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# Initiating sustainable development reporting: evidence from New Zealand

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## Abstract

**Purpose** – The purpose of this paper is to document organizations' self descriptions of why they initiated sustainable development (SD) reporting and explore these explanations using an institutional theory framework.

**Design/methodology/approach** – Constructs organizational narratives from semi-structured in-depth interviews with reporting champions who participated in an SD reporting workshop series. The narratives are analysed using institutional theory to explore how regulatory, normative and cognitive institutions combine with organizational dynamics to influence SD reporting activity.

**Findings** – For these particular organizations, choosing to engage in reporting appears not to be a rational choice. Rather reporting is initiated because it has come to be an accepted part of pursuing a differentiation strategy, it offers some contribution to existing business challenges, and organizations value the rewards it offers. This rationale constitutes a cognitive mechanism within institutional theory.

**Originality/value** – The paper provides useful information on initiating sustainable development reporting based on organizations' self descriptions.

**Keywords** Corporate social responsibility, Sustainable development, Narratives, New Zealand

**Paper type** Research paper

## Introduction

In recent years commentators have sought to understand why some organizations undertake social and environmental reporting (SDR)[1] and what drivers exist in the external (societal) and internal (organizational) environment for reporting (Buhr, 1988, 2002; Cormier and Gordon, 2001; Adams, 2002; Solomon and Lewis, 2002). Papers considering reporting have attempted to deduce motivations from the pattern of social/environmental disclosures in the annual report and accounts package

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(Neimark, 1992; Gray *et al.*, 1995a, b; Hackston and Milne, 1996; Halme and Huse, 1997; Adams and Harte, 1998; Baylis *et al.*, 1998; Neu *et al.*, 1988; Campbell, 2000; Deegan *et al.*, 2000; Moneva and Llena, 2000; Wilmhurst and Frost, 2000; Larrinaga *et al.*, 2002), from "stand alone" reports (Buhr, 1988, 2002; Milne *et al.*, 2001, 2003; Burritt, 2002; Kolk, 2003), and from interviews with organizational participants (Adams, 2002; O'Dwyer, 2002). Some propose that an external "jolt" or "kick" to the organization (such as a scandal) is responsible for an organization's disclosure activities (as per Laughlin, 1991 and Larrinaga-Gonzalez and Bebbington, 2001). Others hypothesize that an assemblage of factors come together to influence the initiation of reporting (Duncan and Thomson, 1998) and that the assemblage may affect the quality or substance of the activities pursued (Adams, 2002; Buhr, 2002). How various factors combine at a point in time to create a dynamic for the publication of a report remains, however, under-explored in the literature.

In this paper we utilize institutional theory (DiMaggio and Powell, 1991; Scott, 1995) to contribute to understandings about how various factors combine in the initiation of reporting. Institutional approaches tend to move away from considering organizational activities as something managers purposely initiate to achieve carefully considered outcomes, and focus instead on the shaping effects of social pressure. For the most part, institutional theory downplays managerial agency, and demonstrates that organizations mimic each other when practices become widely accepted and diffused. Relatively less work has explored how and why practices reach institutional status to engender such effects (Phillips *et al.*, 2004; Lounsbury and Crumley, 2007).

Given that SDR is not yet something that all organizations embrace; Erusalimsky *et al.*, 2006; Gray and Bebbington, 2007), although it is gaining in diffusion (Wheeler and Elkington, 2001), we present detailed narratives of early reporters and draw on some well-established, as well as new directions in institutional theory, to explore how institutional factors combine with organizational dynamics to contribute to the initiation of SDR and the institutionalization of this practice. We focus our institutional analysis at the organizational (rather than the field) level, and we study a sample of New Zealand Business Council for Sustainable Development (NZBCSD) members (an organizational population) that participated in a workshop series designed to assist them to develop their first SDR. Our focus is the initiation and institutionalization of reporting activity, rather than the much more vexed issue of whether SDR contributes anything "meaningful" to (or institutionalizes) broader social/environmental change (Milne and Gray, 2007 for views on this matter). In doing so, however, we do offer some tentative insights into the connection between the institutionalization process that is unfolding and the nature of the reporting that is developing, and also illustrate the finely balanced nature of institutional change.

In brief, our analysis identifies that a wide range of regulative, normative and cognitive influences are contributing to the institutionalization of SDR amongst this organizational group. The extent to which they shape managerial decision-making to initiate SDR, however, depends on a number of organizational dynamics. In particular, those organizations that are seeking to address new/existing business challenges by positioning themselves using SD rhetoric appear to accommodate, rather than resist institutional pressure for SDR. Our paper, therefore, offers insight into the institutionalization of a new organizational practice during the relatively early stages of this process.

This paper is structured thus. The first section provides some background to existing explanations of SDR and highlights some of the difficulties with current explanations. It is the contradictions within these explanations that motivate our institutional analysis – the specific understanding of this we explore in the section that follows. A key part of institutional theory, the field, is described in this section, before the approach taken in this paper is outlined. A series of six organizational narratives that explore in detail how various internal/organizational and institutional factors combine in the (non)initiation of SDR are then presented followed by a discussion section that draws out the institutional insights. Final reflections on SDR theorizing are then provided.

**Sustainable development reporting**

According to Wheeler and Elkington (2001) "social reporting has moved from a fringe activity pioneered by socially conscious but non-mainstream companies into a credible and serious practice embraced by a number of major corporations" (p. 5). The interest in, and uptake of this activity, by the business community seems, on the face of it, to be significant. In less than a decade found, for example, a 600 percent increase in non-financial hard-copy reporters across the world (totalling about 600 reports in 2003) with as many as 1,300 reporting electronically. Likewise Kolk (2003) notes that 50 percent of the 1998 Fortune Global 250 companies were undertaking some form of SDR by 2001 with high levels of reporting in the UK, Japan and Germany (in contrast to the USA).

A variety of corporate characteristics and contextual factors have been identified as significant, at one time or another, or in various national contexts, to managers' decisions to report. Adams (2002), synthesising the prior literature, suggests, additionally, that internal organizational arrangements may affect the nature and quality of reporting (Table I summarizes these factors) and also suggests that management attitudes are important. Solomon and Lewis (2002) draw attention to market, social, political and accountability (dis)incentives (Table II).

Some theorize that the dynamic connecting these factors should be accountability with SDR enabling/forcing managers to account for the social/environmental impacts of their organizations (Gray *et al.*, 1996, for an overview). Observations of current practice, however, point to other drivers. As illustrated in Table I, it tends to be larger organizations operating in high-profile industries that disclose the most information (Hackston and Milne, 1996), in response to particular events (Patten, 1992; Darrell and Schwartz, 1997), media coverage (Deegan *et al.*, 2002) and oriented toward powerful or influential "relevant publics". Other observations that organizations respond to a "jolt" or "kick" (Laughlin, 1991) has encouraged speculation that SDR is purposely initiated to secure and maintain the support of powerful constituents (referred to within the social accounting literature as organizational legitimacy, Deegan, 2002).

From a resource dependence perspective (as per Pfeffer and Salancik, 1978), legitimacy is a resource to be acquired, and is necessary for survival (Suchman, 1995; Milne and Patten, 2002). Managers produce a SDR to communicate that substantive changes have been made to organizational policies and/or practices (in line with expectations); to alter perceptions about the organization and/or its behaviour (without necessarily changing behaviour); to change the definition of social legitimacy; and/or to

| Corporate characteristics (for which relationships have been found) | Contextual factors | Internal factors (which may be subsumed under label of corporate culture) |
|---|---|---|
| Size (larger companies report more)<br>Industry group (dirty industries report more)<br>Profit or financial performance (relationship mixed and unclear)<br>Share-trading volume, price and risk (BETA)<br>Debt-to-equity ratio<br>Political contributions | Country of origin (due to a variety of underlying social, political and legal factors)<br>Social and political change (especially over long time periods)<br>Economic cycles (although the direction is unclear)<br>Cultural context (via influence over moral values as well as dependent on the likes of political "green" movements)<br>Specific events (such as environmental disasters)<br>Media pressure (which increases disclosure)<br>Stakeholder power (with those who are powerful able to demand disclosures) | Views of company chair and board of directors<br>Presence of corporate social responsibility or reporting committee<br>Corporate structure and governance procedures<br>Stakeholder involvement in organization<br>Length of management decision horizon (longer is linked with more reporting)<br>Active strategic posture (more active will report more)<br>Perceived costs and benefits |

**Table I.** Corporate, contextual and some internal factors associated with reporting activity

| Incentive | Description |
|---|---|
| Market | Disclosure improves competitive position<br>Disclosure increases share value<br>Disclosure leads to inclusion in social/ethical funds/indices |
| Social | Disclosure wards off stakeholder challenges |
| Political | Disclosure reduces political pressure<br>Disclosure reduces likelihood of mandatory disclosure |
| Accountability | Social/environmental disclosure demonstrates the part that a company is playing in relation to social/environmental issues<br>Recognises a greater degree of interactions and obligations associated with corporate activity |

**Table II.** Incentives and disincentives associated with reporting activity

align the organization with others considered legitimate (Dowling and Pfeffer, 1975; Lindblom, 1993; Milne and Patten, 2002; Suchman, 1995).

Observations indicate, however, that SDR is not always considered so rationally by managers (Campbell, 2000; Adams, 2002). O'Dwyer (2002), for example, found that while aligning the organization with stakeholder expectations, in order to secure their continued support, was commonly articulated by Irish managers, few believed SDR could/would contribute to such legitimacy. Additionally, Adams (2002) reported that a senior environmental communications manager, who had serious doubts about the value and importance of external verification (for raising the trustworthiness of the reported data, and hence the support of stakeholders), went on to have their SDR verified anyway. Both Solomon and Lewis (2002) and O'Dwyer (2002) point out inconsistencies in current practice that suggest a lack of attention to stakeholder expectations and/or little commitment to accountability (Campbell, 2000).

In response, some argue for more consistent research approaches (Hackston and Milne, 1996; Gray *et al.*, 2001) and/or that a more encompassing set of factors is studied (Campbell, 2000; Adams, 2002) to comprehensively understand reporting patterns. Critical theorists reorient the discussion to highlight the symbolic and constitutive potential of SDR, arguing that SDR provides a means of resisting fundamental social change (Puxty, 1986; Tinker *et al.*, 1991) and constructing favourable legitimacy rationales. Others draw attention to the influence of the social context, and suggest that organizational actions (including SDR) are not necessarily pursued for carefully-considered outcomes, but because of pressure to conform to societal expectations (Milne and Patten, 2002; Scott, 1995; Ball, 2005, 2007). Buhr (2002) introduces structuration theory to understand both rational, managerialist behaviour, as well as structuralist, shaping accounts of reporting activity. Producing a SDR can be motivated by a deliberate attempt to secure legitimacy, but it may also have shaping effects on what is acceptable to pursue.

In this paper, we utilize neo-institutional theory to develop emerging insights about how the social context influences the choice of managers to initiate SDR (Larrinaga, 2007; Milne and Patten, 2002; Ball, 2005, 2007). Being "distinctly sociological" (DiMaggio and Powell, 1991 p. 11), neo-institutional accounts of organizational activity downplay rational managerial action, and focus on how the social context influences organizational participants to behave relatively unconsciously in ways that are "normal" to "fit in" and appear "appropriate" within the contexts in which they operate. While still concerned with legitimacy, neo-institutional approaches expand the focus from the rational, resource-dependence perspective common in the SDR literature (Milne and Patten, 2002, and Deegan, 2002), to something more subtle, and shaped by a more complex range of factors, than deliberate managerial decision-making. We have sought to capture this complexity via more in-depth interaction with our cohort of organizations who are initiating reporting activity in a way that also reflects the important role of organizational dynamics in the institutionalization process.

## Institutional theory

Institutional researchers understand the social context in terms of institutions – specific practices and mechanisms (such as laws and regulations) and ideas, understandings and cultural frameworks (such as neo-liberal economics) (Friedland and Alford, 1991; Lounsbury and Crumley, 2007) that have achieved a degree of social permanency (Zucker, 1987) and are experienced as "possessing a reality of their own, a reality that confronts the individual as an external and coercive fact" (Berger and Luckman, 1966, p. 58). Institutions circulate at a number of levels (Friedland and Alford, 1991), ranging from world systems (e.g. democracy) to localized interactions (e.g. certified management standards; Scott, 1995) and influence the behaviour and actions of those within organizations, as well as the rationale for that behaviour (Friedland and Alford, 1991).

Of significance is the "field" which is the specific context in which institutions influence organizational behaviour. Often considered analogous to "industry"

(Powell and DiMaggio, 1991) fields comprise all organizations (businesses, government agencies, industry associations, NGOs) "that partake of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field" (p. 56). Hoffman (1999) suggests fields can form around "issues" and not just "industries" or "technologies"; social pressures influence the adoption of common practices (e.g. philanthropy, environmental responsiveness, recruitment and staff development practices, SDR) in organizations, irrespective of the industry in which they operate (Mezias, 1990). Fields are, thus, best understood as the centre of dialogue and interaction, through which a diverse range of institutions come to bear on field participants, and influence common organizational behaviours and their rationality.

Organizational activities, rather than being totally at the discretion of managers are, thus, selected from amongst "a narrowly defined set of legitimate options determined by the group of actors composing the firm's *organizational field*" (Hoffman, 1999, p. 351, emphasis in original). Sometimes new organizational activities develop as individual organizations within the field innovate to improve performance and/or attempt to survive in uncertain or crisis-driven contexts (DiMaggio and Powell, 1983). They become institutionalized (or part of the set of legitimate options) if other organizational structures and activities become enacted as a result (and are thus costly to alter; Zucker, 1987), and/or the innovations are perceived as successful and copied by others (DiMaggio and Powell, 1983; Haunschild and Miner, 1997).

New organizational activities also emerge when new participants enter a field, alter the interaction patterns (Hoffman, 1999), and/or introduce practices from other contexts. They become institutionalized if they offer innovative solutions to problems (Jennings and Zanderbergen, 1995), tap into other concurrent developments/disruptions (Thornton *et al.*, 2005) or become normalized through professionalization, formal education programmes and embedded in professional networks (DiMaggio and Powell, 1983).

While Greenwood *et al.* (2002) suggest institutionalization involves six distinct steps, including deinstitutionalization of existing institutions (Oliver, 1992; Thornton and Ocasio, 1999; den Hond and de Bakker, 2007), how new practices and ideas become institutionalized is still poorly understood (Friedland and Alford, 1991) and confusing (Galaskiewicz, 1991) in most settings. Because new practices and rules may also be established for political reasons (Bourdieu and Wacquant, 1992), the process of institutionalization can resemble "institutional war" (White, 1992) as new practices and/or their rationality are contested and resisted (Jennings and Zanderbergen, 1995). It seems likely that a dialectical relationship exists between the activities of organizations and interactions within the field during the institutionalization process. As Schelling (1978) (quoted in DiMaggio and Powell, 1991, p. 65) points out, organizations "respond to an environment that consists of other organizations responding to their environment, which consists of organizations responding to an environment of organizations' responses". It is this dialectic that we seek to explore in our organizational-level institutional analysis.

In terms of how institutions influence organizations, the type of institutions within a field is significant. Galaskiewicz (1991) maintains that "the influence of the institutional environment can be subtle, working its way into the organization through rationalized myths, or direct, coming as an indictment on a felony charge" (p. 293).

Some institutions have regulative characteristics (such as rules, regulations and laws), which exert coercive pressure (DiMaggio and Powell, 1983) and influence behaviour because of the potential for reward or threat of punishment. Managers act rationally and make conscious and instrumental choices by calculating the trade-off between anticipated benefits and the likely sanctions (for example, Ingram and Clay, 2000).

Normative-type institutions influence values (what is desirable/socially acceptable to pursue) and norms (desirable ways of acting and being). Managers pursue various ends *and* do so because of societal obligation and expectations. While managers make conscious choices, normative pressure (DiMaggio and Powell, 1983) means "a logic of appropriateness replaces, or sets limits on, instrumental behaviour" (Scott, 1995, p. 51; and Ellickson, 1991). Cognitive institutions are the most subtle and complex, and also the most difficult to detect (Hoffman, 1999). Activities are enacted in relatively taken-for-granted ways, and for reasons that may not be fully articulated. Managers are concerned to "fit in" and to do what has been shaped as "normal" in various circumstances; they may not even be aware of how rationality is institutionally shaped (Friedland and Alford, 1991; Milne and Patten, 2002).

In any one field, and at any one time, it could be anticipated that many different types of institutions shape the behaviour of organizations, but when coercive, normative and mimetic pressures combine, isomorphism (Hawley, 1968) and homogenization of structures, cultures and practices tends to occur within those fields (Powell and DiMaggio, 1991 and see a review of various empirical studies therein). The combination of institutions shapes what is required of organizations for social legitimacy in a broader way than resource dependency. The emphasis is largely on "fitting in" and operating "appropriately" rather than securing the support of specific constituencies (Orru *et al.*, 1991; Scott, 1995). Social pressure is such that conformity and homogenization occurs even in the face of glaring inefficiencies and little demonstrable technical utility of the practices (Zucker, 1987).

In business and society theorizing, Bansal and Roth (2000) argue that organizations operating in highly cohesive fields will unquestionably adopt ecologically responsive practices that are established as legitimate in order to "fit in". The norms and practices that encourage serious social/environmental consideration, however, require integrated macro and micro institutions (Jennings and Zanderbergen, 1995; Campbell, 2007; Jones, 1999) that exert cohesive regulatory, normative and cognitive pressure (specifically, Jennings and Zanderbergen, 1995). At the socio-cultural level, social or participatory forms of capitalism are necessary (but not completely sufficient), and practices (such as stakeholder management and SDR) are more likely to be seen as legitimate in secondary sector and consumer goods industries (larger, more capital intensive, and subject to the most scrutiny) and in those that are younger, have higher profiles, and higher degrees of competitive rivalry. Additionally, owners/managers of smaller, closely-held firms, following a differentiation strategy are more likely to initiate socially responsible practices (they are more able to resist dominant profit-maximizing institutional pressures; Jones, 1999).

The legitimacy, and thus institutionalization of socially responsible practices is strengthened if any regulations that are imposed on field participants are developed consensually with all those affected, a culture of self-regulation prevails within the industry, the notion of social responsibility is embedded into education and trade associations that influence field participants, and active and independent social movement organizations exist within an industry and are successful in exerting pressure (Campbell, 2007; see also Galaskiewicz, 1991; den Hond and de Bakker, 2007; DiMaggio and Powell, 1983). The norms may differ and also be determined by the geographical community in which the head office is located (Marquis *et al.*, 2007), as managers look to their peers for guidance about how to act towards uncertain social expectations. They may also differ according to the mix of participatory and non-participatory tactics used by "reformative" or "radical" activist groups that operate in an organization's context (den Hond and de Bakker, 2007). In terms of diffusion, new practices and their rationale may need to be linked to existing, legitimate institutions (Boxenbaum, 2006, and see Galaskiewicz, 1991 who discusses how new norms of philanthropy were developed by established, respected business leaders in Minneapolis-St Paul). Because consensus about socially and environmentally responsible practices tends to be undeveloped, Terlaak (2007) suggests that codification elements of certified management standards (e.g. ISO14001, SA800, GRI) can assist to develop norm-like consensus by encouraging dialogue that makes rules explicit. If the standards become certified, a sanctioning process that has regulatory characteristics can develop.

The different types of institutions also influence what is diffused and how. Jennings and Zanderbergen (1995) suggest that regulatory-type institutions increase the diffusion of ecologically-oriented practices, but adoption is likely to be superficial (compliance-driven) because the rationality for doing so is not easily diffused through coercive pressure. Worryingly for the normative-oriented business and society literature (for example, Bowie, 1991) and the accountability stream of the SDR literature, Jennings and Zanderbergen (1995) also propose that mimicry is more likely than normative pressure to influence adoption of environmentally responsible practices, especially if the practice provides competitive advantage or is perceived to be an industry standard. Simply coming up with moral-based arguments for adopting practices is unlikely to be convincing or overcome other institutionalized practices (Jones, 1996).

In terms of SDR, and in parallel to our work in this paper, Larrinaga (2007) hints that SDR is not yet fully institutionalized, but describes some activities and structures influencing, and contributing to, the institutionalization process. Of significance is that SDR is converging in multiple organizational fields, in which a variety of regulative (e.g. European regulations, threats by the Minister in the UK), normative (e.g. the institutionalization of EMAS, and the GRI, as norms in some countries) and cognitive institutions (e.g. mimicry for competitive reasons) are having effects. Ball (2007) suggests that insufficient attention has been paid to the institutional environment in which the social accounting project is being developed, and Larrinaga (2007) reveals that SDR may be the outcome of more general social/environmental awareness being institutionalized (Hoffman, 1999) in some settings (e.g. the chemical industry), rather than a distinctively institutionalized practice in its own right. Being in a state of flux, and also relatively under-developed from an institutional perspective, Larrinaga (2007) suggests, additionally, that there are likely to be a variety of regulative, normative and cognitive drivers that influence activity, and drawing on Hoffman (1999), suggests that it is not unreasonable to expect that the relative emphasis of these will shift over time.

In this paper, we build on the work of Larrinaga (2007) and also Ball's (2007) exploration of Lounsbury's (1997) "institutional toolkit" to offer in-depth insights into how institutional factors combine with organizational dynamics to influence a group of New Zealand business organizations to initiate SDR. Recognising that SDR is yet to reach institutional status, and is still evolving in complex ways in multiple fields, our focus is on institutionalization at the *organizational* rather than the *field* level (in contrast to Hoffman, 1999). Thus, the next section provides a brief overview of current field participants and their interactions, not as an attempt to describe the field structure in a comprehensive way, but to present the landscape of current manoeuvrings that may be influencing SDR activity. Our exploration of reporting practice through detailed narratives recognises the important role that business organizations play as field participants.

## Sustainable development reporting in New Zealand

Interest in SDR in New Zealand (hereafter NZ) appears to have coincided with the gradual mainstreaming of broader issues of SD. Like other "developed" countries, SD has moved over the past 20 years from the "expert fringe" of policy making to be embraced (at least in rhetoric) by the government, citizens and many business organizations (Bebbington, 2001). Increased interaction between various organizations and the sharing of information about SD (especially in relation to business) suggests a developing field (DiMaggio and Powell, 1983). Importantly, however, the emerging field for SDR in NZ appears to be related more to the institutionalization of SD generally, than with SDR specifically (Larrinaga, 2007 who observed this in other contexts).

The NZ government has been an important participant in forging links between social/environmental issues and the economy. It showed early leadership by enacting what was ground-breaking legislation in the early 1990s (The Resource Management Act, 1991), and it has always been cognisant that NZ's "sense of national identity is epitomised by the term 'clean and green'" (Frame and Taylor, 2005, p. 275). Since, elected in 1999[2], successive Labour Governments have developed and introduced a number of regulatory, normative and cognitive-type initiatives, including: a SD strategy for NZ (Department for Prime Minister and Cabinet, 2003; NZ Government, 2002a, b, 2003; Frame and Marquardt, 2006, for a review); embedding SD in local government legislation (Local Government Act, 2002); and increasing interaction and information sharing with other organizations concerned with SD (see Goldberg, 2001; Craig, 2004; Brown and Stone, 2007, for reviews of these developments, below for examples). For the most part the Government has resisted taking a leadership role, ostensibly to avoid setting a compliance standard (Collins *et al.*, 2007). NZ Government responses to this agenda continue to evolve[3].

Other significant field participants include the Parliamentary Commissioner for the Environment who has attempted to shape the institutionalization of SD by exerting normative pressure on the current institutional framework (Milne *et al.*, 2008). The NZ Business Roundtable, another vociferous participant, has rejected both radical and relatively business-friendly SD articulations (Springett, 2005a, b), and attempted to assert the normative legitimacy of economy-centred understandings (Kerr, 2007; Milne *et al.*, 2008). Some academic research centres have reported on NZ's corporate environmental responsiveness (Centre for Business and Sustainable Development, 2000, 2001, 2002, 2003, 2005) to stimulate increased public-sphere dialogue (Springett, 2003); others have addressed current trends and policy options for a sustainable future (e.g. PRISM and Knight, 2000). An active consulting industry, coupled with business groups such as the NZBCSD and the Sustainable Business Network (SBN), has stimulated practitioner activity – in both the public and private sector (Frame *et al.*, 2003a, b; Frame and Taylor, 2005; and see Milne *et al.*, 2003; Collins *et al.*, 2007). Much of this sits alongside NZ's "strong and outspoken conservation movement" including groups such as the Forest and Bird Preservation Society (Milne *et al.*, 2008, p. 14).

Formed in 1999 as a partner to the World Business Council for Sustainable Development, the NZBCSD has been a key participant in the field, and contributed to most recent debates about SD in NZ. Its stated aims are to "provide business leadership as a catalyst for change toward SD, and to promote eco-efficiency, innovation and responsible entrepreneurship" (NZBCSD, 2005). Most of its members are large (by NZ standards) and span most industries and sectors. Among its projects are: climate change, Māori enterprise development, successful business and school partnerships; energy efficiency; water; and youth employment, in which a proactive and relatively collaborative stance has been adopted (although see Springett, 2003 and below for an alternative perspective on this stance). Best described as a "reformative activist group" (as per den Hond and de Bakker, 2007), the NZBCSD has focused on demonstrating the "symbolic and material gain" (i.e. the "business case") that can be achieved by business organizations engaging with the SD agenda (Milne *et al.*, 2008 and below).

Field participants have interacted at a number of specific sites, in which the Government has often been a part-funder and the NZBCSD and others described above, being key facilitators. Significant examples include: the "Redesigning resources" conferences (in 2000, 2002 and 2004) and workshops with eight business organizations (Prain, 2002, 2004); workshops for public sector and local government organizations (Ministry for the Environment (MfE), 2002); the development of cleaner production systems in NZ (Stone 2006a, b, 2000) and the publication of SDR guidelines for small- and medium-sized enterprises (SBN and MfE, 2003; Frame *et al.*, 2003a, b).

While a struggle exists over how SD is being conceptualised and articulated (Byrch *et al.*, 2007), perhaps to the point of "institutional war" (White, 1992), a relatively strong discursive formation has emerged that "promote[s] 'sustainable development' as [a] 'greener' and more eco-efficient way of carrying out 'better-business-as-usual'" (Springett, 2005b, pp. 128-129). Often described along a "weak-strong" continuum (Bebbington and Thomson, 1996), articulations of SD in NZ appear to be coalescing at the weak end of this spectrum (Milne *et al.*, 2006; Springett, 2005a, b). The emphasis is on fairly traditional responses to a fluctuating external environment (efficiency, technological innovation, techno-scientific management, procedural integration and co-ordinated management). Couched within economic utilitarianism, current articulations (particularly utilising a metaphor of "journey") present little critical challenge and thus continue to normalise many unsustainable practices (Milne *et al.*, 2006). Rather than emerging from a process of public-sphere dialogue, in which determined efforts are made to engage with citizens about important economic, social, cultural and environmental priorities, the dialogue is controlled by a relatively small group of elites (Springett, 2003, 2005a, b), in which their hegemony is maintained by utilising a journey metaphor, emphasising pragmatism and "action over words" and institutionalising a norm of stakeholder engagement (Milne *et al.*, 2006, 2008) – each of which has also proved irresistible to the Government (Springett, 2005a, b) in setting SD-related public policy. New organizational practices appear to reconstructing environmental concern and management into sustainable companies (Tregidga and Milne, 2006). Norms and cognitive beliefs about SD thus suggest that "sustainable development is good for business and business is good for sustainable development" (Rodger Spiller, former Executive Director of NZBCSD, quoted in Milne *et al.*, 2008, p. 22).

It is out of these broader field-level interactions that SDR is being institutionalized in NZ. Positioned as a key component of the NZBCSD's mission (NZBCSD, 2000), the SDR project was given a considerable boost by the Government-funded workshops in 2001, the publication of guidelines in 2002 (NZBCSD, 2002), was a priority project for the Council in 2003, 2004 and 2005 including the allocation of the Council's own funds to further workshops, and expanded in 2006 to incorporate supply-chain issues. A further workshop series was run in 2007 and 2008. Most companies that have produced a SDR in NZ are NZBCSD members (it is a condition of membership) and most reporters in NZ have been participants in the free, facilitated workshops. According to the NZBCSD has played a pivotal role and "can take substantial credit for energizing the development of triple-bottom-line reporting" (p. 3) in NZ.

While NZ seems to be catching up to international reporting trends (Robertson, 1978; Davey, 1985; Ng, 1985; Hossain *et al.*, 1993; Hackston and Milne, 1996; Guilding and Kirkman, 1988 for an overview of reporting trends in NZ, and Centre for Business and Sustainable Development, 2000, 2001, 2002, 2003, 2005 for more recent developments), some have criticised the way in which the NZBCSD is shaping SDR activity (Gray and Milne, 2002; Chapman and Milne, 2004). Relating the institutionalization of SD by the NZBCSD to SDR, Chapman and Milne (2004) observe that:

> [. . .] apart from a very small core of about 6 to 8 companies, and perhaps really only two, the standard of triple bottom line reporting in New Zealand is, so far at least, rather poor (Gilkison, 2002, p. 47).

The institutionalization of SDR, however, may be more complex than suggested by these observations. Collins *et al.* (2007) suggest, for example, that network membership alone is not as significant to the uptake of sustainability-related practices as the personal values and beliefs of managers, firm size, and off-shore ownership. While confirming the prevalence of "softer" (or "weak") green practices amongst NZ companies, Collins *et al.* (2007) also reveal that the larger firms tended to be more sensitive to broader institutionalized trends such as: shareholder wealth maximisation, investor pressure, government regulation and reputation and branding. What's more, they relate the relatively low level of SDR to the lack of external pressure felt by NZ companies to engage in SD-related initiatives. There is also evidence that other SD practices may be seen as more salient to the pursuit of SD in NZ (Higgins, 2001 who questions the emphasis placed on SDR at the expense of other SD practices). These observations suggest that the NZBCSD may not be fully responsible for the way in which SDR is evolving in this field.

It is out of these (still evolving) dynamics that we focus our institutional analysis of SDR at the organizational rather than the field level. While much is made of the NZBCSD's influence on SDR in NZ, reporters also appear to be influenced by other institutions, and a number of diverse field participants. For these reasons our interest turns to what happens at the organizational level when managers experience and interact with evolving institutional pressures.

## Research methods and data

Our analysis of institutional influence focuses on six NZBCSD member companies that participated in a NZBCSD workshop series designed to assist them to initiate SDR[4]. The workshop series took place in 2003 and was facilitated by one of the authors' employing organizations, Manaaki Whenua Landcare Research. The workshop series content is outlined in Table III (Whitehouse *et al.*, 2003). The participating companies (Table IV) are large by NZ standards, and one (company F) is fairly large by international standards. Those that are publicly listed have current market

| Workshop | Topic (delivered around half-day sessions) |
|---|---|
| 1 | Setting the ground rules for the shared learning group<br>Purpose of SDR<br>Examples of good SDRs: report scope, accountabilities and timetable |
| 2 | Identifying a company's key SD issues<br>Key performance areas (KPAs)<br>Stakeholder engagement |
| 3 | Risk management as a driver for KPAs<br>Presentation from a company on SD practices and embedding SD |
| 4 | Developing indicators Key Performance Indicators (KPIs)<br>GRI and other examples of indicators |
| 5 | Preparing a report; global best practice<br>Verification and assurance |
| 6 | Review of progress through presentations by participating companies<br>Constructive mutual feedback |

**Table III.** Content of workshop series

| Organization | Organizational structure/ownership | Market/industry | Number of employees in NZ (size measure)[a] |
|---|---|---|---|
| A | NZ publicly listed company | Transportation | 540 |
| B | Wholly owned subsidiary of a multinational corporation | Telecommunications | 1,330 |
| C | Publicly listed company in Australia | Facilities management and maintenance services | 650 |
| D | NZ publicly listed company | Beverage producer | 500 |
| E | Wholly owned subsidiary of a multinational corporation | Transportation | 206 |
| F | NZ owned co-operative | Production, processing and sale of dairy products | 20,000[b] |

**Notes:** [a]To provide an indication of the relative size of New Zealand businesses it is important to note that only 1 percent of NZ business organizations employ more than 100 people. Of those that do so, however, the average number of employees is 444. NZ's stock exchange total market capitalization for the top 50 companies as at 16 June 2005 was US$33 billion (NZ$47 billion) – with one company accounting for US$8 billion (NZ$12 billion) of that total; [b]this estimate was provided by organization E and relates to direct employees only

**Table IV.** Characteristics of interviewee organizations capitalization values (as at June 2005) greater than the average[5]. Thus, these organizations comprise a cross section of large NZ enterprises.

Three data-gathering protocols were used in the research. In the first instance, and supplying the backbone of the data, semi-structured interviews of between 40 and 90 minutes duration, were conducted with the workshop participants. Interviews were recorded and transcribed in their entirety and focused on:

(1) the origins of the desire to report;
(2) a description of organizational arrangements to facilitate reporting; and
(3) a description of various processes by which reporting has/will be achieved[6].

In addition to the interviews, one of the co-authors was present as an observer at all the workshops, with a declared aim of researching the process. This included extensive note-taking throughout the workshops to record participants' main interests, overall emerging themes, and the process of learning. Having a co-author present at the workshops has two pay-offs. In the first instance, when it came to interviewing for this project, interviewees had some familiarity with the interviewer. Further, the themes that emerged from the interviews could be sense-checked against that discussed during the workshops.

The final piece of research evidence was drawn from an interview with the workshop designer and facilitator. This individual has extensive experience of SD, NZ reporting practices, and corporate dynamics in the context of SDR. He led the "Redesigning Resources" SDR workshops (above and Prain, 2002, 2004) and has worked with many other companies to support production of their first SDR. The aim of seeking observations from the workshop facilitator was to further sense-check the self-reporting by organizations and to clarify our understandings of the institutional elements within the organizational population. This interview took place without the interviewee having the benefit of knowledge of what emerged from the semi-structured interviews.

Interview transcript analysis and initial coding of themes was undertaken independently by the two co-authors who had not attended the workshop series. Mind mapping was used to gather together interview observations into discernable themes. One interview was coded in this manner and the two coders met to agree a common mind map record of the interview and to ensure that a similar approach was being taken. The remainder of the interviews were independently mind-mapped and the two mind maps developed for each interview were synthesised into an agreed map and this was used to develop narratives of how and why each company initiated SDR. As such, the narratives provide a condensed version of the responses provided during the interviews. While presented in the third person, they are designed to be the interviewees' stories as told[7].

## Analysis and discussion

In presenting narratives, our intention is to capture the stories of those tasked with initiating and developing SDR in each organization. These stories provide the raw data for the analysis that follows and provide a transparent way of showing the connection between what is said by organizational participants and how institutional influences combine with organizational dynamics to shape how SDR activities are structured and rationalized within organizations. Narratives have the additional benefit of highlighting recurring themes, but not in such a way that presents a "smoothed set of generalizations that may not apply to a single 'interview'" (Huberman and Miles, 1994, p. 435; O'Dwyer, 2002).

### Organizations' narratives

*The story for organization A*. Two themes emerged from this interview as being pivotal to providing an impetus for developing SDR. The first was the way in which the competitive instincts of the organization led them to monitor and benchmark themselves against other large NZ companies – as those organizations joined the NZBCSD and started on SDR, organization A followed. The second was the way in which SD practices were seen to align with existing organizational practices and performance.

The interviewee for organization A spoke of their organization's long and proud history of "broad and deep levels of disclosure" and the winning of numerous reporting awards for example:

> [. . .] we've had golds twice in the past and a bronze previously in the past in the [. . .] awards and we've had the large companies' award previously in the ICANZ [Institute of Chartered Accountants of New Zealand] so [organization A's] [. . .] philosophy is good disclosure.

In addition to being a leader in reporting, the organization also viewed itself as being "a good corporate citizen" and as such the CEO was thought to believe membership of the NZBCSD was appropriate. In particular, the competitive element is clear from the suggestion that: "[. . .] there are other parties in there [NZBCSD] [. . .] that are doing a good job and I think he felt that we should be alongside them". Indeed, at one stage the interviewee noted "[. . .] there is a natural bit of competitiveness".

While noting that SDR fitted within existing behaviours, there was a hint that in recent years some additional pressures were pushing the organization towards SDR (e.g. "we started to get the odd enquiry from our large customers about sustainability and what we were doing [. . .] I am sure the questions originally came from offshore"). Another pressure was receiving surveys from the Centre for Australian Ethical Research and the need to provide data for this purpose. In addition, the Centre required that "[. . .] the material they use has to be published". As a result, information was placed on the website ahead of the annual report being published. One outcome of that survey was that for organization A "[. . .] the FTSE4Good picked us up from there". This resulted in "a bit of positive feedback which is really good" and the interviewee asserted that the survey and selection to the FTSE4Good resulted in more detailed SDR from then on.

The data to enable SDR for organization A could be obtained relatively easily. For example, it was asserted that:

> [. . .] we already have, and have had for a long time, an environmental committee [. . .] [and] a safety committee [. . .] so much of our elements of sustainability reporting are already in place for a number of years.

Further:

> [. . .] our people are already committed to many good things [. . .] we already had in place stringent safety regulations [. . .] [with] extensive and extremely stringent incident and crisis

management procedures and manuals all linked into the emergency services [. . .] so in our case it wasn't a lot to sell down.

The challenge was framed in terms of "digging it out and getting the information" and "ferreting around, finding the information and then putting it in a readable form so that other people could understand what we're on about". For organization A:

[. . .] sustainability encompasses everything we do, so our sustainability report is really our annual report [. . .] it covers our financial reporting and our economic reporting, and our social and environmental stakeholder reporting.

The challenge that remained was:

[. . .] to take all that information and all those disparate areas where it was being used [. . .] find it, learn about it and present it as something meaningful for the more general outside reader.

At the same time, however, "there was nothing new; it was existing information".

In contrast to some interviewees in the other participant organizations, there was no sense of a personal commitment to SD thinking, there was no evidence to suggest that the reporting champion had a broader agenda than completing the job they had been "tasked with" after doing "a lot of background research" into the area and "finding out what [the] [. . .] requirements were for SDR". The interviewee expressed the linking thus:

[. . .] the Chairman had led the view that organization A should join the NZBCSD. The Chief Executive had in turn tasked [the interviewee] with producing an annual report in line with sustainability reporting practices.

As such, developing an SDR focused on meeting reporting practice expectations rather than engaging directly with the SD agenda. The interviewee indicated that this approach was adopted because it was believed that:

[. . .] organization A was already generally acting in line with the SD agenda and the task was to report that, and to do so in a way that people could read and understand easily.

Indeed, in the context of using the GRI guidelines for reporting it was noted that this would continue "until it becomes out of fashion" and "[. . .] if in the future a more appropriate benchmark instrument became available, organization A would look at using that in order to maintain a high level of SD reporting". Thus, while organization A had excellent reporting over a number of years (as evidenced by winning reporting awards) motivations for increasingly detailed reporting have clearly been externally driven. SDR was seen as providing support to this organization and how they did their business and, as a result it was valued.

*The story for organization B*. For organization B "there was a very clear directive from the CEO that there would been an expectation that we would be producing [. . .]" an SDR and also:

[. . .] the governance structure, the policies, principles, vision, values were set out by [organization name's] head office so everything started there, the decision to take on the responsibility, appoint a [. . .] CSR [corporate social responsibility] director in the UK.

At the same time, in NZ, organization B joined the NZBCSD thus the NZ and UK activities were "happening in parallel". In addition, organization B was "working on anticipating that once [. . .] the CSR reporting framework [was] in place that there would be [. . .] local reports". Thus, for this organization there was a cascade effect directly from the parent company that was also matched by an evolving reporting environment in NZ. This interviewee also emphasised the role of ownership generally in facilitating or inhibiting SDR and used a historical example of where head office values had been seen to influence NZ practices. Specifically:

> [. . .] [competitor name] [. . .] were [previously] largely owned by [UK company name and] [. . .] they were very good so [competitor name] would have been driven along that route. There are a number of large corporates within Europe that actually look at these sort of things.

With "the oil companies" being specifically noted. Thus, the head office cascade effect that organization B experienced was also observed to have happened for other NZ organizations.

Organization B noted that for:

> [. . .] a company that is a subsidiary of a global corporation we've got two or three different reporting areas where some of these activities are actually asked for in passing in a bigger report, a wider report.

These data have been asked for under the "auspices of the CSR team in the UK". There was, however, a belief that "the risks and threats to the business reputation [. . .] are much more clear at head office than to somebody's place out in the whops [sic]" and as a result "we don't see a lot of that as relevant" and hence it is not locally reported on. There was, therefore, a need for the local report to reflect local issues but these "fall within the framework of the drivers and risk that the global identified". For example, it was noted:

> [. . .] when you look at [. . .] environmental risks and environmental regulation in New Zealand it is relatively light handed [. . .] so we don't have a hell of a lot to say in terms of performance against environmental statutes compared with say Germany.

The supply chain was also having an effect on this organization, and was a contributor to "capturing some of that information" for SDR. One of the issues identified with respect to generating data for an SDR was that "half the stuff is done by subcontractors" and as a result you have to go "two or three steps away from the organization to actually get the data" In order to be in a position to report, therefore, "[. . .] we have spent some time explaining to our suppliers or contractors that we need some information from them and why we need it". Once this task is done, however, it was suggested that "there are all sorts of spreadsheets, far more sophisticated reporting than we need for SDR, so in fact they have data at their finger tips [. . .] on energy-efficiency initiatives we undertake [. . .]" and such like. While this is a very practical issue for reporting, it is also a factor that would enable/inhibit the initiation of reporting within organizations because "the supply chain is the centre of a whole host of decisions". In addition, issues that may emerge "four different steps on in the supply chain" were used as an example of how organization B's parent company had to respond to problems in their supply chain ("miners were creating a demand for fresh gorilla meat"). Thus, one possible driver of SDR was that "[. . .] perhaps work along CSR lines can sort the supply chain out". Indeed, a recurrent theme for this organization in the workshops was action/possibilities/issues that emerged from supply chain management.

In summary, the motivation for reporting was described in terms of "we want, and it is desirable as an organization, to differentiate from [competitors] and actually to be a respected and trusted organization". In addition, it was believed: "there is an enormous amount of good which the company does which it hasn't gone and spent a lot of money on PR and marketing [. . .]". SDR was thus seen as "a transparency mechanism" and one which allowed the organization a chance to tell positive stories about itself.

*The story for organization C.* Organization C, like organizations B and E, also has an offshore parent but rather than being a small element within large multinationals, organization C's parent company is domiciled in nearby Australia and has a strong Australasian focus (there is also SDR activity in the parent company). As such, organization C is similar to organizations A and D. Indeed, the interviewee noted: "we're not really a subsidiary [. . .] we're an integral part [. . .]" of the overall organization.

For this organization, the perceived alignment of the values of SD and the organization's espoused values appeared to provide the key driver for SDR. Indeed, the rationale behind joining the NZBCSD was couched in terms of the organization "[. . .] looking to find an organization that fitted, knew our values". The narrative provided with respect to values was embedded along two key themes: SD and SDR was in keeping with the values of the organization's founding family and SD thinking has the same underlying rationale as that used in the organization's operations. This alignment with the existing business ethos is also demonstrated in the continued development of SDR although the CEO and managing director changed midway through the workshop series.

The first part of the interview focused on the organization's history as a family-owned business with the owners being "a proud immigrant family [. . .] that has done well" while at the same time being involved, in particular, in "sponsorship of the arts". The original owner's family has retained a relatively large ownership share in the company (just short of 40 percent) and as such their values (past and present) are seen to infuse current practices. For example, it was noted that "the founding Chairman knew most people by name [. . .] he had that experience [. . .] so that influences our culture quite strongly". Thus, it appeared that this historical experience had traction in the organization currently, with historically held values being espoused by current management (noting that "the MD and CEO are the driving force behind the values"). These values were expressed as:

> [. . .] looking after our employees has always been very strong. The environmental has been there [. . .] probably in parallel with the industry [. . .] I wouldn't say we're the leading edge in terms of environmental. We are compliant [. . .] The social is relatively new in terms of interacting with the community.

These themes of "environment, people, services provided, and brand promise" were repeated throughout the interview and the latter two elements linked strongly to the second way in which SD values were seen as being in keeping with organizational values.

Organization C's business focuses on providing facilities management services in industrial settings, often as a result of other organizations' outsource functions such as maintenance work. As such they have a strong safety focus (phrased as being "safety paranoid") which was seen to be in keeping with SDR issues. This focus was evident from the fact that the organization had reported on health and safety before moving to SDR. Likewise in the context of a conversation about data availability for SDR it was noted:

> [. . .] safety of our employees is one that we have measured seriously for a long time and a significant component of the annual bonus [. . .] the short-term incentive to contract managers and business managers [. . .] a significant part of the bonus is based on the well-being of employees.

What was also evident from the interview was the linking of SD to the organization's core activities. Providing services to organizations was described as having moved on from a situation where "you tender, do the job, you try not to burn too many bridges" to one where "it was about retaining those contracts [. . .] we don't want to lose them [. . .] we put a lot of effort into them". Efforts to retain contracts over a long time period included: workshops with clients, discussion and charters of the expectations of each partner, a customer service programme, and community partnerships, where appropriate. Indeed, the interviewee noted:

> [. . .] we're a lot wiser now and we're not into entering those relationships with that type of player to start with [those who are not aspiring to longer-term relationship]. We're a lot more selective in who we can target as suppliers. It's not to say we're not grateful to get everyone that we can. There are some that we go, no.

The focus was described as one where you develop "[. . .] tools that will enable us to win a client and then deliver value for them and therefore be retained". Within this toolkit for retention of clients the type of information (and associated performance) within the SDR was seen to be mutually reinforcing.

Alignment between organizational values and SD-related values was evident in this interview. In some areas organizational values were asserted to be of greater impact than the business case for activities. For example, "good safety of employees has got nothing to do with that [the business case] [. . .] it is who we are". What was also apparent, however, is that SD language was being used to describe activities which were already taking place and was in danger of becoming a new label for existing ways of operating. For example, it was noted: "a lot of it [SD-related information] has been there and it's only just recently that it's got a label on it". It was noted that the SDR champions had brought the organization "[. . .] to triple bottom line and [to] the use of the word sustainable a bit earlier than [. . .]" some and that management have "[. . .] seen the benefit of it and are attempting to get that into our jargon and the like". Indeed, in terms of finding appropriate data for the report it was noted: "social was always a bit like [. . .] trying to find something social to report on, what we do and we label it as social". Likewise, when discussing how SDR plays out with shareholders it was noted that in this context "we focus on sustainable contracts". As a result, there is clearly a danger that SD becomes akin to sound business practices.

In summary, however, this organization phrased its approach to SDR in terms of the way in which such an activity fits within the existing organizational culture. The interviewee said, "I don't feel like we're out on a limb at all. It just feels right". Further, rather than there being a business case for SDR, it was "more of a recognition of who we are, what we are". As a result, "it's [SDR] one of many points of differentiation [. . .] the point of differentiation is that we do most of these things ahead of everybody else". SDR thus feeds into an organizational narrative of being innovative and breaking new ground as well as operating as a business with care for its employees and a focus on long-term business relationships.

*The story for organization D*. Two dominant themes emerged from the interview with organization D. First, a focus on governance appears to have driven much of the activity that led to this organization adopting SDR. At the same time, the governance theme stopped short of considering the impact on society of the product being produced. The second theme was that the reporting champion had sought for some time to inject SD values into the organization and it was membership of the NZBCSD that provided an impetus for a broader set of issues to be covered in the annual report and accounts package. This was evidenced in the existence of a personal agenda for SD, which appears to have led to a more nuanced appreciation of the issues raised for this company by the SD agenda (albeit that the organization itself did not pick up on these issues publicly).

In terms of governance, at the local level "[...] the real driver was [named person], the managing director, deciding to join the Sustainable Development Council [sic] and of course [...] one of the requirements is that you have a SDR" but an influence via company ownership was also noted. The impact of this ownership chain in encouraging SDR appeared to be twofold. In the first instance it was stated: "if you want to produce [brand name] [...] you've got to meet certain standards" and this applies regardless of the degree to which the ultimate parent company owned a particular company. Thus, the requirement was driven via a supply chain process that focused on product quality. In addition to this key production-quality driver, it was noted that each of the major shareholders produced reports that could be seen to be linked to SDR (in the case of the ultimate parent company, a health, safety and environment report). While the existence of these reports was suggested to have supported organization D's decision to report, it was also noted that in the case of the major shareholder the interviewee "[...] didn't even know they were doing that [reporting] and that stuff about emissions [...] right throughout the world". Despite a lack of knowledge of this activity until recently, it was still asserted that "there is a reasonable amount of influence" via ownership of the organization.

The governance-related theme linked across to a belief that what was being done in the name of SD was "also good business practice" – although "some things [...] cost us more to do [...] in most cases it's good business practice to do it anyway". The outcome of adopting good practice was seen to be efficient operations and a part of branding the company (in terms of the executive team being "very concerned with and want to make sure that we have a better reputation"). The key way in which this story was played out within the interview, however, was that the report would emphasise "governance and for us that is a really big thing". This emphasis is also in keeping with the choice by this organization to include SD-related information within the annual report package rather than producing a stand-alone report: "we actually have already collected the data that we need to because it's part of our business to do so". In addition, "there are KPIs that we have to meet and that's what that data is for. It's not just for nice [...] information, it's actually to keep within the efficiencies that are required of us" with sanctions in place for poor performance. Such assertions support the narrative of SDR as the outcome of sound business practice.

At the same time, however, it was noted: "if you wanted everyone to report everything it would be helpful, but it would add cost". It appears, therefore, that given the way in which this organization framed SD (e.g. "efficiencies and long-term growth are vital for sustainable business"), a set of clearly defined aspects were equated with SD. These focused on health and safety; sponsorship and community involvement (although much of their sponsorship is "straight commercial"); and sound business practices (that is, efficiency targets). This also reflected the interviewee's belief that "a better way to do it is to put it into the annual report [. . .] because it's part of it, it's the way we do business, this is our business report".

This close alignment of sound business practice and SDR gave way a little in the context of a discussion about how "good" and "bad" news was dealt with and whether or not the report showed a "full picture" of SD impacts. In this respect the interviewee noted: "we don't display our warts, no. Well, we display them in a made up kind of way I guess, some foundation over the top of them" In the same vein, it was noted that "there might be some things that we don't want to talk about. I guess the biggest one is the [nature of the product] and we don't talk about that". Indeed, it was this last point that generated some discussion in the interview.

The reason for not wishing to open debate on its product was seen as emerging from the fact that others (unspecified – but presumably encompassing Government and society) didn't wish to talk about it either. In the first instance, the interviewee asserted: "I just think it's expectation, people's expectation of us that we will say certain things" but not talk about other things (such as the impact of the product). There was, however, a belief that this topic would gradually become more discussed, with the case of tobacco advertising/sports sponsorship being seen as an example of what may evolve. The organization itself, however, was reluctant to start that debate. Rather, "we wait for other people. Maybe it's because we don't really think we can justify it, I don't know". At the same time, the interviewee noted that:

> I think the general opinion is 'well, you sell [product] for goodness sake, how can you then turn around and say you're a good corporate citizen'. There's certainly that camp who cause problems and then you pay to do something 'altruistic' that's just buying off, buying your way into people's good books and I'm sure there's a lot of people that think that way.

The second theme which emerged was a personal agenda on behalf of the reporting champion. For example, the interviewee noted:

> I've been responsible for the annual report for a few years and I wanted to sort of move into that [. . .] for me that [joining the NZBCSD] was great because it meant I could say this is the sort of thing we should be doing anyway, that I believe we should be doing, and now there's a bit of a push from somewhere else.

In contrast to this set of personal beliefs about the importance of SD, the interviewee also noted that some individuals within the organization were of the opinion that "sustainability is about making money so that you can keep going in business [. . .] ustainability is not about green stuff [. . .] it's about the bottom line, not the triple bottom line". The interviewee believed that those who espoused this attitude, while understanding the broad SD agenda, do not believe it is a legitimate agenda and so resist it strongly.

In summary, this organization appears to frame up SDR under the guise of sound business practices with a focus on governance as the way to express and control SD-related issues. While core business required sound production processes to create a product of acceptable quality, it was that very product that created the possibility for fissures in the “SDR equals sound business practices” mantra. Although within both society and the organization there currently appeared to be no appetite for such a discussion to take place, under an SD lens this issue was deemed to be relevant and important to debate even though it would puncture the existing “business case” for thinking about SD and SDR.

Within the workshops in general views were expressed along the lines that SDR was not there to cover up the inherent “warts” in particular goods and services (such as tobacco, alcohol, gambling services, motor vehicles, chemicals, electricity and potential issues with communications technology). Rather, it was thought that as society is buying the products then at some stage (and most probably via some sort of stakeholder engagement process) conversations would have to be had around these difficult issues. It seemed, however, for this and other interviewee organizations that the initiation of such conversations was someway off.

*The story for organization E.* For this organization a “number of things came together at the same time” to trigger SDR. The combination of factors included:

- CEO leadership (from an individual with “a long interest in conservation-oriented issues” who had spoken to all staff about this matter and initiated the formation of an environmental committee;
- membership of sustainability industry groups (which was evidence that “we’ve got some level of executive sympathy with the issues”);
- head office activities that reinforced SD awareness (“they have been putting out environmental reports for three years [. . .] they have got a series of global visions [. . .] environmental policies [. . .] action plans” and “last year was the first time that they started to ask us in a formal way to contribute”);
- a desire to benchmark against other large NZ companies (who were described as “like-businesses who are doing similar things”);
- some desire to link reporting to “the marketing side of things so that it is consistent with branding”; and
- some spare capacity in terms of staff time to generate the first report.

It was noted that if any of the factors were “missing it wouldn’t have worked”. A number of tensions, however, were also noted during the interview.

First, the interview yielded a story about the extent to which large organizations in NZ would wish to be seen as leaders in SDR. In the first instance, being “in front” was not something that appeared to concern the interviewee: “we don’t mind being pioneers, we’ve done it before, pioneers in innovation, we enjoy that”. But at the same time, the area one was being a pioneer in seemed to matter: [...] you do need to be a little bit cautious when you’re right out on that leading edge, particularly in this area where it’s not something which is natural ground for us and “it is not an area we’ve had a lot to do with”. The issue appeared not only to be the potential lack of knowledge in a new area, but also the fear that the organization would be associated with the more radical elements of environmental organizations. Thus, it was important “to have other like-companies who are doing similar things” in effect safety in numbers, and an opportunity to share learning and experiences.

The second set of tensions was between widely acknowledged social/environmental issues associated with the products of this industry and the primary objective of the organization to sell its products. Reconciling these issues is difficult for this and other organizations in this industry, as indeed it is in other sectors. This tension was also evident as the interviewee talked about their report and their dilemma in finding a term to accurately title it. Again this is not a tension unique to this organization and was one experienced elsewhere in this group of organizations.

Finally, concerns emerged surrounding the extent to which any one organization could move a market towards SD and/or if environmental issues could be used in branding, marketing and/or reputation areas. The lack of drivers was attributed primarily to lack of consumer demand. It was acknowledged that a "chicken and egg" dilemma existed: progress towards making social and environmental improvements depended upon the development of new technologies. SDR, however, was seen as a natural extension of the organization's current environmental and social contributions/commitments:

> [. . .] from a business perspective, from the cold, hard practical look at it [. . .] [it is] a business opportunity [. . .] green reputation [. . .] I think that we already wish to be perceived as everyday NZ, as a caring, ethical and responsible company [. . .] sustainability looked at really cold is just an extension of that.

In summary, for this organization SD was not viewed negatively. The approach appears to be one of:

> [. . .] doing exactly the same things but we're thinking about the impact of the company on the environment and the community and how we contribute to the prosperity of the wider body of NZ and do that in an ethical and environmental way.

Indeed, the bottom line appeared to be that SD initiatives were acceptable "but we don't necessarily have to interfere with the core of the business" in order to do these things (the report was described in one of the workshops as "sustainability lite").

*The story for organization F.* This organization contrasts with the other workshop participants in that it has not published a SD report. However, there were drivers or influences on reporting activity (a key one being that its products rely on branding around NZ's "clean and green" image). What was also of interest is that quite specific factors appear to prevent the vision for SDR being achieved at this time, although the organization remains a member of the NZBCSD and hence is committed to moving towards reporting. What was evident from the workshop, however, was that although no report had been produced, the work undertaken ahead of the putative reporting (e.g. prioritising stakeholders and creating a corporate social responsibility team), conversations within the organization about SD, and the discussions in the workshop were of great value to the organization. As a result, a "failure" to report does not indicate a lack of development in thinking within the organization.

Several influences were identified as starting this organization on the SDR journey. Like all the organizations in the sample "initially it was membership of the Business Council". Once the reporting process was initiated, however, additional drivers emerged, notably the organization's "interaction with NZ, the economy and the community" which is "quite huge" in economic ("in each month we are paying half a billion dollars to farmers" and environmental terms ("with the factories and the farmers' runoff"). Likewise, a "reputation for being a good employer and good on the environment" was viewed as being important, especially in the international markets that account for 90 percent of the organization's sales. At this level a "forthcoming visit from the EU" was noted, with "more and more visiting happening [. . .] to look at the source, the farms [. . .] and that sort of thing".

In contrast to organization C (where it was most evident) SDR was not viewed as being driven by existing organizational values because:

> [. . .] we don't really have a culture yet [. . .] I mean [the organization] is just over two years old, there is no [. . .] firm values or something up on the wall that all the staff members can see and they can point to and say, well sustainability fits in.

In addition, it was perceived that the values of the organization's shareholders (individual farm units) did not make SDR a natural activity. Indeed, even before reporting was abandoned it was considered that there would be "negative feedback from our shareholders". The negative feedback was thought likely because "obviously their number one priority is pay out" and SDR may have been viewed as being an inappropriate use of resources. At the same time, there were likely benefits from reporting. For example, it was suggested that some of the shareholders:

> [. . .] don't realise how big [the organization] is, what they actually own [. . .] so they've got no idea that we've got operations around the world. So reporting on those types of things does enhance their background [. . .] they learn more about the business and aren't so critical.

Indeed, some of the case studies prepared in anticipation of producing a SD report "has since been used for our internal purposes" in terms of enabling people in the organization to "see what other people are doing".

Further, unlike the assertions made by others interviewed (perhaps most strongly by organization A), it was not the case that all the data required for SDR were readily available in the organization. Rather, "some [. . .] we keep anyway [. . .] routine [. . .] but some of it we searched around a bit for". In addition, "at that workshop it was all brainstorming [. . .] and [. . .] we came up with heaps of stuff that we should be reporting on that would be of benefit to us" but which was not currently gathered. While noting this, however, it was also the case that "it is quite amazing how easy it was to print out a list of things that we could do to get" appropriate data.

A related point that emerged from the interview and which may have made reporting more difficult than it appeared to be for the other organizations, was how to define the appropriate scope and focus of the report. There were clearly some discussions going on within the organization as to this. In the "workshop we decided we were just going to focus mainly on New Zealand to start with". What was harder to decide was whether or not to start "at the farm gate" and "just say we pick up [the product], we don't care what they are [the farmers] are doing or whether we've got a direct impact on what the farmers are doing". While it would be defendable to have a cut-off at the farm gate, it was not clear that the organization was comfortable with this point. Further, it was also feared that critics would attack such a decision. Potential and/or probably critics included the shareholders themselves as well as "the academic critique" which was "another thing that scared them [the board], or came up". "I guess we have lots of critics". Indeed, it was notable that this interview focused on the potential negative responses to a possible report in a way that the others didn't.

Further, SD information "all got pulled at the last minute [from] [. . .] the annual report". At the same time, it was noted that "the process has kind of stopped with the change in CEO" but that it was also the case that "there are some [Board members] who are keen to finish it" once the new CEO gets "settled in". It did appear, however, that a combination of factors (in addition to the change in leadership) contributed to non-reporting. For example, the belief "that it was all happening a bit too quick and they [the Board] didn't think it would go down well or that it was needed in the annual report" as well as an expectation that "it has to be top notch if it is going out there because I guess we are seen as the largest company" clearly played against reporting by this organization at this time. Having noted this, there is within the organization the start of a new buy-in process to move towards SDR in the future".



*Making sense of the narratives*

Taken at face value the narratives reflect many of the internal organizational and contextual factors associated with SDR that have already been reported in the literature (Tables I and II). In particular, our participants highlighted: size (but noting that for organization F their size had a negative effect on the impetus to report); industry (with the desire to benchmark against competitors seen as being important); ownership (particularly influential shareholders); and cultural context (in the shape of a "clean and green NZ" and also spill-over cultural effects from ownership chains). Internal factors alluded to include: company chairs/CEO; presence of associated (e.g. environmental) committees; governance processes and active strategic posture. These, in many cases, were linked by the participants to the various contextual factors of size, industry, and cultural context noted above (Bansal and Roth, 2000). Table V summarizes, in very simple terms, the factors that were observed from the interviews to be significant to the initiation of reporting.

| | Leadership from CEO, MD and/or board | Linkage to organization's values | Governance processes supportive | Degree of benchmarking or differentiation sought | Other observations |
|---|---|---|---|---|---|
| A | √ | √ | √ | √ | Easy to report on SD because doing it already |
| B | √ | √[a] | √ | √ | |
| C | √ | √ | | √ | SD is cognate with core activities of the organization |
| D | √ | | √ | | SD is good business practice |
| E | √ | √ | √ | √ | SDR an opportunity to document what we do |
| F | √[b] | | | | All happened a bit too quick [. . .] there were concerns and fears about responses to SDR |

**Notes:** [a]This connection noted has not been reported in the interview stories because to do so would readily identify the organization concerned. Rather, this observation is drawn from the participant observer in the workshops; [b]in this case there was a negative relationships between the change in CEO and SDR

**Table V.** Summary of influenced for SDR (inductively derived from interviews)

The narratives also reveal some of the inconsistencies already reported. Organization F, for example, failed to report, despite being a significantly large company, that experienced some supply-chain pressure (interest from the EU), and acknowledged some impacts associated with its operations. Similarly, organizations D and E identify impacts associated with their operations, but did not see these as a major component of their SDR activity. Other contradictions also surfaced – particularly around the motivations of "leadership" and competitive differentiation. Organizations C, D and E all explicitly mentioned "sustainability leadership" (or something similar) as part of their strategic positioning, signalling potentially far-reaching commitments, but each were reluctant to sit outside the mainstream in terms of environmentally or socially responsible practices, or what was reported[8]. Taken together, these observations cast further doubt on the salience of legitimacy (from a resource-dependence perspective) and accountability as an explanation of the dynamic connecting various corporate and contextual factors to SDR activity, and add further weight to criticisms about the limited way in SDR activity is connected to broader notions of SD (Collins *et al.*, 2007; Springett, 2005a, b; Milne *et al.*, 2006, 2001, 2003, 2008).

Institutional theory provides an alternative, but complementary, perspective on these dynamics. Our narratives illustrate that a variety of regulative, normative and cognitive institutions are exerting varying degrees of coercive, normative and mimetic pressure on companies to report. Thus, rather than being initiated to achieve carefully considered outcomes, managers initiate SDR because it is a necessary part of "fitting in" and acting "appropriately" in the context in which they operate.

All participants mentioned some regulatory-type institutions that are exerting coercive pressure. All are members of the NZBCSD and many referred to the requirement for SDR that membership entails. In addition, some noted requirements of external rating agencies/investment funds (organization A), overseas suppliers (organizations A and F), and/or the demands of owners to undertake specific activities or provide information (organizations B, C, D and E). Importantly, in relation to these institutions, the interviewees offered little elaboration about how they impact on their decision to report. Rather, they were offered as self-evident pressures arising from the actions of others, and SDR may have been initiated because the benefits of compliance outweighed the costs of doing so. This observation resonates with Scott's (1995) point that regulatory institutions tend to elicit relatively superficial responses that demonstrate compliance, without there necessarily being buy-in to the rationale for the activity (Jennings and Zanderbergen, 1995).

Most of the participants also associated SDR with SD and also "good business practice" in ways that reflect a mix of normative and cognitive institutions. For some, SD and SDR was seen as "the right thing to do" in terms of personal (organization C) or organizational values (organization D), and thus reflected the influence of normative institutions. As Scott (1995) points out normative institutions shape both values (desirable ways of being and acting) and norms (how things should be done). Normative pressure is such that "a logic of appropriateness replaces, or sets limits on, instrumental behaviour" (Scott, 1995, p. 51). Both commented that SDR was done, in part, irrespective of whether there was a business case (organization C), and also in light of some resistance within the organization (organization D).

There was, however, for most, a more subtle interplay of normative and cognitive institutions at play. While SDR was seen as an appropriate response to the pursuit of

SD (and this could be seen as reflecting social expectation), it was mostly an automatic response in the context of a SD-related differentiation strategy (especially for organizations B, C and E). Such an "automatic" response suggests that SDR has become institutionalized as part of that strategic positioning (Collins *et al.*, 2007 who suggests that this is not necessarily so for smaller NZ organizations), and thus reflects the presence of some cognitive institutions. Cognitive institutions exert subtle pressure that induces activities in ways that may not be fully articulated and because they appear "natural" in a specific context (Scott, 1995). That organization A would abandon the GRI should something else replace it, indicates further how SDR is done to "fit in". Some (organizations A, B and E) also commented that like organizations were engaging in this type of activity, and therefore followed; illustrating mimetic pressure arising from cognitive institutions.

In terms of what is being institutionalized, the *practice* of SDR is moving towards institutionalization in relation to the business pursuit of SD, but expectations about the *content* of SDR is somewhat decoupled from the broader SD discourse. We searched the transcripts for words usually associated with more radical articulations of SD and found no mention of: accountability, social justice, equity (intra- or inter-generational), ecological footprint or human development. Instead, mentioned most frequently were stakeholders (21 mentions), efficiency (10 mentions), reputation (7 mentions) and risk (16 mentions), as well as statements that SDR did not pose significant challenges to business operations. These observations concur with other current analyses of how SD is being articulated in NZ (Milne *et al.*, 2008; Springett, 2005a, b), which suggest SD is becoming institutionalized at the "weak" end of the "weak-strong" spectrum (Bebbington and Thomson, 1996; Gray and Bebbington, 2007). As such, current reporting practice represents only a surface-level embodiment of SD for business, and does not appear to be driving significant change in corporate philosophy (what Laughlin, 1991 refers to as *morphogenetic* change).

Importantly, however, the narratives also reveal that institutionalization is not a totalising, cohesive process in which the social context entirely colonises managerial decision making, nor is it necessarily something purposely initiated to "capture" the SD agenda (as per Milne *et al.*, 2008). A number of institutions are influencing our sample of companies in multiple, and sometimes conflicting, ways (Hoffman, 1999; Jennings and Zanderbergen, 1995; Thornton *et al.*, 2005). Further, like that identified by Larrinaga (2007), SDR is being shaped by multiple fields. All (but especially organizations A and D) were influenced by the entry and interactions of new participants (particularly the NZBCSD and the NZ government – Milne *et al.*, 2006) into an emerging field (the issues-based field of business and SD), but the large, overseas-owned companies (organizations B, C and E) were also influenced, in part, by institutions in "home countries". Because the institutionalization of SDR is not complete (either in the field of SD in NZ or the multiple fields in which our companies participate), processes at the organizational level are important for understanding the initiation of this organizational activity. The significance of this comes into sharp focus when considering that organization F, subject to many of the same institutional pressures as the other organizations, failed to report. Organizational dynamics appear to influence the extent to which institutions are perceived as legitimate and come to shape managerial decision-making.

*Organizational dynamics*

While the narratives reveal several themes consistent with established ideas about institutionalization, particularly in relation to new field participants and interaction patterns (Hoffman, 1999), our narratives highlight the significance of several distinct, but interrelated, organizational dynamics whereby institutions translate into the initiation of this organizational activity. While Jennings and Zanderbergen (1995) identified that institutionalization can occur if a new practice offers an innovative solution to an existing problem, we observed that in the case of SDR, initiation came about because it was also considered a legitimate symbol of sustainable/values-based/responsible business, and offered rewards that outweighed the efforts involved.

The contribution of SDR as an innovative response to current, but fairly conventional, business challenges was highlighted by most of our sample companies, and is consistent with the strong discursive formation around "business as usual" identified by Springett (2005a, b). Organization B, for example, saw SDR as a way to manage supply-chain issues; organization C felt SDR offered a new approach to retaining business customers and to building relationships, while organization D was seeking a new approach to governance and risk, and also saw some benefit in terms of branding and efficiency. SDR was also accepted as a legitimate symbol of socially responsible/sustainable business practice in most of these companies (especially organizations B, C and E). In the case of organization B, for example, SDR was adopted, in part, because of the positioning by the global parent company, as indicated by the appointment of a CSR director; organization C stated SDR was entirely consistent with the values-base of its parent company and organization E had for some time sought to position itself as an environmentally and socially responsible business organization. Organizations A and D reflected this dynamic to a lesser extent, and this could yet influence their subsequent reporting activity.

Two other dynamics facilitated the perceived legitimacy of SDR practice. The first was that most expected some material gain to accrue from this activity; almost all cited business case arguments promulgated by the NZBCSD (Milne *et al.*, 2008 who observed close correspondence between the NZBCSD's messages and subsequent reporting by its members). In the case of organization A (who reflected a variety of institutional drivers, but also seemed the most ambivalent about SDR), some symbolic gain (selection by the FTSE4Good and receiving reporting awards) had already been achieved. Importantly, in the case of organization F, these dynamics were not present. The business case promoted by the NZBCSD was not perceived as salient at its current stage of development, and there were hints that sustainability/corporate responsibility might prove anathema to its powerful shareholder constituency. The interplay of business challenges, SD positioning, and the achievement/promise of specific (valued) rewards appears to be an important dynamic that leverages how institutions influence organizational activities. Tellingly, organization E made this point explicitly, maintaining that had any of the factors that made SDR possible were missing, it wouldn't have happened.

The other significant dynamic was that the regulative and normative institutions exerted only very weak pressure (Milne *et al.*, 2008), and the benefits of compliance were easily related to emerging cognitive institutions around SD-related strategic positioning. The regulatory-type pressure exerted by the NZBCSD was a "second order" effect of the decision already taken to join that organization (a decision that may also be tied to sustainability differentiation). In terms of the pressure from rating agencies and ethical/sustainable investment funds, while the choice is less discretionary than it is for NZBCSD membership, compliance is consistent with SD differentiation. Demands by overseas suppliers/owners are also beneficial in terms of that particular strategic positioning. Local companies enjoy flow-on effects from the positioning of the parent company, and compliance also offers access to lucrative overseas markets. Because pressure is mostly mimetic, the normative pressures are not strongly felt (except in a "feel good" way in relation to personal/organizational objectives), and regulative pressure is easily malleable toward business-related benefits, SDR is a relatively easy and low-risk strategy for these organizations.

## Conclusions

Most explanations for why companies initiate SDR emphasise a mix of legitimacy and accountability motivations, in which managers are assumed to exercise a high degree of agency and will purposely initiate SDR when various internal (organizational) and external (societal) factors intersect. Our institutional analysis of SDR activity contributes to an alternative (but developing) perspective that emphasises a stronger role for the social context in the initiation of organizational activities.

Our analysis reveals that rather than being a rational activity, a number of different institutions interact with various organizational conditions to shape SDR as an "appropriate" "normal" activity or "the right thing to do" for companies choosing to differentiate themselves according to SD or corporate responsibility. Revealing a subtle mix of normative and cognitive institutions, managers initiate SDR relatively "automatically" if they are pursuing this positioning strategy in order to "fit in". While some regulatory-type institutions were evident, coercive pressure was not strongly felt, and was easily accommodated within the existing business institutional framework. For the most part, institutionalization is influencing the *activity* rather than the *content* of SDR.

Whether, or the extent to which, institutional pressures were accommodated (or resisted) depended on some organizational dynamics. In particular, each of our sample companies was seeking to address new/existing business challenges, required a symbol of their SD positioning, and also considered the rewards on offer valuable. It is questionable that the institutions identified would have had the same effect had any of these dynamics been missing.

These insights shed some new light on the initiation and nature of SDR activity. Organizations are highly sensitive to what their peers are doing, and therefore, like that identified by Jennings and Zanderbergen (1995), mimetic pressure may be more important than regulations and moral-based (e.g. accountability) arguments for encouraging (and explaining) this type of activity. As Scott (1995) points out, while regulatory pressure may increase the incidence of SDR, it is likely to be relatively superficial compliance that ensues. The important role of cognitive institutions and mimetic pressure suggests that efforts surrounding the business case should be pursued more carefully. While often accused of limiting and circumventing the discourse (Springett, 2005a, b; Milne *et al.*, 2008), the interaction between institutional pressure and organizational dynamics offers some promise for developing stretch and leadership opportunities for business organizations to easily accomplish shifts towards SD. While our sample generally considered SDR as being "easy" there was evidence that engagement around these issues was also causing some discomfort, which could be exploited.

The nature of reporting that is developed is, therefore, strongly influenced by prevailing practice. As such, those responsible for initiating and driving SDR within these organizations may not fully appreciate how, whether or even the potential for SDR to deliver transformational outcomes. The narratives also reveal the influential role of the NZBCSD. Such insights beg the question about how new field participants, particularly activist groups (den Hond and de Bakker, 2007) can complement the work of this organization to broaden the normative pressure felt by business organizations, and/or contribute to shaping new leadership opportunities that generate mimetic behaviour (Jones, 1999). Insights that SDR activity is shaped by organizations operating in multiple fields, in which SDR is both an outcome of institutionalization of environmental awareness more generally, and also in the process of being institutionalized, reveals that local activity will not necessarily be consistent with observed practices overseas. In fact, for those organizations in our study that were also influenced by institutions affecting their parent companies, some decoupling was observed between the requirements of overseas owners and localized institutional conditions.

As currently structured, however, the coupling of institutional pressure and organizational dynamics, especially in the context of relatively weak normative and coercive pressure suggests, that the institutionalization of SDR activity within this field is fragile. The recognised pressures all support the notion that business organizations can be sustainable (Tregidga and Milne, 2006), and that this is a significant point of differentiation. SDR activity is thus strongly influenced (and therefore vulnerable to) the social movements that enable SD to be used in this way. Should all business organizations join the "journey" towards sustainability (Milne *et al.*, 2006), the strategic benefits (and therefore institutional pressures) related to this positioning may be lost.

In terms of institutional theory our paper offers four contributions. Our narratives reveal that business organizations do not simply acquiesce to institutional pressure. While a range of institutions are influencing activity, these are not universally "picked up" by business organizations. In fact, what goes on inside organizations is as important as what goes on outside organizations to the institutionalization process. As such, our paper, by studying institutionalization at the organizational, rather than the field level, also provides a finer-grained picture about how business organizations shape the institutionalization process. In doing so, this paper also sheds light on how the activities of both innovative organizations (operating in multiple fields) and the interactions of field participants contribute to the development of institutions. Finally, this paper provides in-depth insights into the process of institutionalization, rather than the outcome of such a process.

Our aims in this paper were deliberately modest – that of exploring in more detail some organizational stories about the initiation of SDR that examines the role of the social context in shaping organizational activity. Using institutional theory has provided a useful lens through which to view the assemblage of factors that have influenced these organizations to produce/not produce a SDR. There are many avenues for future research. Because of the very tight coupling between SDR and SD-related differentiation, an exploration of the institutional influences on this positioning decision may provide further insights into how some "stretch" could be built into the institutionalization of SDR. It may also be valuable to explore the extent to which SDR is driven from similar institutions in other countries in which SDR is widespread. The specific ways in which groups and individuals are able to shape social movements, to provide new opportunities for leadership and differentiation would also be valuable. In the NZ context, understanding the institutional influences on companies' decision to pursue membership of the NZBCSD would provide opportunities to evolve and embed "stronger" understandings of SD and develop SDR accordingly.

## Notes

1. In NZ, as elsewhere, there is some ambiguity concerning the terminology used by business organizations when describing their reporting efforts with SDR and triple bottom line reporting both being used. The first round of NZBCSDR workshops (Gray and Milne, 2002) sparked a debate about whether SDR was possible or desirable on the part of business organizations. Gray and Milne (2002) argued that SDR is broader than a single organizational report on economic, social and environmental impacts and performance issues, which is better referred to as triple bottom line reporting. Likewise, (Goldberg, 2001) makes reference to TBL reporting as a "means by which [. . .] [organizations] [. . .] can demonstrate they are assuming their part of the responsibility for sustainable development".
2. NZ, like other Western democracies, has a mixed economy based on free-market principles. In 1999 a "centre-left" "social-democratic" Labour government was elected, which pursued a "third-way" approach to the economy, closely modelled on that of the Blair Government in the UK. Following a downturn in the economy in the late 1990s, NZ has experienced broad-based growth during the early parts of the new millennium (The Treasury, 2004). While annual growth rates averaged 3.6 percent over the past decade, during 2004 the economy grew 4.8 percent, up from 3.4 percent in 2003. Inflation was low at about 1.5 percent as were interest rates. Unemployment fell to 3.6 percent, down from 7.2 percent in 1999. Business confidence appears to have fluctuated throughout 2004, with many expecting the buoyant conditions to ease during the coming months (The Treasury, 2005).
3. In 2007, the New Zealand government produced a corporate social responsibility (CSR) framework for state-owned enterprises (SOEs) (www.ccmau.govt.nz/pdfs/CSR-Framework-for-SOEs-CabinetPaper.pdf) which states in the Owner's Expectations Manual for SOEs, Section 5. Social responsibility that "The most effective and appropriate way to address the CSR obligations of SOEs is to integrate CSR into the existing business planning process, [. . .] [putting] [. . .] CSR objectives on the same footing as financial objectives".
4. One other organization participated in this workshop series but, due to staff changes, did not proceed further with SDR and so has not been included in the research process.
5. Organization F is not listed on the NZ stock exchange as it is a privately owned co-operative. The shares for this company are privately traded, at rates set by the company. Their market capitalization is greater than that of the NZSX top 50.
6. A copy of the full instrument can be obtained from the authors.
7. The quotations in what follows have been approved for publication by the respective companies. The views expressed, however, are of the individuals interviewed and not the companies themselves.
8. While our analysis did not involve any analysis of the actual reports produced by the participant organizations, several insights into what was to be/is reported by these organizations emerged in the interviews and throughout the workshops.

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