 2015

\* Reference year for the figures: 2014.

**Table A2. Overview of the research design and main sources of information**

Interview Number	First name (Pseudonym)	Position	Audio recorded / Notes taken	Length	Observation (hours)	Secondary Documents	Ethical tools documented
1	Joseph P.	Director of Ethics	Recorded	37		<ul style="list-style-type: none"> <li>• Draft versions of tools</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights guidelines</li> <li>• Integrity guidelines</li> <li>• Whistleblowing procedure</li> <li>• Code of conduct</li> <li>• Independent training videos</li> <li>• Awareness seminars</li> <li>• Audit</li> <li>• Ethics day</li> <li>• Sales convention</li> </ul>
25			Recorded	70			
2	Bernard E.	Director of Ethics	Recorded	72			
3	Valentine J.	Legal Expert in Human Rights	Recorded	37			
19	Pascale S.	Legal Expert in Human Rights	Recorded	56			
26	Marie L.	Ethics Project Manager	Recorded	101			
<b>Total MNC 1</b>			<b>6 (4 actors)</b>	<b>6h13</b>	<b>None</b>	<b>2 main sources</b>	<b>9 processes documented</b>
4	Christophe A.	Co-Director of Ethics	Notes	120	<ul style="list-style-type: none"> <li>• 2 meetings</li> <li>• 4 brainstorming sessions</li> <li>• Discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Draft versions of tools</li> <li>• Slides for awareness seminar</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics guidelines</li> <li>• Awareness seminar/training</li> <li>• Self-administered survey</li> <li>• Ethics lexicon</li> <li>• Facilitation</li> <li>• Whistleblowing procedure</li> <li>• Ethics pamphlet</li> </ul>
23			Recorded	123			
11	Christophe A. Farid N. Rachel C.	Co-Director of Ethics Mediator Mediator	Recorded	112			
<b>Total MNC 2</b>			<b>4 (3 actors)</b>	<b>5h55</b>	<b>17h</b>	<b>4 main sources</b>	<b>7 processes documented</b>
5	Sabine N. Martin R.	VP Compliance Compliance & Resp. Project Manager	Recorded	90	<ul style="list-style-type: none"> <li>• 4 formal meetings</li> <li>• 6 brainstorming sessions</li> <li>• Discussions</li> <li>• Ethics club meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Draft versions of tools</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Whistleblowing procedure</li> <li>• Self-training process and documents</li> <li>• Ethics day</li> <li>• Ethics guidelines</li> </ul>
7			Sabine N.	VP Compliance			
8	Hélène M.	VP Ethics	Recorded	42			
9	Michel G.	Consultant	Recorded	62			
6	Guillaume M.	Ethics Project Manager	Notes	75			
10			Recorded	47			
15			Notes	80			
16			Recorded	76			
18			Recorded	25			
22			Notes	78			
<b>Total MNC 3</b>			<b>10 (5 actors)</b>	<b>10h06</b>	<b>40h</b>	<b>3 main sources</b>	<b>4 processes documented</b>
12	Robert M.	Project Manager for the Responsibility Program	Notes	120	<ul style="list-style-type: none"> <li>• 8 brainstorming sessions</li> <li>• Discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Consulting firm's documents</li> <li>• Slides from presentation</li> <li>• Survey related documents and results</li> <li>• Archives</li> <li>• Videos of shareholders' meetings</li> <li>• Audio of meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness seminars</li> <li>• Ethics and responsibility charter</li> <li>• Survey</li> </ul>
14			Recorded	58			
17			Recorded	86			
20			Recorded	86			
21			Notes	135			
24	Recorded	180					
13	Corentin W.	Project Manager for the Responsibility Program	Recorded	62			

<b>Total MNC 4</b>		<b>4 (2 actors)</b>	<b>12h07</b>	<b>20h</b>	<b>6 main sources</b>	<b>3 processes documented</b>
<b>TOTAL ALL MNCs</b>	<b>26 Interviews (with 15 actors)</b>		<b>34h21</b>	<b>112h</b>	<b>15 sources</b>	<b>23 processes / tools</b>



**Table A3. Uses of data sources**

<b>Source of data</b>	<b>Type of data</b>	<b>Analytical purpose</b>
<b>Interviews</b> <i>26 interviews representing more than 34 hours of recorded material</i>	<ul style="list-style-type: none"> <li>- Semi-structured individual interviews with designers (audio-recorded or notes were taken during interviews)</li> <li>- Semi-structured group interviews with designers (audio-recorded or notes were taken during interviews)</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Familiarising ourselves with the organisational context</i></li> <li>- <i>Understanding the functioning and organisation of the ethics department</i></li> <li>- <i>Knowing the actors involved in tool design</i></li> <li>- <i>Understanding designers' goals for ethical tools</i></li> <li>- <i>Understanding designers' opinions on business ethics</i></li> <li>- <i>Understanding the interactions between designers and other actors in the MNCs</i></li> <li>- <i>Knowing and understanding the contents of ethics programs</i></li> <li>- <i>Following and tracking the evolution of ethics programs and ethical tools</i></li> <li>- <i>Triangulating facts and observations to enhance validity of data</i></li> </ul>
<b>Observation</b> <i>About 100h00</i>	<ul style="list-style-type: none"> <li>- Field notes from attending meetings at headquarters: detailed record of social interactions, quotes and the status and position of actors</li> <li>- Field notes from meetings of clubs/forums</li> <li>- Informal conversations with designers</li> <li>- Participation in brainstorming sessions with designers</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Enriching our understanding of the design</i></li> <li>- <i>Enriching our understanding of the organisational context</i></li> <li>- <i>Understanding the evolution of opinions on ethics programs and ethical tools</i></li> <li>- <i>Understanding actors' working relationships</i></li> <li>- <i>Understanding work division in tool design</i></li> <li>- <i>Triangulating interpretations emerging from interviews</i></li> </ul>
<b>Archives</b>	<ul style="list-style-type: none"> <li>- Videos of meetings</li> <li>- Audio recordings of meetings.</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Triangulating interpretations emerging from interviews</i></li> <li>- <i>Enriching our understanding of the design process</i></li> <li>- <i>Enriching our understanding of the organisational context</i></li> </ul>
<b>Other internal documents and secondary data</b>	<ul style="list-style-type: none"> <li>- Meeting minutes</li> <li>- Updated versions of tools</li> <li>- PowerPoints from designers' meetings</li> <li>- PowerPoints from seminars for managers</li> <li>- PowerPoints from training sessions</li> <li>- Consultant's documents (commercial proposals and deliverables)</li> <li>- Internal documents</li> <li>- E-mails between designers</li> <li>- Annual reports</li> <li>- Websites</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Contextualising the design process and ethics in the organisation</i></li> <li>- <i>Supporting, integrating and triangulating insights emerging from interviews and observations</i></li> <li>- <i>Familiarising ourselves with the organisational context</i></li> <li>- <i>Enriching our understanding of the design process</i></li> <li>- <i>Tracing the evolution of ethics programs</i></li> <li>- <i>Gathering information on designers and how they manage ethics</i></li> </ul>

## Appendix B

**Table B1. Coding illustrations for ‘external sourcing of ethical tools’**

<b>First-order concept: Illustrative quotes and/or observations from the data</b>	
<b>CONNECTING WITH THE EXTERNAL ENVIRONMENT</b>	
Sharing ideas with peers	<p>We also have benchmarking activities, so comparisons with what our competitors do, in the spirit of sharing our good practices, to improve ourselves. So we meet with either other oil companies in the clubs for sharing good practices, for example Ipieca [International Petroleum Industry Environmental Conservation Association] for oil companies, who are focusing, who send experts on social and environmental subjects, and we have, for example, a task force on Human Rights that I co-chair with other oil companies. There’s Shell, Exxon, a lot of oil companies share with each other in this club. This club’s been around for some time, it’s not at all a lobbying club, you understand, it’s really a club for sharing good practices between experts. (Valentine, MNC 1, Interview 3)</p> <p>There was an intercompany meeting organised by Transparency at, at [MNC 3]. So [MNC 3] was there, Orange was there, La Poste [French postal service company] was there, Lafarge was there... Who were the others? Suez... There was a panel of... of a good ten or so French companies that are members of Transparency. The subject there was fraud, how to implement guidelines after there’s been fraud, corruption. Everyone presented their... their organisation, their methods and processes, their reasoning. (Christophe, MNC 2, Interview 23)</p>
Working with consultants & other external organisations	<p>All these MNCs work with one or more consultancies.</p> <p>[MNC 1] has worked with a lot of external stakeholders [...] because it’s super important to get an outside perspective to help you out, and a lot of specialists, because if there’s no experts, there’s no expert, you know. (Valentine, MNC 1, Interview 3)</p> <p>The president of Transparency-France, Daniel Lebègue, will come give a rundown at the end of the year. We’ll have had our second ethics correspondents’ seminar. [...] And so, this year, the 16 ethics correspondents at [MNC 2] will get together for two days in France. And there’s Daniel Lebègue’s presentation on one day to talk about corruption, corporate ethics in a broader sense, beyond [MNC 2]. (Christophe, MNC 2, Interview 23)</p> <p>In the EICC [Electronic Industry Citizenship Coalition], in fact, you’ve got experts. He’s the HR and Labour expert. He explains and clarifies the Human Rights policy. (Guillaume, MNC 3, Interview 18)</p> <p>So, in total... we brought in, we’re at 14 external presenters since the beginning of, since the beginning of the process. So here [a day-long presentation of the ethics program], there were four very targeted presenters. (Robert, MNC 4, Interview 24)</p>
<b>TRADING QUALITY OF TOOLS FOR CONFIDENCE IN PEOPLE</b>	
Importing & replicating tools from other companies	<p>Copying best practices seen at forums or clubs [Synthetic notes from observations at MNC 2, 3 and 4]</p> <p>Yes, the glossary... the ethics glossary, and as for the external members, we have to bounce it off them again, because I nicked a few ideas from L’Oréal [...] it reminds me of L’Oréal’s approach, we try to copy their policy and approach as... as an example. (Christophe, MNC 2, Interview 23)</p> <p>And so I’m frustrated. I can’t really answer because I met the L’Oréal guy in April and I was supposed to see him yesterday. And in April, we stopped... It was the same thing again, he was really busy. I had one hour exactly. And we stopped right when he was starting to present the tools, so... (Guillaume, MNC 3, Interview 16)</p> <p>[About sharing tools in ethics clubs] We’re able to say, ‘now that, that’s a good idea, I’m going to try to adapt it.’ (Marie, MNC 1, Interview 26)</p> <p>[Criticism about the fact that companies, especially MNC 3, are copying their ethical programs] But does no good to try to copy it. You can pick up good ideas, but you have to know how to adapt them. (Valentine, MNC 1, Interview 3)</p>
Irrelevant selection of external help	<p>The 4 MNCs were supported by at least one and usually several external consulting firms not always expert in ethics or CSR (Notes from observation)</p> <p>Yeah, we were lucky to get him [John Ruggie]. It’s also related to the fact that our former director of legal affairs was very invested, had participated in the corporate consultations for the guiding principles, and well... a real trusting relationship developed over time, which allowed... which was what made Ruggie accept. Because he doesn’t accept every company’s invitation. (Pascale, MNC 1, Interview 19)</p> <p>We’ll start with an introduction to the economic stakes of sustainable development with Clara Gaynard because she’s a big name to draw people in. (Robert, MNC 4, Interview 17)</p> <p>[About the choice of the ‘historic’ consultant group to handle the development of the ethical program] It’s indispensable for providing legitimacy, to show that we’re working for the long-term... (Robert, MNC 4, Interview 20)</p>



**Table B2. Coding illustrations for ‘legalist domination’**

<b>First-order concept: Illustrative quotes and/or observations from the data</b>	
<b>COMPETING TO SHAPE THE MEANING OF ETHICS</b>	
Opposition of the approaches to business ethics	For me, CSR, sustainable development and ethics are linked to each other, so there I don’t see any concerns. After that, it’s on the ways of approaching subjects where legal experts have a different approach than we do. But I think that confrontation is rich. I’m convinced that it brings something. So I don’t want to be right and them to be wrong or vice versa, I simply want us to continue to confront each other on a lot of subjects to advance our understanding. But yes, certainly, there are frictions, of course. (Hélène, MNC 3, Interview 8) One of the biggest challenges, I think, for us but also for all French companies, is everything that has to do with culture... ‘speaking up’ culture, so that people... aren’t afraid to speak up, to say, ‘Here, I’m not sure, I think something’s not right’. And that, that’s something we’ve planned to work on, to reinforce... (Marie, MNC 1, Interview 26)
Undermining & criticising other designers’ tools	I’m so happy, their line [a tool designed to report a violation of the code of conduct] doesn’t work as well as they expected. An operational manager put them in a corner at the last seminar in Madrid. We were laughing with Hélène, I was so pleased. (Guillaume, MNC 3, Notes from the observation of a meeting) They worked hard? They did nothing but be lawyers, in fact. It would be interesting, in their backgrounds, you see. Because typically, for this kind of job, you would have had to have at least two years in operations, with managerial responsibilities (Michel, Consultant, MNC 3, Interview 9) So for me, responsibility is more important than penalties: in the end, punishing people is admitting defeat. I’m convinced that by explaining, not that this is the company rule, but why we do it, we have a much better chance of achieving what we want to achieve than by penalising people... But both are necessary. But I’m not—I know that I’m constantly battling my colleagues from the legal department on this one, but I’m not really pro making people afraid, you know. (Hélène, MNC 3, Interview 7)
<b>OMNIPRESENCE OF LEGALIST IN ETHICAL TOOL DESIGN</b>	
Legalist-dominated ethics committee	At MNC 4, none of the tools designed by non-legalists were accepted by the committee; these designers had to agree to work with consultants chosen by the committee. G [talking about Hélène, a non-legalist designer who is threatening to quit the organisation if the ethics committee refuses to validate her proposal one more time]: Yes, so... But it’s clear that if [Hélène] doesn’t get that authorisation she won’t last long, in my opinion. It’s that the ethics committee validates those missions. They were validated, if you will, by people in the program. But not by... not those at the highest level, you know. (Guillaume, MNC 3, Interview 22) To fulfil its responsibilities effectively, the Committee works closely with the departments and the divisions concerned, at the corporate level and in our business segments. The departments and divisions in question include Legal Affairs, Compliance & Corporate Social Responsibility, Internal Control & Audit, Sustainable Development & Environment, Finance, Corporate Security and Human Resources. (source: Web site of one of the five MNCs, accessed 03/12/2016)
Legalists extending the non-legalist sphere	We, as the ethics department, validated it. It went through the legal department’s hands like always, the standard course. (Christophe, MNC 2, Interview 23) It is the subsidiaries themselves, who have the necessary understanding of the local culture, that propose more specific adaptations to the local context and send us a proposal for a version adapted to their context. We confirm the impacts of this adaptation with the legal department and if it’s deemed to be compliant then it’s applied. (Bernard, Interview 2) Sabine (a legalist) refused to give information on the cases raised through the whistleblowing tool, to prevent Hélène and Guillaume (non-legalists) from adapting their tools to internal needs (note from observation).

**Table B3. Coding illustrations for ‘ethical tools as quasi-legal procedure’**

<b>First-order concept: Illustrative quotes and/or observations from the data</b>	
<b>FOCUSING ON LEGAL COMPLIANCE</b>	
Focus on ethical risk mitigation	But given that we targeted at-risk positions or people, they know that they’re exposed to risk; they know they are taking risks and they know... In any case, they should know, but there are still not that many who know. They’re risking a lot, as a person or as the company. (Guillaume, MNC 3, Interview 16) There was a trio of us writers and then there was a trio of managers approving the drafts. It was the ethics department, the legal department and the internal control department. So three co-authors, let’s say. And then after, after the legal director had to get it read over by our American lawyers, because you never know... (Christophe, MNC 2, Interview 23) I think the responsibility principles read more like risk analysis. And they’ve managed the different ethical risks they might have to face. They’ve tried to integrate them by making recommendations to avoid risk. You can sense it in our meetings. The reasoning is more like ‘how do we avoid trouble’ rather than ‘how do we promote a culture’. (Michel, consultant)

	working with MNC 3, Interview 9)
Business ethics is about following rules	As soon as we said we changed the rules, and we said now, this is the rule, everyone is supposed to do it without asking questions. Of course, in practice, it does not happen like that... But it should! (Martin, MNC 3, Interview 12) Here's the questions you have to ask when faced with an ethical dilemma. Does this obey the law? Does it comply with the company's Code of Ethics? (Christophe, MNC 2, Interview 11) The point is that when we're defining the rules – because in the end, they are rules – we discuss them, and not just during the process; from the moment they're settled or approved, we communicate, every month, at events, we remind ourselves of the rules and the issues. (Bernard, MNC 1, Interview 2)
<b>STANDARDISING ETHICAL PROCEDURES</b>	
Business ethics is impossible to manage	Nothing can be taken for granted in this area. Above all, there's not necessarily an answer to every problem that might arise. So with that, I'm not going to say that we're inventing new answers every day but simply that we're inventing answers depending on the problems we uncover, which are many and won't stop tomorrow but will continue so long as we're present in different countries with all the developments in those countries and with the evolution of the individuals in our business because it's closely linked to the human. [...] Again, we'll always be imperfect because we're only human beings. (Bernard, MNC 1, Interview 2) [About the multiplication of ethical tools:] we create a permanent fuzziness and this fuzziness is perceived by people, by stakeholders, as fuzzy because we can't get any weaker, truth be told. They're these things [ethical tools] put on top of each other but going in every direction, no one knows how it works together, no one can explain what it's used for. We ourselves often have difficulty presenting it. (Christophe, MNC 2, Interview 11) The employee... He'll listen for five minutes and then he's fed up with your video. (Valentine, MNC 1, Interview 3)
Reliance on pre-defined ethical standards	There are also some drivers that are more related to compliance [...] to the USA's FCPA [Foreign Corrupt Practices Act] or the UK Bribery Act or to international conventions that we want to incorporate internally, precisely to include compliance procedures. (Valentine, MNC 1, Interview 3) Anyway, in addition, more and more laws require that big companies, to have e-Learning, stuff like that. Regardless of their effectiveness, of course! You have lots of them which have put things in place, e-Learning, they have subcontracted it; they put it online and that's it. (Guillaume, MNC 3, Interview 16) For me, an ethical company or group is a company that equips itself, everywhere in the world, to be in line with moral values that are shared by everyone from a personal point of view. Because I don't think that you can dissociate, in fact, it's really a personal notion, but these [values] are recognised by independent international organizations. [...] It's to clearly define the values, which in any case are those of [MNC 3], because they can... they can go further than universal values, but well, that's the ILO, etc. (Sabine, MNC 3, Interview 7)
<b>INDIVIDUALISING RESPONSIBILITY</b>	
Managers & employees are responsible for business ethics	It's a bit like what we do for safety. The person in charge of industrial safety is not responsible for everything having to do with safety in the company. It's really a managerial responsibility and each manager and each employee is responsible for safety. So that's how we treat ethics also. (Joseph, MNC 1, Interview 25) So, internally, to help employees take ownership of the results and the action plan, we set an example, from the top. (Valentine, MNC 1, Interview 3) I really believe in messages coming through the managerial channel [...] The first target is managerial because I still really believe in transmitting information through managers. So managers are the first to be trained and to ensure are in line. (Hélène, MNC 3, Interview 8)
Dissociating 'managerial responsibility' from 'corporate ethics'	But if you tell [the employee], 'listen, the company risks being fined this much; you, personally, you're risking being fined this much, this much time in the slammer, etc. The more serious the misdemeanour, the more likely you'll be fired...' At any rate... the guy gets going, hey. (Guillaume, MNC 3, Interview 16) If we approach the subject of ethics, which is not only a philosophical question but above all a question of survival for the company, it's a matter of having accountable employees. So not only accountable bosses, but also accountable employees, because the boss isn't everywhere and you can't have an ethics cop watching each employee. They both have to be accountable, and for both to be accountable, you need to build up employee accountability. Sometimes bosses make bad decisions, but sometimes employees make bad decisions too, so you have to have both. [...] It's all well and good to have a code of conduct and it's nice to talk about it... but how can we make sure it will be applied in the field? Because at the end of the day, we are not cops... the code should not be applied solely by us, but more importantly, by each person individually. It's the individual responsibility of everyone in the corporation. (Bernard, MNC 1, Interview 2)

## Endnotes

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<sup>i</sup> Please notice that most of our observations were straightforward ‘participant observations’ except for those for MNC 1, where we could not conduct ‘direct’ observation. The first author was involved in brainstorming sessions in MNCs 2, 3 and 4 and even drew up a proposal for an ethical tool for MNC 2.

<sup>ii</sup> Our definition of ‘legalist’ complies with one of its senses given in the Merriam Webster dictionary – namely, as ‘one that views things from a legal standpoint, *especially*: one that places primary emphasis on legal principles or the formal structure of governmental institutions’ (see: <https://www.merriam-webster.com/dictionary/legalist>).