

An Institution Theory Approach to the Relationship between Organization and Society

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Anmerkung

Unter Bezugnahme auf den soziologischen Neoinstitutionalismus widmen sich die drei Artikel auf jeweils unterschiedlichen Analyseebenen und im Rahmen spezifischer Fragestellungen dem Verhältnis von Organisation und (sozialer) Umwelt: Artikel 1 untersucht das Verhältnis von Unternehmen zu sozialen Bewegungen, die die Ansprüche spezifischer gesellschaftlicher Gruppen repräsentieren. Artikel 2 nimmt eine Mikroperspektive ein und wirft einen Blick auf die Instrumentalisierung gesellschaftlicher Erwartungshaltungen durch politischer Akteure innerhalb der Organisation. Artikel 3 schließlich untersucht das wechselseitige Beeinflussungsverhältnis zwischen einer Organisation und einer über das Thema Korruption inhaltlich definierten Umwelt (bzw. einem organisationalen Feld), in der gesellschaftliche Akteure wie etwa Regulierungsagenturen, UN-Gremien, oder transnationale Nichtregierungsorganisationen eine wesentliche Rolle spielen.

In den "Acknowledgements" der ersten beiden Artikel findet sich eine Übersicht aller Anlässe, zu denen die jeweiligen Artikel präsentiert wurden. Der dritte Artikel ist dieses Jahr im Band 21 der Managementforschung erschienen, die Danksagung findet sich in der ersten Endnote. Mein Beitrag zu diesem Artikel beträgt 75%, der Beitrag Herrn Dr. Gordon Müller-Seitz 25%. Alle Artikel sind auf die Publikation in bestimmten Fachzeitschriften hin geschrieben worden, wodurch die jeweils unterschiedlichen Formate und auch zumindest teilweise die spezifischen Fragestellungen zu erklären sind.

Corporate Perception and Evaluation of Social Movement Activism

Understanding Interactions between Corporations and
Social Movements in the Context of Large Infrastructure
Projects in the Hydropower Sector

- Extended Abstract -

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Abstract

Drawing on research conducted in the hydropower sector this study offers a conceptual framework for the analysis of intersections between social movements and corporations. It does so by introducing, firstly, a model that captures organizational challenges to an accurate perception and adequate evaluation of social movements and, secondly, a taxonomy that differentiates types of social movements according to corporate perception patterns. By stressing institutional structures and dynamics within the targeted corporation this framework facilitates a theoretically informed explanation of why corporations “choose” to react to anti-corporate activism in certain ways. Examples are intentional or unintentional ignorance, constructive dialog, fixation on legal procedures, or, in the extreme case, aggressive or even militant repression. The study contributes to the literatures on social movements and institutional theory.

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Introduction

A growing body of research at the nexus of organization studies and social movement theory explores interactions between social movements and business organizations. Within this emerging literature one finds several interconnected lines of reasoning. Some scholars have analyzed social movements' capacity to trigger and shape market creation (Sine & Lee, 2009; Weber et al., 2008). Others have explored the role of social movements for institutional change (see Schneiberg & Lounsbury, 2008) conceptualizing them either as extra-institutional phenomena that trigger institutional change from the periphery of organizational fields (Hensmans, 2003; King & Soule, 2007; Rao & Kenney, 2008) or as actors within established fields that induce endogenous change (Creed et al., 2002; Lounsbury, 2001, 2005; Scully & Creed, 2005). A third line of research centers on movement threatening corporations in order to compel changes in corporate conduct or policies (Hond & Bakker, 2007; King, 2008; King & Soule, 2007; Soule, 2009). Within this research social movement scholars have begun to expand their traditional focus on the state and its political system as primary target of social movement activism by considering corporations as a second type of target. Studying anti-corporate activism is of particular relevance for two reasons: first, we observe an ongoing shift of financial and political power from nation states to large multinationals (Strange, 1996) and, second, corporations are confronted with growing numbers of incidents of anti-corporate activism (Soule, 2009).

The present study aspires to expand and refine this third line of research by incorporating a point of view that, despite its relevance for all three research streams, has not been discussed sufficiently within the literature: it assumes the perspective of the corporation that is being targeted by social movements that fosters our understanding of interactions between corporations and social movements. Against the theoretical background of institutional theory (Greenwood et al., 2008b; Scott, 2008) I propose an concept of how corporations perceive and assess social movements when trying to make sense of opposition against their operations. This perspective thus accounts for the challenges that corporations have to face when dealing with social movements. It also facilitate an explanation of the seeming passivity and helplessness even large and resourceful corporations sometimes display when confronted with social movement activism.

My study is situated in the empirical contest of large infrastructure projects in the energy sector where it draws on numerous incidents of social movement activity directed against the construction of large hydroelectric power plants (LHEPPs) during the last fifteen years (1995-2010). It contributes to the discourse on the intersection between social movement and organization theory (Davis et al., 2005; Schneiberg & Lounsbury, 2008, see also the 2008 special issue on '*Social Movements in Organizations and Markets*' in *Administrative Science Quarterly* 53/3). Specifically, it fosters our understanding of interactions between social movements and corporations by proposing a model that sheds light on the still understudied corporation's side of this interaction. It also introduces a categorization of social movements as perceived by corporations that provides conceptual groundwork for the study of interactions between social movements and corporations. This categorization helps to explain why

corporations react to different social movements in different ways and shows how corporate reactions depend on the characteristics of social movements as on institutional arrangements within those movements and corporate targets alike.

Corporations as Targets of Social Movements

Scholars interested in the intersection between corporations and social movements have carved out a fairly comprehensive picture of what characterizes social movements. They are understood as “collectivities acting with some degree of organization and continuity (...) for the purpose of challenging extant systems of authority, or resisting change in such systems” (Snow & Soule, 2010: 6). While a certain degree of organization is considered a prerequisite for successful movement activism, it has been emphasized that they have rather “diffuse boundaries and limited formal organization” (Weber et al., 2008: 532) in order to be distinguishable from organized political activity such as lobbying. Finally, they are thought of as being based on “preference structures directed towards social change” (McCarthy & Zald, 1977: 1218) which are “able to mobilize people into an organized collective effort” (Hond & Bakker, 2007: 903). The term social movement thereby implicates a complex social phenomenon which can be broken down into several analytical units.

Hostile Tactics and Contestation

In their work about ideology and social movement activism Hond and Bakker (2007) explicitly emphasize that movement activism has to be seen as ranging from radical to moderate. Some social movements even attempt to recruit large corporations as allies. This is illustrated in a recent study by Davis and Anderson (2008) in which the authors explore attempts to establish a ‘Global Business Coalition’ in the fight against HIV/AIDS. Other research suggests the development of mutually benefitting collaborations between movements and corporations even in case of continuously diverging interests (O'Mahony & Bechky, 2008).

Much of the research in the field, however, focuses on hostile interactions where activists apply rather aggressive tactics such as boycotts, corporate campaigns, or protest. For instance, King and Soule's (2007) analysis of 342 protest events directed against corporations finds that investors react negatively to protest activism if it gains sufficient media attention, an effect that is amplified by the extend of media coverage and mitigated by high levels of past media attention. A similar study by King (2008) discusses boycotts as important extra-institutional tactic that social movements use to gain influence over corporations. The study confirms the importance of media coverage and also specifies organizational characteristics that weaken the targeted corporation's ability to withstand the demands put forward by the organizers of the boycott. Studies like these present essential insights on how social movement activism relates to (and makes use of) corporate characteristics and past corporate conduct. This literature does not yet, however, address the question of how hostile movement tactics relate to institutional arrangements within corporations. Hond and Bakker's (2007) assumption that movement activism ultimately aims at institutional change at the level of the firm foregrounds the necessity to

expand the discussion at the juncture of organizational and social movement theory with a perspective that systematically accounts for institutional dynamics within corporate targets and that, in consequence, advances explanations of how intra-organizational processes in those targets influence interactions between social movements and the corporate world.

Organizational Perspectives in Social Movement Research

While we have only limited research that explicitly addresses the perspective of corporations as target we can draw on some research that assumes at least an organizational perspective. There are, for example, some case studies of SMOs that discuss organizational issues such as leadership structures (Osterman, 2006) or the significance of ideologies for organizational practices (Desivilya & Yassour-Borochowitz, 2008). In assuming a micro-perspective that centers on intra-organizational processes such studies provide a valuable theoretical basis for the discussion of corporations involved in social movement activism. Other contributions make use of social movement theory to explore power dynamics within organizations. A prominent example of this line of research is the work by Zald and Berger (1978) who conceptualize conflict and contestation within corporate hierarchical organizations as triggers to organizational change by means of social movement theory. Shareholder activism (Murray, 2007; Rehbein et al., 2004) is another phenomenon that has been discussed as social movement activism within organizations and conceptualized as insider tactic applied by anti-corporate activists (Soule, 2009).

Embracing an institutional perspective, we can not only assume that social movements represent and often change institutions in organizational fields but also that institutional arrangements within organizations determine how social movement activism is perceived and evaluated by corporate targets and which reactions such forms of contestation provoke. How and when a targeted corporation reacts to social movement activism will heavily depend on organizational perception patterns, for instance on the organization's conception of legitimacy or how it conceives of its legal position in an interaction situation. Similarly, its institutional setting will influence whether it constructs social movement actors primarily as threats or as representatives of a concerned local community stating legitimate claims. How the corporation chooses to react will play a crucial role in the dynamics unfolding between both parties that can lead just as easy into a vicious circle of aggressive contestation and mutual revilements as to creative solutions based on mutual respect.

Triggers to Resistance against Hydropower Projects

The construction of LHEPPs and corresponding dams has significant social and environmental impacts, most of them affecting local communities in ways that these consider negative. Of course, such mega-projects also bring about positive impacts such as increased demand for local workers or business opportunities resulting from the need to supply a large workforce with essential goods. As I am interested social movement resistance towards participating companies I will concentrate on describing problematic aspects of LHEPPs.

Firstly, the construction of the dam and subsequent creation of an artificial lake has several *environmental impacts*. One such impact is the loss of biodiversity due to changes in upstream and downstream riverfronts and water temperatures and the disruption of fish migration paths. The construction of large dams can also lead to geological destabilization that can cause floods or landslides. Finally, the artificial creation of large reservoirs leads to additional production of the climate killers methane and carbon dioxide, sometimes in such amounts that the positive climate effects of the generated hydro energy are overcompensated, an insight that has been discussed rather recently and that threatens to delegitimize what is now widely considered a clean energy source.

Secondly, there are some *social impacts*, first and foremost the expropriation and dislocation of inhabitants that populate the area where the reservoir will emerge (Cernea, 1997, 1999). For instance, the construction of the famous Three Gorges Dam in China was accompanied by the resettlement of approx. 1.3 million people. Other social impacts are various forms of corruption such as the financial compensation of resettled inhabitants which typically leads to significantly lower compensation rates than would be appropriate according to national law. In some instances, even the complete lack of compensation is documented. A second type of impacts with wider spatial reach is related to downstream water scarcity due to the changes in the ground-water level or decreased water volume. Both forms can heavily affect irrigation capabilities of agriculture production. Such impacts even have the potential to foster political conflicts between host countries and those that are located further down the stream and whose population might be of lesser concern to political elites in the country that commissions the construction. The third kind of impact can be found on the other side of the spectrum of water related issues: the amassment of stagnant water has the potential to worsen health conditions of the local population in case that the reservoir becomes a breeding pond for diseases as e.g. malaria. Finally, the construction of LHEPPs repeatedly has caused loss of cultural heritage, e.g. through the inundation of archaeological excavation sites or the damage to the cultural cohesion of indigenous people due to social dislocation. Table 2 gives an overview over potential impacts.

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Table 1 about here
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Challenges of Organizational Perception and Evaluation of Social Movements

In this paragraph I conceptualize challenges corporations have to face when dealing with social movement proponents that are concerned with those impacts. The main impression gained from long-term observation of one major provider for hydroelectric equipment as well as from studying the industry is that the very perception and subsequent evaluation of emerging social movements presents one of the major challenges to a responsible management of the relationship between the corporation and its social and ecological environment. My analysis suggests three main reasons that complicate and impede organizational perception and evaluation.

First Challenge: Multiplicity

Major suppliers in the hydropower industry are regularly targeted simultaneously by different social movements representing different scales, scopes and types of protest. From the perspective of the corporation under study this condition of multiple contestation is exponentiated by the fact that the company is involved in many projects at different locations all over the world. All of these projects are characterized by specific constellations of political, economic, social, and cultural factors that have the potential to trigger protest activities. Owing to these different levels of multiplicity, incumbents of the corporation under study perceive social movements as some kind of intransparent *mélange* overstraining the corporation's capacity to absorb the corresponding flood of information. This alone explains why organizations so often seem to underestimate or simply discount possible threats created by emerging social movements.

Corporate perception and evaluation of social movements also depends on the organizational point of perception, i.e. the hierarchical, functional, and geographical location within the organization where activism is initially perceived. Obviously, the same movement can confront an organization at multiple contact points, a circumstance that amplifies the intra-organizational impression of multiplicity. The success of social movements, in turn, relies partly on their ability to address the right contact point, that is to say, those locations of the organization that make sense of certain threats in a way preferable to the movement. For instance, a corporation might interpret demands of local militant activists as mere security issue to which local managers might react by engaging security personnel (Banerjee, 2008) or via the mobilization of state support structures (Manby, 1999). The same demands may trigger quite different reactions if the movement is able to directly tackle the company's top management.

Second Challenge: Ambiguity

The field of hydropower is also exemplary for a second challenge corporations have to face due to social movements activism: operations of corporations can be regarded both as negative and as positive. Some movements may support a certain project while others bitterly fight its execution. Hydroelectric power constitutes one of the sustainable solutions to growing energy demands and is therefore preferred by most environmentalist movements (see Rootes, 2004 for an overview). On the other hand, plans to construct the necessary infrastructure, i.e. LHEEPs, regularly create local and international opposition, for instance by conservationist movements dedicated to the preservation of cultural heritage or movements that want to protect the rights of indigenous people. Environmental movement organizations such as 'Greenpeace' that simultaneously fight nuclear power and the loss of biodiversity combine affirmative and negative fractions within one organizations and, hence, facilitate the perception of ambiguity.

The main problem of this ambiguity of social movement activity lies in the risk of what might be called 'systemic misjudgment': it virtually invites the focal corporation to overemphasis positive and encouraging feedback from its social environment. This again enabled the instrumentalization of social movements for impression management activities directed against both internal and external recipients

(Dutton & Ashford, 1993; Elsbach & Sutton, 1992) Such practices warp organizational perception and the judgment of its top management to the detriment of an balanced evaluation of social movement activities. Internally, the selective use of positive feedback from social movements is used to create the impression towards the top-management, to which the level of mundane project execution is largely intransparent, that opposition against the project can be disregarded as marginal. This explains the repeatedly observed inability of organizations to become aware of emerging social movements in a timely manner. It also elucidates why corporations tend to misjudge the threat potential of certain social movements in an early stage of movement formation. Externally, on the other hand, ambivalence of social movement activities creates room for impression management tactics by allowing for the selective inclusion of uncritical societal groups during the planning phase of a project. Organizing stakeholder engagement processes (see critically Greenwood, 2007) or signaling personal and organizational concern for demands of selected social movements through social and environmental disclosure (Deegan, 2002; Hess, 2007) the organization tries to symbolically manage external recipients' expectations (see similarly Westphal & Zajac, 1994, 1998; Zajac & Westphal, 1995).

Third Challenge: Lack of Communication

The final challenge corporations have to overcome when dealing with social movement activism results from institutionalized structures of communication. Reinforced by culturally entrenched concepts of the corporation as business organization of considerable power and importance corporations show a severely limited bandwidth of communicative capabilities in its attempts to connect with society. Specifically, they heavily depended on having dialog partners that matched their own constitution, i.e., on organizations with similar global reach and representation.

Such behaviors create two principal problems that are obstructive to gaining an encompassing perspective on the full scale of a movement which, in turn, constitutes an important prerequisite for understanding its dynamics and development potentials. It, firstly, favors movements in late stages of their development which are already fully established and, hence, can be comprehended and dealt with more easily. This leads to a systematic underestimation of social movement impacts and, in consequence, reinforces taken-for-granted assumptions about the priorities of certain stakeholders (such as customers, investors, and suppliers) and the prevalence of economic relationships. The corporation systematically creates and reproduces blind-spots with regard to certain forms of social movement activism that belittle potential threats of activism to their operations and public image. It, secondly, conveys a certain "corporate arrogance" that stands in the way of respectful interactions with SMOs or activist groups which represent (currently) minor fractions or voice social concerns that have not (yet) gained sufficient public support. This is not only part of the mechanism of blinding out whole areas of potential movement activism, it also impedes future contacts with those movements by amplifying the ideologization of aggressive anti-corporate attitudes.

These insights into obstacles to communication between corporations and social movements suggest to distinguish between classes or groups of social movements. Conceptualizing these types of move-

ments I subsequently present a taxonomy that also reflects corporations' institutionalized perception patterns.

Organizational Perception of Social Movements: A Taxonomy

Observers within the focal corporation tend to distinguish between different kinds of social movements and to "actorize" those movements. In other words, they ascribe agency to social movements by identifying them with acting organizations and individuals. To reduce the overwhelming complexity that stems from dynamics enfolding within and between social movements and between different types of social movement actors they focus on higher level actors and, in consequence, neglect developments and dynamics emerging at lower levels. Abstracting from *de facto* categorizations of organizational members these types can be described as issue-centered, industry-centered, and project-centered movements. While we have some common typologies in the social movement literature, the discourse on social movements and organizations has to my knowledge not yet developed an overarching categorization that systematically accounts for differentiating perception patterns within target organizations.

Issue-centered movements represent a class of movements that is probably most discussed in the literature. It encompasses all movements that aim at betterment (however understood) with regard to a certain but well defined thematic complex. They have in common that they address a topic of supraregional relevance, which is why they oftentimes develop, at least in a riper stage, national or international representative bodies supported by few but powerful social movement organizations. Hence, they are generally characterized by a relatively high degree of organization. Aiming at incremental long-term improvements, oftentimes towards utopian ends (e.g., elimination of corrupt behavior, prevention of discrimination) rather than at dichotomous successes (e.g., abandonment of project, recall of a product), such movements tend to follow a notion of evolutionary progress which enables them to maintain a rather cooperative and dialog-oriented stance towards involved corporations. In other words, they are rather dominated by moderate than by radical factions (see Hond & Bakker, 2007). Consequentially, issue-centered movements tend to apply tactics that foster corporation and open up room for dialog. Such activities include attempts to creating publicity in order to shape public agendas, conducting research to provide facts and arguments for the underlying societal discourses, or framing the terminology associated with certain topics. The dominant social movement organizations also represent the issue at hand at national or supranational governance bodies. They, consequentially, represent the type of movement that corporations pre-eminently seek to communicate with.

While issue-centered movements focus on one topic and contest different projects or practices that fail to consider their issue appropriately, *project-centered movements* fight against a particular project thereby addressing (and instrumentalizing) different issues involved in its realization. Project-centered movements typically involve grassroots-like elements similar to what is discussed in social movement theory under the acronym NIMBY ("Not In My Back-Yard"; see Walsh et al., 1993). Their emergence is triggered either by the announcement (or leak) of plans regarding a certain project or the beginning

of concrete construction operations, both provoking local resistance and opposition. Due to their spontaneous development such movements tend to rest on improvisation and, at least in early stages, are characterized by relatively low degrees of organization. However, this gradually changes the more issue-centered and industry-centered movements start to openly associate with protests, to share their professional experience, and to build up support structures.

A more fundamental difference to issue-centered movements is the dichotomy of their success definition: in most of the cases I observed movement activism aimed at the termination of a particular project. Consequentially, the effective duration of such movements is limited by the time-span necessary for the construction of the project and, hence, the respective movement is characterized by a rather short-term time horizon. However, in some instances, the nature of a movement changes along with its objectives towards the fight for appropriate indemnifications, normally at a late stage when termination has become impossible. A direct consequence of the fundamental opposition against the project under question is a rather aggressive attitude towards involved corporations which, in some instances, has been answered by equally aggressive organizational conduct (see similarly Banerjee, 2008). In other words, they are rather dominated by radical than by moderate factions (Hond & Bakker, 2007). The aggressiveness inherent in the struggle between project-centered movements and corporations involved in the realization of LHEPP projects also reflects in the tactics applied by those movements. Besides peaceful forms their protest includes violent tactics ranging from sit-ins and blockades to some instances of sabotage, occupation of construction sites, and, in the extreme case, paramilitary assaults. As a consequence, corporations struggle the most to establish communication with this type of movement and, in most of the interaction situations analyzed for this study, did not do so at all before aggressive contestation commenced.

There is finally vast evidence for movements in the field of the hydroelectric power industry which neither address a single clean-cut topic nor contest a particular project. Instead, they are better understood as being associated with the industry as a whole which is why I suggest to call them *industry-centered movements*. A strong indicator for this categorization is the fact that they are ubiquitously involved in any major project of the industry. This presupposes a relatively high degree of organization which is also a fundamental prerequisite for an industry-centered movement in order to be able to act at the same global scale at which the respective industry operates.

Such movements are of an integrating nature in that they combine elements of issue-centered and project-centered movements in contesting particular projects as well as corporations involved in the construction of LHEPPs. Its purpose ranges from dichotomous progress, where it becomes part of the fight against a particular project, to evolutionary progress, where it tries to shape the policies and conduct of involved corporations according to the interest of affected communities. Especially the latter activity necessitates a long-term time horizon parallel to that of the industry itself. In its attempt to simultaneously achieve dichotomous and evolutionary progress it oscillates between a aggressive basic attitude towards involved corporations and a more cooperative posture when involved in negotiat-

ing the conditions of projects or as participant of stakeholder engagement processes (Greenwood, 2007). Finally, industry-centered movements make use of additional tactics distinct for this type of movement: besides applying basically the same legal tactics than the other types, industry-centered movements explicitly concentrate on empowering local opposition against hydropower projects by making available support structures and provide emerging movement with action scripts.

Industry-centered movements thus foster the emergence and effectiveness of project-centered movements and function as medium for the distribution of experience gained through former fights against the realization of similar projects. Despite their rather aggressive attitude, corporations are able to communication with representatives of this type of movement due to its relatively high degree of organization. Table 3 gives an overview over the characteristics of each movement type.

Table 2 about here

Conclusion and Contributions

This study offers a conceptual framework for the analysis of intersections between social movements and corporations by introducing, firstly, a model that captures organizational challenges to the accurate perception and adequate evaluation of social movements and, secondly, a taxonomy of distinct types of social movements that allows for an explanation of different perception and interaction patterns. By stressing institutional structures and corresponding dynamics within the targeted corporation it facilitates a theoretically informed explanation of why corporations “choose” certain reactions to anti-corporate activism such as intentional or unintentional ignorance, constructive dialog, fixation on legal procedures, or, in the extreme case, aggressive or even militant repression.

Contributions to Social Movement Theory

The present study elaborates on a corporate perspective on social movement activism that gives the target a face. This constitutes its most important contribution to the social movement literature. It foregrounds the significance of the institutional structure of the targeted corporation and puts emphasis on the communicability of societal concerns as important prerequisite for constructive interactions between social movements and corporations. Moreover, it stresses the necessity to conceptualize and discuss the ability of social movements to anticipate organizational perception patterns as understudied but nonetheless important success factor of anti-corporate activism. By means of the two conceptual models proposed above this paper expands social movement theory in that it suggests a perspective that alleviates notions of corporations as political actors (e.g. Scherer & Palazzo, 2007) by adducing some reasons for corporate impotence: what may be understood as political behavior from the outside, for instance from the perspective of a contesting activist group, can equivalently be explained by mere information overload, organizational bewilderment, the corporation’s inability to sort out the multiplicity and ambiguity of its role as target, its lack of responsiveness, or its inability to understand and

adapt to societal expectations as put forth by social movements. Hence, neither social movements nor social movement scholars should overestimate the structural homogeneity and capability to act corporations actually possess. To set the record straight: these results do not deny the notion that corporations have responsibilities beyond their economic contributions to society. However, it advocates the possibility that even if a corporation (or at least some of its leaders) is willing to truly consider certain demands of social movements, the organization as a whole may still fail to do so.

From this follows, somewhat paradoxically, that social movements will be more effective in pushing through their agendas if they develop a supporting organizational structure similar (or at least compatible) with that of their targets. This allows for the institutionalization of stable communication channels that create arenas for constructive dialog without overstraining the target's adaptive capabilities. Indeed, the very existence of some movements organizations could be explained as being based on the realization that social movements have to develop contact points with involved corporations in order to create and maintain communication despite possible ideological incompatibilities (see similarly O'Mahony & Bechky, 2008). This argument could be expanded towards a theory that sees the institutional and organizational structure of social movements as induced by the structure and organization of their targets. This has the potential to complement and even reverse prevalent assumptions and research on anti-corporate activism about the direction of influence in the relation between social movements, which are normally seen as triggering changes, and corporations, which usually obtain the role of reacting to those change attempts.

These deliberations also hint at the idea of an "ideological division of labor" between movements: the differentiation of a larger social movement into different types of movements where each type addresses different fractions involved in the process of social change in order to mobilize the necessary resources (McCarthy & Zald, 1977). With regard to the hydropower industry, one could apply this argument as follows: project-centered movements address locally affected parties and groups motivated by radical ideology, issue-centered movements address supra-national bodies and large multinational corporations that depend on established organizational structures and a certain degree of temporal and structural stability, and industry-centered movements address specialized stakeholders such as journalist and, more importantly, connect the two other movement types by coordinating, facilitating, and stabilizing their collaboration over time. Thus, they could jointly mobilize and maintain support of a variety of different and even opposing fractions involved in the construction of LHEPPs.

Contributions to Institutional Theory

Studying social movements through an institutional lens addresses the various calls for an augmented discussion of power and conflict in institutional theory. Specifically, this study seeks to contribute to our "limited understanding of how power, conflict and fundamental social interests affect and are affected by institutional processes" (Greenwood et al., 2008a: 25) in that it proposes a causal relationship where institutions at the level of the organization (e.g., institutionalized conceptions, worldviews, and perception patterns) influence whether it comes to contestation or not. This suggests an endogen-

ous explanation of contestation that complements assumptions about social movements as the triggering force of anti-corporate activism. Put differently, the argument implies that in case a corporation is not able to answer to social demands adequately, it might be more appropriate to treat the corporation instead of the movement as trigger to anti-corporate activism. In this sense, the proposed model of organizational challenges to accurate perception and adequate evaluation fosters theoretical explanations of institutional resistance (Lawrence, 2008) at the level of the firm. It de-emphasizes intentional forms of resistance to institutional change while accentuating institutional reasons for a corporation's lacking capability to sufficiently understand its social environment.

Finally, the present study highlights the significance and explanatory power of constructivist arguments for institutional analysis (Phillips & Malhotra, 2008; Scott, 2008: 57f.). Going beyond stressing the importance of individual cognition for the interpretation and enactment of institutions and institutional change (e.g., Balogun & Johnson, 2004; Barley & Tolbert, 1997; Gioia & Chittipeddi, 1991; Lüscher & Lewis, 2008) I argue that institutional structures at the level of the organization determine the outcomes of interactions between social movements and the focal corporation: the organization as distinct entity gains center stage (see King et al., 2010; Luhmann, 1995). Understanding how corporations perceive social movements, how they make sense of what they perceive, and how they evaluate their interpretation of a particular movement with regard to their further operations largely depends on internal dynamics shaped by the institutional system of the organization. These dynamics have the potential to thwart potentially good intentions of individual leaders as well as policies for good corporate conduct. For that reason alone, the corporate perceptive merits future attention by social movement and institutional scholars alike.

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Tables & Figures

Impact	Area	Description
Biodiversity	Environmental	Loss of biodiversity refers to possible losses of threatened species due to the environmental changes caused by the construction of the dam
Destabilization	Environmental	The creation of the artificial lake can trigger landslides and earthquakes
Emissions	Environmental	The artificial lake emits methane or carbon dioxide that contest claims of hydropower being a “clean energy” source
Resettlements	Social	Resettlement and corresponding expropriation of inhabitants of the flooded areas
Corruption	Social	Withholding or embezzlement of compensation money for expropriation and resettlement, bribery or nepotism involved in contracting and construction
Water issues	Social	Negative social impacts due to down-stream water scarcity, e.g. reduced irrigation capabilities
Health issues	Social	Diseases and plagues caused by germs and vermin living in the artificial lake created by the dam
Cultural Heritage	Social	Loss of cultural heritage through flooding of archaeological or otherwise culturally significant sites, social dislocation of indigenous people

Table 1: Potential negative impacts of LHEPPs

<i>Type of movement</i>	Issue-centered movements	Project-centered movements	Industry-centered movements
<i>Purpose</i>	Evolutionary progress (consideration of issue by corporate world)	Dichotomous progress (termination of project, granting of indemnification)	Dichotomous and evolutionary progress
<i>Attitude towards corporations</i>	Cooperative, ready for dialog	Aggressive	Ranges from ready for dialog to aggressive
<i>Time horizon</i>	Long-term	Short-term	Long-term
<i>Degree of Organization</i>	High	Low	High
<i>Exemplary Tactics</i>	Creation of public awareness, framing, advocacy research, policy and lobbying activities	Protest, sit-ins, sabotage, blockades, occupation of construction sites, violent assaults	Empowering local opposition, creation of support structures, creation of public awareness, advocacy research
<i>Illustrative Movement (SMO)</i>	Anti-corruption movement (Transparency International)	Civil rights movement of the Shan (Salween Watch)	Protecting rivers as natural habitats (Rivers International)

Table 2: Types of social movements contesting LHEPPs

The (Ab)Use of External Institutions in Politics and Power Struggles

- Extended abstract -

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Abstract

This study explores how external institutions related to ethical business conduct play out at the micro-level and how the corresponding translation process into the organizational context is utilized by organizational actors to further individual or group interests. Based on rich interview and documentary data as well as on thirty month of participant observation of three corporate social responsibility projects I develop an everyday-life perspective on how organizational actors utilize external institutions to prevail in games of micro-politics and power struggles. Results suggest that knowledge about external institutions substitutes formal power as it provides less powerful actors with the possibility to manipulate the meaning macro-institutions assume during the process of micro-translation. Combining the literatures of institutional theory and upward influence behavior I contribute to the micro-foundation of institutional theory by showing how political behavior affects institutional change.

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Earlier versions of this paper have been presented at a Brownbag Seminar at the Strategy Department of Ross School of Business (University of Michigan) as well as at the 26th Colloquium of the European Group of Organization Studies (Sub-theme 44: From Old Repertoires of Power and Contention at Work to New Forms of Institutional Domination and (Un)Organized Contentions) in 2010 in Lisbon. I am grateful for insightful feedback at both venues, particularly so to James Westphal and Michael Jensen. It has further been presented at Post-Doctoral and Early Career Scholars Pre-Colloquium Workshop organized by the European Group of Organizations Studies at its 2011 Annual Colloquium in Gothenburg as well as at the 2011 Annual Colloquium of the Academy of Management (Organization and Management Theory Division) in San Antonio, TX. Here, it has profited from anonymous reviewer comments in the run-up to those conferences as well as from direct feedback from participants. Finally, it has been accepted for presentation at the 2011 Annual Conference of the European Academy of Management (Track 44: Organizational Behavior: New Frontiers in the 21st Century).

Introduction

With this study I attempt to understand how institutions in the environment of a focal organization play out at the micro-level. Drawing on the organizational behavior literature on social influence (Dutton & Ashford, 1993; Farmer et al., 1997; Porter et al., 1981) I explore how the process of translating institutions into an organizational context is instrumentalized and strategically exploited by organizational actors to further individual or group interests. Based on an ethnographic field study within the headquarter of German multinational corporation I develop an everyday life perspective on how organizational actors enact macro-level institutions on a micro-level scale.

Three distinct projects, in all of which I personally participated, constitute the cases of my study. They were situated in a corporate responsibility (CR) context. All projects attempted to implement fundamentally new practices and structures within the organization. I proceed from the impression gained during the field study that key actors had a distinct sensitivity for systemic preconditions related to micro-politics and power which they considered crucial to their success. In accordance with the observation that “the creation and implementation of institutional arrangements are rife with conflict, contradiction, and ambiguity” (DiMaggio & Powell, 1991: 28) and hence subject to political contestations, I focus my analysis on organizational members as political actors. The purpose of this study is to foster our understanding of the role external institutions play in the political arena created by attempts to change the institutional setting of a particular organization.

I contribute to the micro-foundation of institutional theory (Barley, 2008; Powell & Colyvas, 2008) in three distinct regards: first, I expand institutional theory by drawing on insights from the organizational behavior literature on means to exert social influence in highly politicized settings. This body of literature traditionally centers on micro-level processes within organizations and thus provides a fruitful theoretical basis to explore how organizational actors co-opt and evoke institutional logics to further their individual or departmental interest or political agendas. Second, by choosing an ethnographic approach for my analysis that is dedicated to the “organized activities of daily life” (Garfinkel, 1967: vii) I address the call for “more attention to everyday processes than momentous events” (Powell & Colyvas, 2008: 277). Analyzing projects of middle reach that in all cases affected only specific functions of the focal corporation and that were led by members of the middle management who dedicated a great amount of their time to political considerations, I focus my attention to “less powerful members of organizations as opposed to only leaders or champions” (Powell & Colyvas, 2008: 277). Third, I address the still under-researched question of how institutions actually get “inside” organizations, i.e., how the organizational adaption to new ideas or fundamental changes in the institutional environment actually proceeds at a micro-scale. Considering political dimensions of organizational behavior I thus develop a perspective that centers on individual interests without relying on rational-choice-models (DiMaggio, 1988).

Theoretical Background

This study is written against the theoretical background of ‘Organizational Institutionalism’ as furthered by recent publications like Greenwood et al. (2008). This theoretical strand is an advancement to the so called ‘New Institutionalism’ (e.g., Greenwood & Hinings, 1996; Powell & DiMaggio, 1991) that focuses on the understanding of organized phenomena in contemporary society. In this context, I rely on the concept of institutions put forward by Scott (2008: 48) as “multifaceted, durable social structures made up of symbolic elements, social activities, and material resources”. According to this understanding, an important aspect of institutions is that in representing expectations of various kinds (DiMaggio & Powell, 1983) they exert pressure on social actors like organizations or their members to which those have to comply in order to gain legitimacy (Deephouse & Suchman, 2008; Meyer & Rowan, 1977). External institutions represent such expectations directed towards a focal organizations from its institutional environment as perceived by that organization. The purpose of this study is to contribute to the understanding of the role external institutions play in the political arena created by an attempt to change the institutional setting of a particular organization.

Power, Politics, and Institutions

The concept of *power* in its most basic form is connected to the ability to influence outcomes of social interactions according to one’s own desires (Mintzberg, 1983: 4). For instance, power has been defined with regard to the relationship between actors A and B as the “amount of resistance on the part of B which can be potentially overcome by A” (Emerson, 1962: 32) or similarly as “property of relationships such that the belief of behaviors of an actor are affected by another actor or system” (Lawrence, 2008: 174). While the older definition focuses on a concrete interaction between A and B and associates power with force and coercion the more recent definition differentiates possible outcome dimensions. It suggests a more subtle understanding of power by explicitly including the potential to influence beliefs which might not even be realized as exertion of power. Both definitions, however, share the emphasis on the ability to affect outcomes and describe conditions without referring to the process of exerting or acquiring power.

As well the actual use of power as the activities that aim at obtaining or enhancing power can be subsumed under the concept of *politics*. As Pfeffer (1981: 7) trenchantly remarks: “(p)ower is a property of the system at rest; politics is the study of power in action”. Referring to the organizational level, politics can thus be defined as involving “those activities taken within organizations to acquire, develop and use power and other resources to obtain one’s preferred outcomes in a situation in which there is uncertainty or dissensus about choices” (ibid, italics removed). This definition puts emphasis on contest and struggle within a particular organizational situation without which political activities would not be necessary (Pfeffer & Salancik, 1974). As a system can only absorb a certain amount of complexity in order to stay capable of action, structures develop that routinize the exertion of power. From an institutional perspective, such power structures are organizational institutions that define taken-for-granted ways of how power is used, in which situations its exertion is considered appropriate

and thus valued and expected, and how a certain role within an organization, e.g. that of the CEO, is associated with a certain amount of power.

The institutionalization of social control, which legitimizes certain power structures, can be denoted as *authority* (Pfeffer, 1981: 4f.). The concept of authority also shows that politics and the exertion of power are not congruent phenomena insofar as institutionalized power structures, i.e. authority, have the function to absorb systemic complexity in that they abate the necessity to constantly communicate and renegotiate the distribution of power in standard situations (Luhmann, 1979). Power backed by authority obviates the necessity of politics in most instances. Thus, only in the special case when organizational activities aim at changing those structures in order to reallocate authority in favor of the actor, for instance by gaining higher hierarchical status or by reallocating one's area of responsibility to more influential departments, politics and power interconnect in the way described above.

Social Influence Behavior

Political behavior becomes necessary when institutionalized power in form of authority is insufficient to reach goals that are considered important by the manager in question. Thus, ways to exert power without authority are important prerequisites for successful project execution, most notably in contested and politically charged situations that oftentimes accompany attempts to institutional change. The literature on social influence behavior and especially on upward influence behavior, which by definition refers to situations with insufficient authority, offers fruitful theoretical concepts that are of importance to the present study.

Research on *upward* influence behavior constitutes only a fraction of the literature on social influence behavior in general while its predominant part is dedicated either to the study of downward influence, e.g. leadership, or lateral influence, e.g. group dynamics (Porter et al., 1981). Mechanic (1962) was one of the first researchers to investigate the organizational influence potentials of so called lower participants, a term he borrowed from Etzioni (1961) that denotes positions of lower rank within the hierarchical structure of organizations such as secretaries or groundskeepers. Understanding power as influencing force that stems from controlling information, persons and instrumentalities (i.e., physical facilities and resources of the organization) Mechanic suggested that amongst others *crucial expert knowledge*, the *willingness to perform time consuming task* that are technically assigned to the superior, or *centrality within communication networks* constitute effective sources of lower participants power towards organizational actors of higher hierarchical status. Giving the example of secretaries who are able to circumvent complicated and time-consuming formalized supply procedures due to their personal acquaintance with other lower participants that control the distribution of those resources he illustrates the secretary's power to withhold access to those unofficial channels and, by working to rule, to make it harder for the superior to perform the tasks she¹ considers to be important or interesting. Arguing that political influence behavior is almost always directed hierarchically upward, Porter, Allen, and Angle (1981: 111) define upward influence as "attempts to influence someone higher in the formal hierarchy of authority in the organization". Based on this understanding they pro-

¹ I randomly use male or female pronouns in this text to avoid suggesting any hierarchical order based on sex.

pose a categorization of modes of upward influence (Porter et al., 1981: 128, table 2) which suggests that political actors either use manipulation or persuasion (for a broader approach to upward influence behavior see Schilit & Locke, 1982).

Manipulation is a method to exert influence that involves selective release of information by means such as withholding or distorting facts, the concealment of important details through information overload or techniques like personal attacks or impression management that aim at distracting the target from significant aspects. Thereby, manipulation conceals both the intent of the political actor and the fact that the exertion of influence is attempted (Porter et al., 1981: 131). In contradistinction, they characterize *persuasion* as those tactics where as well the attempt to influence the target as the intentions of the political actor are open. Hence, the target voluntarily accepts the influence attempt. Persuasion is consequentially defined as “the display of judgment in such a way that those exposed to it have an opportunity to become aware of the potential value of accepting it in place of their own” (Gilman, 1962: 106, cited after Porter et al., 1981: 129). To be effective, persuasion needs to be based upon qualities of the actor such as expertise, charisma, or trustworthiness (Oza et al., 2010). Porter et al. (1981) also introduce the intermediate form of *manipulative persuasion* in which cases political actors are open about their attempt to influence a target but conceal their true intentions in order to mitigate the risk of penalty that often goes along with upward influence attempts: “while especially powerful individuals may be able to do what the agent desires, these are the same individuals who can impose the greatest adverse effects (costs) upon the agent” (Porter et al., 1981: 123). Finally, a further class of social influence behaviors is *ingratiation* which represents tactical forms of impression management (Fandt & Ferris, 1990; Gordon, 1996; Jones, 1964) that encourages corporative behavior. Ingratiation behavior includes techniques such as flattery, opinion conformity, modesty or favor rendering (Jones, 1964; Jones & Wortman, 1973) that aim at the creation of positive feelings and affection towards the political actor. Those feelings can be exploited to further the ingratiation’s ends.

As well persuasion as ingratiation are used in different contexts of social interaction and are therefore not exclusively political behaviors. Both have in common that they produce only minor risks of retaliation, if any, while being effective at the same time. For instance, Westphal and Bednar (2008) find in their study of top executives’ influence tactics towards powerful institutional investors that persuasion and ingratiation prove to be highly successful means to deter investors to exert their coercive potentials to forces changes in board structure, CEO compensation, or corporate strategy that would be contrary to the CEOs’ personal interests. Westphal (1998) shows that CEOs successfully apply the same mechanisms towards board directors in order to avoid increased board independency that would diminish the CEOs’ room for political maneuvers. Similarly, Westphal and Clement (2008) find that favor rendering appears to be a fruitful influence tactic applied by top executives to enhance external support to their firms through positively influencing stock analysts’ evaluations.

Empirical Setting

The study is based on field research I conducted for a period of thirty months from 2006 to 2008 in the headquarters of a major German multinational corporation. During this period I worked on a regular

basis for four days a week, mainly within the corporate responsibility (CR) department and most of the time directly subordinated to its head, Mr. King². The CR department had been newly established only three months before the start of the data collection for this study. The dominant understanding of CR at this time can best be described as a public relations approach according to which corporate responsibility was a matter of constructing and communicating the image of a “good company” by means of sponsoring, marketing and other communicative measures like anecdotal corporate citizenship projects that had neither an impact on the company nor any comprehensible connection to its strategy. Mr. King had no clear idea of CR at that time other than his (largely intuitive) conviction that any CR management that could be taken seriously would have to adhere to standards of “scientific management”, i.e. an approach to CR based on a comprehensive vision and success definition, guided by structured planning processes and controlled by means similar to financial accounting that aimed at organizational, environmental and societal impact.

From an institutional theoretical perspective one could summarize the situation at that time as characterized by low degree of institutionalization: Mr. King could not make use of established routines or traditions nor could he draw on a shared understanding of what good CR management should look like. There were also almost no supporting structures aside from his personal connection to the CEO. The attempt to induce institutional change within the company by introducing a substantially new approach to corporate responsibility against the background of insufficient structural or institutional resources created a contested field characterized by resistance within which the managers under study struggled to prevail. Corporate responsibility was generally regarded as rather unimportant or even irrelevant function by most senior managers and hence oftentimes met with indifference.

Methodology

The present study constitutes a real-time longitudinal case study on change. In order to understand change processes at the micro level of daily organizational activities, I assume a process perspective (Langley, 1999; Van de Ven & Huber, 1990).

Data Collection

Data were collected in form of personal experience gained through practical doing and based on intensive acculturation in the particular organizational setting of my study (Geertz, 1973; Rosen, 1991; Van Maanen, 1979, 1988, 2010). I also accumulated documentary data (Atkinson & Coffey, 2004) in form of official and semi-official documents such as reports, code of conducts, internal guidelines or policies, meeting protocols, project documentation, memos, and power-point presentations. For many documents, especially for those in whose preparation I was directly involved, I oftentimes have different versions including disregarded drafts that nicely document the evolution of ideas and concepts during the period under study. Finally, I am able to draw on email correspondence of 30 months of intensive team work from which I selected numerous meaningful excerpts. I chose the data resulting

² In order to guarantee anonymity I use synonyms for all persons mentioned in this study.

from the ethnographic field study as my central source not only because it is closest to daily practices (Becker & Geer, 1969; Garfinkel, 1967) in which the enactment of all institutions ultimately takes place (Barley & Tolbert, 1997), but also because of its close epistemological relatedness with institutional theory (Zilber, 2002). I studied the "daily life of the people" (Becker & Geer, 1969: 322), actively acquiring a "native's point of view" (Sanday, 1979: 532) which enabled me first of all to understand the effects of cultural-cognitive aspects of institutions (Scott, 2008) but also to gain an in-depth understanding of the complexities of regulative and normative structures in which the execution of the projects was embedded.

In addition, 35 in-depth interviews were conducted in Germany and the USA with most of the relevant participants of these projects, both from the focal organizations and from agencies and consulting firms involved in the projects, as well as with other organizational members and experts involved in the wider CR context of projects I to III. In total, 26 of the interviews were conducted with members of the focal organizations, 9 with CR consultants and experts; the interviews lasted from 38 to 189 minutes with an average length of 90 minutes. Moreover, 14 of those were ethnographic interviews based on "respectful, ongoing relationships with [...] interviewees" (Heyl 2001: 369) which have two important advantages over conventional interviews: first, because the semiotic approach to ethnography aims at "gaining access to the conceptual world in which our subjects live so that we can, in some extended sense of the term, converse with them" (Geertz, 1973: 24),

I had the impression to better understand the details of the complex processes I actually participated in, e.g. with regard to personal references to members of the project team, to informal discussions or internally known anecdotes, and especially with regard to humorous or cynic statements about demotivating experiences or organizational obstacles. Having been able to establish on-going personal relationships with most of my interviewees I could engage in "a genuine exchange of views" that allowed me to "explore purposefully (...) the meanings [my interviewees] place on events in their world" (Heyl, 2001: 369). Additionally, I attempted to trigger conjoint reflections on our common experiences which were carefully noted during the interviews. All but two interviews were digitally recorded and transcribed verbatim.

Data Analysis

Assuming that divergent institutional change is a highly political process involving power struggles, not least because one continuously has to "justify divergence from taken-for-granted practices" (Battilana et al., 2009: 81), accounts of political action and exertion of different forms of power are at the centre of my analysis. Consequently, and in accordance with ethnographic tradition, accounts constitute the basic analytical units I applied to my cases. Using the qualitative data analysis software ATLAS.ti 6.1 to support the evaluation of my data I pursued two parallel analytical strategies: on the one hand, I developed a rough initial coding scheme inspired by my research question and essential literature on institutional theory. This allows for the necessary flexibility to stay close to the data and also for the development of finer-grained codes and coding categories out of raw data (Miles & Huberman, 1994: 58). My initial coding scheme contained codes that accounted for different types of

social influence behaviour, for enabling as well as obstructing episodes of top management behaviour, for sources of external expectations and corresponding pressures, for means of justification and legitimation of institutional changes, and, finally, for various institutional categories drawn from the framework proposed by Scott (2008). I also coded for time sequences and affiliation with projects to enable cross-case and chronological comparison. Using the emerging coding scheme I then performed a cross case analysis to enhance generalizability of my findings (Miles & Huberman, 1994; Stake, 2006). For this part of the analysis, I used records of personal reflections, the interview transcripts, written documents, and meaningful parts of the email correspondence.

On the other hand, to capture the process perspective inherent in ethnographic research, I applied analytical techniques proposed by Langley (1999), most notably the narrative strategy that entails the construction of detailed case stories from raw data and the visual mapping strategy that allows to visualize the chronology of different cases and is useful to identify intersections and mutual influences between cases and the wider research context. As suggested by Pettigrew (1990) in the context of field research on change, I put special attention to embeddedness in the sense that I analyzed for “change in the context of interconnected levels of analysis” (ibid: 269), in my case the change of external institutions at the field or society level. I also actively considered different degrees of embeddedness within different types of institutional settings. For instance, whilst structures of power might be taken-for-granted and stable within a particular setting, the way a company represents its social performance towards an external audience via reporting might be challenged and consequently changed fundamentally. For process analysis, all available data are useful as long as they refer to chronology, especially different versions of graphical presentations and drafts to project documents that are not analyzable in a meaningful way through coding.

Restructuring Corporate Responsibility Reporting at InfraTec

Resulting from process analysis I present short narratives of all three projects, each entailing relatively detailed descriptions of the political situation the respective project was exposed to, of personal as well as departmental interests the involved key actors pursued, of institutions representing external expectations to which the project participants referred to during project execution. I also describe how the actors made use of external institutions in each project, which mechanisms were applied to further the interests of the projects as well as those of the CR department, and which organizational actors were targeted by means of which influence tactics. Due to space restrictions in this extended abstract I limit the presentation of my results to one illustrative project, the so called CR-Reporting Project.

InfraTec had published short and backward-looking reports from 2000 to 2005 that did not contain any commitments or forward-looking statements and presented only rudimentary data. Hence, the existing reports did not meet basic standards of corporate financial reporting such as forward outlooks, risk evaluations, or even meaningful performance indicators. To address these shortcomings Mr. King defined the re-conceptualization of the CR report as one of the first and prioritized tasks of the CR department. Lasting for the whole period of this study, the reporting project consisted of two phases: phase one roughly corresponded to the development and publishing of the 2006 report and was de-

defined by intense reviews of external standards on sustainability reporting and responsible organizational conduct as well as by intensive informal interaction with various NGOs and consulting agencies. However, the main result of this first phase, i.e. the 2006 report, was conceptualized and written completely internally. During the second phase, which covered the development and publication of the 2007 and 2008 reports, the project team was supported by a major German communication agency that is specialized on sustainability reporting.

In contradistinction to most aspects of sustainable management at the time of *phase one*, external expectation regarding the reporting of sustainability performance were relatively well formulated and elaborated, most prominently through the non-governmental organization ‘Global Reporting Initiative’, which had passed the third version of its renowned and up until today widely applied reporting guidelines (G3) in 2006. Consequently, department personnel undertook an extensive analysis of external standards (in which I was deeply involved) referring to external expectations towards responsible corporate conduct. Aside from G3 we analyzed a fairly complete assemblage of all reasonably institutionalized standards at this time (e.g., OECD Guidelines of MNCs, AA1000, SA8000, FTSE4Good). They were analyzed with regard to statements about external expectations associated with specific corporate functions. We then prepared memos for all members of the CR team that contained suggestions for indicators by which their department’s contributions to sustainability performance could be measured. For instance, the representatives of the human resource department would receive a memo that suggested indicators covering human rights of the company’s and its subcontractors’ employees, health and safety measures, and diversity issues. Those memos also suggested the necessity of objectives for each indicator for the next four reporting periods. In the following CR team meetings the project leader argued that those memos represented codified external expectation and that the company would have to justify any willful default to report performance according to those indicators. Introducing a supposedly objective reconstruction of external demands into the discussion of reporting requirements we pushed the vindictory burden towards the representatives of the corporate departments. We thus build pressure to offer significant commitments for indicators in future meetings while simultaneously providing them with the argumentative basis to press the issue within their own departments. This tactic represents an attempt of indirect upward influence behavior which targets the superiors of lateral influence targets.

In phase two the CR department purposefully involved a consulting agency specialized in sustainability reporting, headed by Ms. Brown, that took over the role to represent supposedly external expectations that added to the pressure to introduce external standards into the negotiation process between the CR-department and the representatives of the corporate functions. During the whole time of phase two, consultants and the members of the CR department maintained a close contact intensively exchanging ideas and concepts about how the report should be structured and which issues should be addressed. During the meetings with the whole CR-team, however, both parties presented themselves as distinct groups. On several occasions, Ms. Brown openly opposed the position of Mr. King, mostly with regard to actually minor points that nonetheless seemed to be of great personal importance to particular participants of the meetings. Those behaviors allowed her to emphasize her personal as well

as the agency's independence and their status as a supposedly neutral party. She also took over the role of the moderator of the meetings while Mr. King positioned himself as simple member of the team, thus lending further credibility to her claims of neutrality and independence. They then used their respective roles in those meetings to influence the participants from two fronts: while Mr. King predominantly insisted on the targets the representatives of the corporate functions had themselves committed to during phase one, Ms. Brown referred both to external standards as well as to supposed industry best practices which, according to my interview data, had been defined by herself during former projects with other clients. They thus co-constructed their preferred way of reporting performance as being externally determined and hence without alternative.

Finally, another means to exert pressure that was closely connected to the development of a new reporting system was an annual assessment protocol developed by the Swiss analyst SAM which had to be answered in order to maintain membership in the Dow Jones Sustainability Index (DJSI). Arguing that DJSI membership were crucial to the investment decision of those investors driven by economic as well as social and ecological considerations the SAM assessment was introduced as sole institution representing the expectations of an actually highly heterogeneous stakeholder group. This institution proved to be a particular suitable means to persuasion because it combined the prevailing market orientation (attracting capital) with a logic of corporate responsibility (taking into account social and environmental impacts of business activities). Here again, the combination of overstating the representativeness of the institution for investor expectations and the repeated citation of a somewhat improvised figure referring to the alleged amount of equity depending on DJSI membership were used to enhance the efficacy of persuasion tactics by manipulative means.

Applying persuasion and manipulative persuasion as social influence tactics Mr. King used his personal involvement in project I to successfully further as well his personal interests as the standing and interests of his department: leveraging the necessity to publish a corporate responsibility report which is supposed to be directed towards the organization's environment and its various stakeholders he systematically generated commitments from other corporate functions. Those commitments, which not least due to the high visibility of official company reports within the top management, constituted the fundament to subsequently further the quality and impact of future reports. They also created pressure within other corporate functions fostering the success of additional projects that improved his personal as well as the departments standing within the company. Finally, by constructing the requirements for the CR reporting and the SAM assessment as mutually amplifying external demands he was able to achieve and subsequently maintain DJSI membership which he had negotiated as key indicator for the performance related parts of his personal compensation scheme.

Discussion

The results of my study show how political actors construct and subsequently co-opt their status as supposed experts to evoke certain meanings of external institutions that further their own personal or departmental interests. While the connection between knowledge and power is not surprising (see e.g. Bacharach & Lawler, 1982) the results suggest that not the actual knowledge about external expecta-

tions but the *attribution of expertise* to organizational actors constitutes the crucial factor for the efficacy of influence tactics based on persuasion. Successful political actors construct the meaning of existing institutions in the organizational environment according to their political needs. Systematic overstating of the relevance of external expectations as well as the relevance and general acceptance of the individually preferred solution constitute fruitful means to socially influence actors of higher authority. The efficacy of this tactic seems to be based on a *knowledge asymmetry* between the political actor and the influence target as perceived by the latter. It is itself a manifestation of political competency if the influencing actor is able to simultaneously construct the external institutions and expectation as crucial for the organization, her interpretation of their meaning as valid knowledge and, finally, the influence target as sufficiently ignorant so that it perceives himself as being in need for the influencer's knowledge. With regard to CR reporting, the targets did not perceive themselves as experts and hence accepted the expertise claims of the influencing actor.

This suggests that the degree to which certain concepts are cultural-cognitively institutionalized, the degree to which they reflect culturally shared understandings that constitute comprehensible and culturally supported notions, affects in how far it is possible to establish a sense of a sufficient knowledge asymmetry that enables persuasion. This bears an interesting (and somewhat paradoxical) implication with regard to the institution theoretical argument that common beliefs and culturally shared concepts are one important basis for legitimacy (Ruef & Scott, 1998; Scott, 2008; Suchman, 1995): the concept of knowledge asymmetry suggests that while the political actor simulates the existence of strong external institutions to justify his propositions actions his influencing attempts actually depend on the absence of those institutions. The political instrumentalization of external institutions hence simultaneously presupposes and denies their very existence.

The results of this study further suggest that political behavior makes use of external expectations that are at least to some extent institutionalized so that arguments based on those expectations withstand superficial verification. Successful influence behavior does not resort to blunt lies and inventions but artfully takes advantage of ambiguities that create room for interpretation and creative sense-making. Expanding my argument further I propose that the knowledge asymmetry between influencing actor and the target creates knowledge imbalances that allow the political actor to manipulate the meaning macro-institutions assume during the *process of micro-translation*. By micro-translation I thereby refer to the oftentimes highly political process of attaching meaning to concrete practices (Zilber, 2002) that precedes the enactment of institutional change within organizations. The effects the SAM assessment had on the reporting structure would traditionally have been explained with mimetic pressures (DiMaggio & Powell, 1983). However, while the results show that mimetic processes are indeed at work, the translation into the organizational context cannot be seen as simple mimesis and replication of externally available concepts but has to be understood as means for political contestation within the organizational context. Integrating political processes into the conceptualization of the micro-level enactment of institutions (Barley & Tolbert, 1997) allows to account for the (again somewhat paradoxical) observation that while we have sound evidence for mimetic isomorphism (e.g. Rao et al., 2000; Rao et al., 2001) at the level of the organizational field we also have evidence for considerable forces

towards heterogeneity (e.g. Dacin, 1997; Lounsbury, 2001). This findings expand existing explanations of this seeming contradiction by emphasizing that, even if institutionalized practices and concepts are replicated, the replication process itself will be heavily influenced by political considerations of those organizational actors that are in charge of the integration of those concepts into the institutional framework of an existing organization.

Based on qualitative data from a single organization this study obviously cannot claim generalizability of its findings. What is more, additional interviews conducted with CR managers from other organizations suggest a certain uniqueness of InfraTec which has been described, for instance, as characterized by an overly politicized culture which centers the attention of its members on political contestations and power struggles. These statements, on the other hand, confirm the initial assumption that as well this particular organizations as the timing of the study furthered the utilization of social influence tactics. This is why I claim that I have presented an illustrative case that hopefully expands our understanding of micro-level processes of institutionalization and institutional change.

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Phönix aus der Asche

Eine ereignisorientierte Betrachtung des Siemens-Korruptionsskandals als Nexus zwischen Organisation und Umwelt

Ereignisse; Organisation; Umwelt; Institutionentheorie; Institutioneller Wandel; Korruption

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Zusammenfassung

Unsere phänomengetriebene Studie hat das wechselseitige Beeinflussungsverhältnis von Organisation und organisationaler Umwelt zum Gegenstand. Gestützt auf Konzepte und Erkenntnisse der neueren Institutionentheorie untersuchen wir im Rahmen einer ethnographischen Feldstudie den Siemens-Korruptionsskandal der Jahre 2006 bis 2008. Dieses Ereignis hatte nicht nur für das betroffene Unternehmen erhebliche Konsequenzen, sondern hat auch zu einer Neubewertung des Phänomens organisationaler Korruption in regulativer, normativer und kultureller Hinsicht geführt, deren Konsequenzen sich erst langsam abzuzeichnen beginnen. Es eignet sich daher in besonderer Weise, die vielfältigen Auswirkungen institutionellen Wandels auf eine fokale Organisation zu untersuchen. Sowohl aufgrund der Tragweite des Skandals, als auch ob der Bedeutung des involvierten Unternehmens ermöglicht es darüber hinaus eine Untersuchung der Handlungsmuster, durch die das betroffene Unternehmen den Wandel in seiner institutionellen Umwelt im Anschluss an den Skandal mitzugestalten versucht. Entsprechend unserer Überzeugung, dass sich Wandel nur aus einer Prozessperspektive heraus adäquat erfassen lässt, rekonstruieren wir den sich ändernden institutionellen Kontext des Phänomens Korruption sowie dessen Auswirkungen auf die fokale Organisation als Abfolge von Ereignissen in einem Modell, welches Ereignisse als Nexus zwischen einer fokalen Organisation und seiner Umwelt begreift.

Abstract

In our phenomenon-driven study we address mutual influences between a focal organization and its organizational environment. We draw on concepts and insights of new institutional theory as well as on the results of an extensive ethnographic field study of the 2006 to 2008 Siemens corruption scandal. We find that this event did not only result in considerable consequences for Siemens, but also culminated in a reevaluation of the phenomenon of corporate corruption with regard to its regulative, normative, and cultural-cognitive dimensions. It is therefore particularly suitable to analyze the various effects of institutional change on a focal organization like Siemens. Due to the momentum this scandal generated as well as due to the importance of Siemens our case makes it furthermore possible to analyze action patterns through which the focal company attempts to shape institutional change processes in its organizational environment subsequently to the scandal. According to our comprehension that change can only be assessed meaningfully from a process perspective we reconstruct the development of the institutional context of the phenomenon corruption as well as its effects on the focal company as a sequence of events. We do so by proposing a model which conceptualizes events as nexus between organizations and their organizational environment.

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