COPENHAGEN BUSINESS SCHOOL
M.Sc. INTERNATIONAL BUSINESS AND POLITICS

Organizing for Sustainability Reporting

A comparison between Denmark and Switzerland

Master Thesis
Hand-in May 18 2015

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STU count: 181‘204
Page count: 70
Abstract

This thesis analyses the national actors that organize for institutionalization of sustainability reporting (SR) in DK and CH. Studies on SR often focus on the global proliferation and ignoring the national idiosyncrasies, and in particular the national actors that are engaged in the institutionalization of SR outside reporting entities. This thesis fills this gap by addressing the question how national actors in different countries organize for institutionalization of SR on a national level. The actors of interests were corporate stakeholders, such as government, auditors, NGOs and business associations, while corporations were deliberately excluded.

To answer the question, this study applied a qualitative, comparative case study, using Denmark as a case for mandatory SR, and Switzerland as a case for voluntary SR. The analysis builds on a novel analytical framework derived from three streams of new institutionalism: Issue-centric organizational field theory, institutional logics and institutional work. The combination of the three allowed defining clear boundaries of the national field (issue-centric field theory) and assessing the dynamics between institutions and actors (institutional logics and work) in the organization for SR.

The main finding of this thesis is that the organization of SR on a national level differs between countries. The two case studies on Denmark and Switzerland have shown that actors organize – or in the case of Switzerland do not organize – for sustainability reporting on a national level. The regulatory context thereby plays a key role. Second, actors in both countries use different elements of institutional work and are guided by different logics. Last, permeable boundaries make national actors important promoters of international standards on national level. Local actors thereby contribute national as well as global institutionalization of SR.

Keywords: Institutionalization, Institutional logics, Institutional work, New Institutionalism, Organizational Fields, Sustainability Reporting, §99a, Denmark, Switzerland
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<tr>
<td>§99a</td>
<td>Danish Financial Statement Act §99a</td>
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<tr>
<td>ATP</td>
<td>Arbejdsmarkedets Tillægspension (Danish Pension Fund)</td>
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<td>BD</td>
<td>Berne Declaration</td>
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<td>Big4</td>
<td>Big4 Auditing companies (PwC, KPMG, EY, Deloitte)</td>
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<tr>
<td>BSD</td>
<td>Business, Sustainability, Development (Consulting organization)</td>
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<td>CH</td>
<td>Confoederatio Helvetica (Switzerland)</td>
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<td>CoP</td>
<td>Communication on Progress</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>DBA</td>
<td>Danish Business Authority</td>
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<tr>
<td>DI</td>
<td>Dansk Industri (Confederation of Danish Industries)</td>
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<td>DK</td>
<td>Denmark</td>
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<tr>
<td>e.g.</td>
<td>exempli gratia</td>
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<td>EMAS</td>
<td>European Union Eco-Management and Audit Scheme</td>
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<tr>
<td>ESG</td>
<td>Environmental, Social and Corporate Governance</td>
</tr>
<tr>
<td>Etc.</td>
<td>Et cetera</td>
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<td>EU</td>
<td>European Union</td>
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<td>EY</td>
<td>Ernst &amp; Young</td>
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<tr>
<td>FAC</td>
<td>Foreign Affairs Commission</td>
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<td>FAC</td>
<td>Foreign Affairs Commission (Swiss parliament)</td>
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<td>FOE</td>
<td>Federal Office for Environment (CH)</td>
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<tr>
<td>FSR</td>
<td>Foreningen af Statsautoriserede Revisorer (Danish Auditors Association)</td>
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<tr>
<td>GoF47</td>
<td>Group of Friends of Paragraph 47</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>ICC</td>
<td>International Chamber of Commerce</td>
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<td>IIRC</td>
<td>International Integrated Reporting Council</td>
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<td>IR</td>
<td>Integrated Reporting</td>
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<tr>
<td>MNC</td>
<td>Multinational Company</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
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<tr>
<td>ÖBU</td>
<td>Ökologisch bewusste Unternehmensführung (Swiss Business Sustainability Association)</td>
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<tr>
<td>PSF</td>
<td>Professional Service Firm</td>
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<tr>
<td>PwC</td>
<td>Pricewaterhouse Coopers AG</td>
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<tr>
<td>RQ</td>
<td>Research Question</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>SACD</td>
<td>Swiss Agency for Cooperation and Development</td>
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<td>SECO</td>
<td>State Secretariat of Economic Affairs (CH)</td>
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<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>SR</td>
<td>Sustainability Reporting</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNGC</td>
<td>United Nations Global Compact</td>
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1 Introduction

This thesis explores the organization of sustainability reporting (SR) in Denmark (DK) and in Switzerland (CH). In particular, it investigates the roles of non-corporate actors in organizing the national field of SR. Through institutional work, these actors are expected to contribute to an institutionalization of SR on a national level.

SR has seen rapid growth in the past ten years, especially on a global scale. For many multinational companies (MNCs), the publishing of a sustainability report is a regular annual practice. Global standards such as the Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC) have further driven and shaped SR on a global level. As such, SR is seen as a practice that has developed on a transnational level, “driven in part by interactions between a relatively tight-knit coalition of global companies, trans-governmental agencies\(^1\), international bodies\(^2\) and global [Non-Governmental Organizations] NGO’s” (Higgins & Larringa, 2014, p. 280).

Apart from corporations, standards and governments, various corporative stakeholders have an interest in and contribute to the institutionalization of SR. On an international level, Brown et al. (2009) highlighted various non-corporate stakeholders that influence the GRI organizational field, such as Professional Service Firms (PSF), Business associations, investors, non-governmental organizations, governments and organized labor. All of those actors thereby contribute to the institutionalization of SR on a global level.

On a national level, SR has caught the attention from governments. UNEP et al. (2013) found that 130 governments deploy various policies related to disclosure of sustainability related issues. The introduction of these policies indicates an increasing institutionalization of SR not only on a global but also on a national level. A few countries, like DK, have started to mandate SR directly. Other countries, such as CH, leave SR largely as an unregulated area, but recognize it as an important factor in their Corporate Social Responsibility (CSR) strategy (SECO, 2015b).

1.1 Research question

Given the increasing institutionalization of SR on national level, this thesis asks following research question (RQ): how do national actors in different countries organize for institutionalization of SR on a national level?

Various studies found country related differences in SR among countries and related these differences to factors such as culture, stakeholder pressures on companies (Adams & Kuasirikun, 2000; Adnan et al., 2010; \(^1\)United Nations \(^2\) e.g. the World Business Council for Sustainable Development

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Studies focusing on activities of local actors are mainly related to government initiatives (Albareda et al., 2008; Brown & Knudsen, 2012; Pedersen et al., 2013). However, none of these studies have so far considered the country specific actors that engage in the organization of SR. Considering the novelty of the research topic, three explorative sub-questions are asked for each country:

RQ1: Who are the actors in the national organizational field of SR?
RQ2: What are the organizing logics of the national organizational field in SR?
RQ3: What is the specific role of individual actors in organizing SR in the respective country?

To answer these questions, the thesis compares the organization of SR between a country with mandatory SR (DK), and voluntary SR (CH). Furthermore, this research introduces a novel analytical framework that is built on three theory streams from new institutionalism. Each of the streams is bound to answer one of the above RQs: Issue-centric organizational field (RQ1), institutional logics (RQ2) and institutional work (RQ3). New institutionalism allows to collapse various actors in one field, and assess the dynamics between actors and the organizing principles of the field that guide the actors in their behavior. Because actors are embedded in existing institutional settings, the analytical tool recognizes these actors as objects and determinants of institutional systems in the evolution of the organizational SR-field.

Through this novel approach, the thesis tries to contribute to two areas. First, it contributes to a better understanding of organization of SR on a national level in DK and CH. Second, it serves as testing ground for a novel combination of new institutional theory streams, and especially clarify the tensions and overlaps between institutional logics and institutional work (see chapter 3.2).

1.2 Structure
Following this first section, the second part puts SR in contexts and follows its path from a transnational development to the national idiosyncrasies, introduce the discussion between mandatory and voluntary SR, and concludes by making the case for the relevance of this study. The third part introduces the theoretical framework based on three streams of new institutionalism and conceptualizes the theory in one framework. The fourth section explains the methodology and outlines the analytical framework. Chapter five applies the analytical framework to the two cases DK and CH. The analysis of each actor from each country will answer RQ2 and RQ3. RQ1 will be answered in the conclusive discussion at the end of each country-chapter. Based on the conclusion, the sixth section discusses the findings, reflect on the theoretical framework, and closes with limitations and implications for future research. Chapter seven concludes and gives an outlook on the topic.
2 Sustainability reporting – merging national with transnational fields?

SR is an ambiguous concept with various understandings. Therefore, a brief overview on history of SR and a definition is given. Chapter 2.2 and 2.3 clarify boundaries and overlaps between the national and the international SR field. This provides the foundation to define the requirements for the theoretical framework.

2.1 Context and history

SR constitutes a channel for organizations to communicate the status and progress of sustainability activities to their stakeholders. These reports “include matters of an organization’s environmental (...) and its social policies and impacts” (Buhr et al., 2014, p. 51). There are various motivations for organizations to publish a CSR report, often linked to legitimacy, reputation, brand and risk management, external and internal benchmarking as well as greater transparency on internal processes (Herzig & Schaltegger, 2011).

SR has changed focus and meaning over time (Buhr et al., 2014). The dominant terminology during the 1960s and 70s was social reporting, which changed to environmental reporting in the late 80s and early 90s. In the early 90s and 2000s more miscellaneous terms appeared, dominated by C(S)R or SR. These reports increasingly focused on all three dimensions of sustainability: the social, environmental and financial. This however does not mean that previous terminologies have disappeared, and many studies as well as CSR reports still refer to e.g. social or environmental reporting (Buhr et al., 2014; Fifka, 2012). The developments of SR since the 1990’s and especially the 2000s mainly occurred on a transnational level, and are exemplified by the increasing popularity of reporting standards such as the GRI and UNGC (see chapter below).

SR developed under the umbrella of the concept of corporate social responsibility (CSR). CSR is a fuzzy concept with various definitions (Dahlsrud, 2008) but can roughly be summarized “as an obligation of business to act according to the overarching goals of the society” (Martinuzzi and Krumay (2013), p. 426), and as a reflection of “the social imperatives and the social consequences of business success” (Matten & Moon, 2008, p. 405). In the past decade or so, CSR became a tool for companies to engage and comply with stakeholder demands, and for some companies it has even become part of their business model (Carroll & Shabana, 2010). During the 2000’s, governments became more and more involved in the CSR discourse and started to regulate the field. Transparency is thereby a key public policy area, and mandating SR a tool of increasing popularity to engage companies in SR (Steurer, 2010).

2.2 Global proliferation of Sustainability Reporting

As outlined in chapter 2.1, SR gained pace slowly but steadily during the 1990s and especially in 2000. This was caused by environmental incidents from large, publicly exposed MNCs, an increasing demand from
stakeholders, the media and the public (Herzig & Schaltegger, 2011) and social change (Buhr et al., 2014). The increase of CSR reports led to the development of the first standards like EMAS\(^3\) (Herzig & Schaltegger, 2011). According to Buhr et al. (2014), the number of average reports published from the largest 100 companies of 41 countries increased from 18% in 1996 to 64% in 2011, and among the global 250 firms from 35% in 1999 to 95% in 2011\(^4\). These global firms contributed largely and voluntarily to the global proliferation of SR. Their value chains often reach in countries around the globe, and as such they take the role as ‘ex- and importers’ of SR practices. Through publishing reports over several years, these reporters developed best practices, influencing industry peers around the world as well as local firms in home and host countries. Hence, MNC’s act as normative drivers for the global harmonization of SR (Higgins & Larringa, 2014). A further driver of global institutionalization are globally operating accounting and consulting firms. These firms develop internal best practices and tools to consult, audit and assure firms in their CSR reports, and thereby rely on international standards. These practices are then applied in companies around the world (Higgins & Larringa, 2014). This increase of reporting was accompanied with an increase in the global standards that promote SR.

### 2.2.1 Reporting Standards

The process of transnational institutionalization is represented through global multi-stakeholder initiatives that developed into a variety of standards related to accounting and reporting. Global CSR standards play a key role as institutional actors in shaping CSR governance (Vigneau et al., 2014), and shifting it from a national to a global level (Scherer & Palazzo, 2011). According to Fortanier et al., (2011) global standards drive the global harmonization process of CSR reporting and reduce the impact of national (domestic) institutions.

Standards are the provider of common rules within and among organizations. They often substitute for lacking national rules, especially for topics with little political interest. On a functional level, standards reduce asymmetries between users and providers of services or products and enable benchmarking between similar constituents (Brunsson et al., 2012). Due to their decontextualized nature, standards can be applied around the world, making it possible to “govern through standards” (see e.g. Ponte & Gibbon, 2011) without being limited by national boundaries. As such, they compensate or replace divergent national standards or regulation, which is often seen as “an obstacle to global economic integration” (Brunsson et al., 2012, p. 621). The emergence and proliferation on a global level is fueled by the difficulty for governments to govern beyond national sovereign boundaries. Brunsson et al. (2012) conclude that standards are a large driver for a global order but

\(^3\) European Union Eco-Management and Audit Scheme

\(^4\) See appendix 1 for an overview. Buhr et al. (2014) used the data from KPMG triennial reports, which changed methods over time.
due to their voluntariness and the resulting lack of organizational elements, implementation differs in regions and countries.

Standards are powerful drivers in the organization of institutional change because they proliferate in a decontextualized way, allowing imitation and diffusion. This for example allows adopters to disregard an existing national coercive institutional order and only follow the requirements of the standard\(^5\). To a greater extend, such standards can also take the role of institutional entrepreneurs, as they can initiate rules and criteria that become commonly accepted in the long run (Brunsson et al., 2012).

Among the numerous global standards, the GRI, the UNGC, and recently the International Integrated Reporting Council (IIRC) have become the most recognized ones and constitute major global institutions in SR today.

**GRI**

The GRI is one of the most used and acknowledged voluntary frameworks for SR worldwide. It aims to make SR a standardized practice for all organizations. At the core lie the guidelines “that provides metrics and methods for measuring and reporting sustainability-related impacts and performance” (GRI, 2015b). Since the launch of the first guidelines in 1998 with a few test companies, the GRI has launched three updated versions, the last of which was the G4 in May 2013. In May 2015, 7544 organizations from around the world had registered a report on the publicly accessible GRI database\(^6\). It is structured as a multi-stakeholder initiative and has strategic partnerships with many key players in the areas of transparency, reporting and standardization. On a national level, it relies on consultancies and the Big4\(^7\) accounting firms, seven focal points\(^8\) and 600 organizational stakeholders promote the GRI around the globe.

**UNGC**

The UNGC is a United Nations (UN) initiative and a framework for companies that builds on 10 universally accepted principles within four areas of human rights, labor, environment and anti-corruption. Signatory companies to the UNGC are expected to implement the principles in their strategies and operations and thereby contribute and support the UN goals. A company can voluntarily sign into the UNGC initiative, which requires the issuing of a ‘Communication on Progress’ (CoP) report on an annual basis. The report states the progress made in implementing the UNGC principles into the strategy and operations, as well as the

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\(^5\) DK is such an example, as outlined in chapter 5.1  
\(^6\) As of 08 May 2015, source: http://database.globalreporting.org/  
\(^7\) The Big4 accounting firms are the group of a professional service networks: KPMG, EY, PwC and Deloitte  
\(^8\) Focal points in: Australia, Brazil, China, Colombia, India, South Africa and the United States and Canada
contribution to the UN Goals (UN Global Compact, 2014). The UNGC highlights that it is a voluntary initiative that promotes sustainable development, and offers a network for companies and other stakeholders to engage in a dialogue and exchange knowledge and practices. UNGC proclaims not to be a monitoring or standard setting organization (Sethi & Schepers, 2013), nor an enforcement tool for global standards (Rasche, 2009).

**IIRC**

Integrated reporting (IR) has the purpose to guide for profit companies in their assessment of their value creation over time. It is “a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term” (IIRC, 2015). In their reporting, companies have to consider all resource-inputs to their business models, in order to fully assess their value creation. IR is embodied in the 2010 formation of the International IR Council (IIRC), which can be seen as the main institution for IR. It is made up of a coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs (Cheng et al., 2014). Over a 100 businesses, comprising the IIRC Business Network, voluntarily tested the principles and concepts of IR, including the largest companies in the world. South Africa has already embraced IR and requires listed companies to publish an integrated report. In addition, 30 investors provide input on the development of the IR framework (Cheng et al., 2014). The main criticism of IR relates to the focus on financial value generation and less of a framework that truly assesses and relates sustainability issues to business activities (Buhr et al., 2014).

### 2.2.2 Mandatory reporting in the EU

In April 2014, SR became mandatory for organizations across a whole region that covers several countries. The EU parliament passed a new accounting directive which made non-financial reporting mandatory for large, publicly listed enterprises in the EU (EU, 2014).

The law requires large public listed companies⁹ to disclose non-financial information on the development, performance, position and impact of activities within the four key areas¹⁰ (EU, 2014). If companies are not describing anything in the required areas, they have to explain “clear and reasoned … for not doing so” (EU, 2014). Furthermore, the EU Commission will prepare guidelines for companies on the methodology, including relevant non-financial key performance indicators, and consult stakeholders on this matter.

Each member state is responsible for implementing the law accordingly (EU, 2015). As will be shown in the Danish and Swiss example (see chapter 5.1 and 5.2), the EU as a supranational power has a transnational

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⁹ 500+ employees. In total, around 6000 companies in the EU are affected by the law.

¹⁰ environmental, social and employee matters, respect for human rights, anti-corruption and bribery
impact. Interview 5 highlighted that the EU is currently shaping the matter of SR, which was further confirmed by other interviewees (Interview 2 and 6). The Swiss government official (Interview 10) highlighted that the EU legislation is a major driver behind the Swiss government agency activities, as CH wants to align laws with the EU to reduce uncertainty and confusion for firms. Furthermore, Interview 2 stated that the EU law forces the Danish legislator to re-discuss and amend its legislation accordingly. Hence, the EU legislation promotes mandatory sustainability reporting on a transnational scale, and has the potential to become a platform that merges the transnational with the national institutionalization process in SR.

2.3 National idiosyncrasies

In contrast to the global proliferation of SR stand its variances in form, organization and implementation on national level. This section will outline potential reasons for these variances, and provide an insight into mandatory and voluntary reporting, the two predominant national arrangements when it comes to SR.

2.3.1 Reasons for national idiosyncrasies

Various scholars interrogated SR in individual and comparative case studies among countries. Most of them found differences among SR in the specific countries. Depending on the research approach and use of theory, different findings were made, mainly related to institutional and stakeholder impact. Van der Laan Smith et al. (2005) used stakeholder theory and found that companies from countries with strong stakeholder orientation have a higher quality of disclosure. In general, the body of literature around stakeholder influence on SR is large but often does not cover the impact on the national SR field (see for example Manetti, 2011; Rinaldi et al., 2014). On institutional level, Adams and Kuasirikun (2000) related the national difference in SRs to industry initiatives, regulatory demands, as well as social and political pressures. Similarly, Adnan et al. (2010) found governance structures as well as culture influencing the SR of companies. Opstrup (2013) compared SR from Danish with French companies and found significant differences in the reporting style, which she draws back on the cultural differences. Holland and Foo (2003) identified differing regulations as drivers for difference in SR. Fifka and Drabble (2012) compare SR practice in Finland and in the United Kingdom, and find that influence of culture and the socio-economic environment has only little impact on the choice of reporting standards. Golob and Bartlett (2007) found similarities and differences between reporting practices in Australia and Slovenia. Being voluntary in both countries, SR is mainly driven by market pressures but cultural drivers vary and have an influence on the practice. Jensen and Berg (2012) applied institutional theory to test institutional determinants for the adoption of IR, and finds that mandatory legislation has a large impact, while other government initiatives do not show much effect. In general, it proves to be a challenging tasks to relate cultural and contextual variables to the effects on national SR, as often other factors such as industry and firm-related
issues play in (Fifka & Drabble, 2012). A particular institutional driver for national difference is the possibility of governments to make SR mandatory (Hahn & Kühnen, 2013).

2.3.2 Voluntary vs. Mandatory reporting

Since governments are actively interfering in CSR, mandating disclosure of CSR activities has become a central policy of governments and led to the discussion whether SR should become a mandatory practice on national level or remain voluntary. This discussion comes against the background of global proliferation of SR, based on weak institutional governance that relies on soft law (Maguire, 2012).

Voluntary reporting is mostly understood as companies self-regulating their disclosure of information on SR, in terms of scope and scale. As such, companies are free to choose if they want to develop their own standards or use existing standards (such as the GRI, UNGC or IIRC). As highlighted in chapter 2.2.1, standards serve as a tool for civil-regulation that replaces the need for sovereign authorities to regulate for SR (Maguire, 2012). In countries where SR is voluntary, governments often deploy softer, indirect policies that encourage and promote SR, such as financial incentives or awareness raising (Pedersen et al., 2013). Hence, governments may be still active in the process of institutionalizing SR.

Nonetheless, governments\textsuperscript{11} increasingly make SR mandatory but often link the legislation to existing international frameworks (UNEP et al., 2013). Mandated SR has become a main driver behind the institutionalization of SR, especially in terms of quantity of the reports (Ioannou & Serafeim, 2014). By incorporating transnational standards, governments employ a hybrid governance strategy, which aims to combine the advantages of both areas: On the one hand, the sovereign authority of the state with legal enforcement mechanisms, and on the other hand the global reach of standards. As such, legislation specifically targeting SR has become a normative driver for harmonization of sustainability reporting on a global level (Higgins & Larringa, 2014) because it promotes the various international standards. This means that this form of national legislation catalyzes the institutionalization of transnational SR. However, many governments deploy different policies affecting different industries and covering different topics (e.g. CSR, accounting, environment etc.). These differences cause confusion among firms, especially when they are operating at a transnational level (Maguire, 2012).

2.4 Summary context

The previous outline shows that SR develops on two levels, the global and the national level. Standards are part of a global institutionalization process that shift governance from a national to a transnational level. On the

\textsuperscript{11} E.g. DK, France, the Netherlands, Norway, Malaysia, South Africa, Sweden (UNEP et al. (2013).}
other hand, nation states increasingly make SR mandatory, but often use transnational standards. Hence, permeable boundaries between transnational and the national field of SR exist.

As the literature review has shown, little is known about the role of stakeholders that participate and shape the national organizational field of SR, and thereby contribute to the national institutionalization of SR in an enhancing, or maybe disrupting, manner. Therefore, this thesis compares the actor roles of two cases where reporting is mandatory (DK) and voluntary (CH).

3 New institutionalism

New institutionalist theory provides the thesis with the theoretical tools that are needed to answer the RQs. Based on the findings of chapter 2, this section will first lay down the requirements for the tools needed to analyze the national field of SR. The second subchapter will then introduce the three streams of new institutionalism. The last chapter conceptualizes the three streams and connects them with the RQs.

3.1 Requirements towards new institutionalism

As outlined in chapter 2.2, the institutionalization of SR is driven by transnational developments. Activities of organizations such as MNCs go beyond the traditional boundaries and control of the nation state. This creates a rather new scenario of self-regulating transnational communities. Private actors involved in a particular type of activity meet and decide upon common ‘rules of the game’. These settings can be initiated or are made up only by private actors, and do not necessarily – but can – include public or semi-public actors. This scenario signifies an arena where transnational rules and institutions are built, forming a new field of global governance (Abbott, 2012). Some organizations have been successful in building institutions, using their relative capacities to develop monitoring capabilities and, in some cases, strong enforcement mechanisms (e.g. the EU) control the implementation of the institutions they build (Djelic & Quack, 2008).

Djelic and Quack (2008) call the mechanisms of influence from transnational on national institutions trickle-down and trickle-up effects. Trickle-down effects impose direct pressures from transnational organizations or supranational constructions such as NGO’s, MNC’s, the EU or UN. Decisions made in these institutions have a direct impact on national ‘rules of the game’. Trickle-up effects work as more indirect mechanisms on a meso-level. Through international interactions between sub-societal actors, rules are transported from one
geographical location to another, worldwide. Sub-societal actors, e.g. company subsidiaries, partnerships, or global professional service firms, take the role of messengers and mediators which push for new rules and challenge existing national institutions. Figure 1 illustrates the dynamics between the national and the transnational organizational field.

To conclude, in order to answer the overarching question of \textit{how do national actors in different countries organize for institutionalization of SR on a national level} and the subsequent RQs, the theoretical framework has to meet the following three requirements: (1) It needs to set clear boundaries between the transnational and the national field of SR. Simultaneously (2) it needs to be permeable to account for trickle-up and trickle-down effects between the transnational and national field. (3) The possibility to account for the various actors that organize for national SR, most likely operate with different logics that result in differing roles.

The next chapter will provide an overview on the different theoretical concepts and their connections, which constitute the theoretical framework. This provides a big picture perspective on the theoretical framework and will unpack the concepts that are described in the subsequent subchapters.

\subsection*{3.2 Institutional theory as the theoretical framework}

Institutional theory offers an analytical tool that helps to understand the organization of SR by accounting for two organizational factors. The influence of societal aspects on actors as well as recognizing individual actions. Other popular theories applied on SR - such as stakeholder, legitimacy and resource dependency theory – put individual decision makers at the center of analysis. These theories assume that reactionary, deliberate decisions of managers or a firm are made to comply with demands from their environment in order to legitimize their behavior (Chen & Roberts, 2010). Institutional theory on the contrary downplays the importance of rationality of individuals by emphasizing the influence of the societal field. It assumes that roles of field level constituents are allocated through society, and accepted by individual actors due to taken-for-granted patterns (Higgins & Larringa, 2014). This however does not mean that roles and field participants cannot change over time, nor that actors are unable to influence and change their roles within a given field.
Further developments within new institutional theory have tried to combine structure with agency. The thesis draws on three streams within this development of institutional theory: Issue-centric organizational fields (Hoffman, 1999), institutional work (Lawrence & Suddaby, 2006) and institutional logics (Thornton, 2012). The former focuses on dynamic field configurations that change over time, while the two others address institutional dynamics behind the transformation of the field configuration. Hence, issue-centric fields will serve as the foundation on which the two other theories can exert their individual analytical strength. Both of the latter are “deployed to instill some order in the world of organizations and their environments” (Zilber, 2013, p. 78) and try to balance the structure – agency discussion that is ongoing within new institutional theory. However, each has its distinct tradition, trajectory and epistemology (Zilber, 2013).

The advantage of all three theories lies in their openness, facilitating conceptual links between the three. This is a conceptual requirement for the framework as outlined in the previous chapter. While openness is useful, the proximity – and even overlap – between institutional logics and work demands a clear demarcation of the boundaries of their analytical focus. This is accomplished by focusing on the individual epistemological strength of each theory: Hoffmann’s (1999) concept of issue-centric organizational fields acknowledges institutional change and agency, and allows the assessment of dynamic processes between institutions and actors. The two other theories focuses on the dynamics. Institutional work examines micro-practices on the actor level, while institutional logics focuses more on macro-structures that inform actors’ actions (Zilber, 2013). Figure 2 illustrates the theoretical framework.

**Figure 2: Theoretical Framework (own illustration)**

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12 Scott (2008) defines agency “as an actor’s ability to have some effect on the social world – altering rules relational ties, or distribution of resources”.
Merging the three dimensions into one analytical framework might appear eclectic, especially since there are certain tensions between the three streams (Thornton, 2012; Zilber, 2013). However, due to the exploratory nature of the thesis and its underlying questions, an eclectic epistemology is desirable in order to highlight and understand the behavior of actors on the national SR field. Zilber (2013) emphasizes that the differences between institutional logics and work can be productive of generative value.

Combining the three streams in this manner, the thesis tries to close the gap between agentive and non-agentive institutionalists by taking up “the challenging task of clarifying the link between different levels of analysis” (Boxenbaum & Jonsson, 2008, p. 94) through this empirical application on SR.

3.2.1 Issue-centric organizational fields

The concept of organizational fields is linked to new institutionalism theory, which builds on legitimacy theory and organizational theory (Chen & Roberts, 2010). Generally defined, an organizational field is “a set of interdependent populations of organizations participating in the same cultural and social sub-system” (Scott, 2008, see also DiMaggio & Powell, 1983) and are a “critical unit bridging the organizational and societal levels in the study of social and community change” (DiMaggio, 1986, p. 337). The purpose of organizational field studies in institutional analysis are diverse: “the locus of independent variables shaping organizational forms, as intermediate systems, mediating between organizations and wider societal forces, and as themselves dependent variables, systems whose features are to be explained” (Scott, 2008). As environments became increasingly important for organizational analysts, it was a necessity to set boundaries for certain systems. Boundaries allow the identification of constituent elements in order to assess characteristics of the environments. In particular concepts like organizational sets, populations and interorganizational fields help to assess the roots of general descriptions of organizational environments (Wooten & Hoffman, 2008). By recognizing organizations and groups of organizations as participants in the organizational field, new institutionalism shifts organizational analysis from an organization-centric level to a more systemic level. Hence, the organization of the environment with relevant actors organizing the field becomes the focus and allows “to work the complex interrelation between the environments of material, competitive and institutional resources” (Machado-da-Silva et al., 2006, p. 33). The environment around the central field organization constructs a social reality for the organization based on values, beliefs, norms and rituals. Over time, patterns evolve to which organizations conform in order to gain and maintain legitimacy within the organizational field (Chen & Roberts, 2010).
Early organizational field studies

The foundation of organizational field studies within new institutionalism builds DiMaggio and Powell’s (1983) article, which has further developed over time. They define organizational fields as “those organizations which, in the aggregate, constitute a recognized area of institutional life: key suppliers, resources, and product consumers, regulatory agencies and other organizations that produce similar services or products” (DiMaggio & Powell, 1983). The core argument is that “organizations in the same line of business are structured into an actual field...by competition, the state or professions” (DiMaggio & Powell 1983, p. 148). The organizational field was mainly perceived as “static in its configuration, unitary in its makeup and formed around common technologies, industries or discrete network ties” (Wooten & Hoffman, 2008, p. 133). The attention was directed to ‘similarity’ and homogeneity in fields that was driven by three isomorphic processes: coercive, mimetic and normative. DiMaggio and Powell (1983) argue that organizations in organizational fields in their early stage vary in form and approach, but the more a field becomes established, the more it pushes towards homogenization. The aim was to “identify institutionalization by contrasting the adoption of practices for rational or institutional motives, [detect] how the quest for collective rationality led to homogeneity within field-level populations” (Wooten & Hoffman, 2008, p. 132). Critique on this early stage of an organizational field theory was based on its strong focus on homogenization and stability, leaving out the possibility of change, variation and agency.

Another concept of organizational field is put forward by Scott and Meyer (1983). They see an organizational field as a functionally specific arena (Machado-da-Silva et al., 2006, p. 34), the so called societal sector. A societal sector is defined as “(1) a collection of organizations operating in the same domain, as identified by the similarity of their services, products or functions, (2) together with those organizations that critically influence the performance of the focal organizations” (Scott & Meyer, 1991, p. 117). The advantage of the societal sector model lies in the perception of the term societal, which “emphasizes that organizational sectors in modern societies are likely to stretch from local to national or even international actors” (Scott & Meyer, 1991, p. 117). This means that boundaries of the organizational field are not necessarily defined in geographical but rather in functional terms. The societal sector field opens the perspective and focuses on the interactions between organizations rather than the organizations themselves. The field is often assumed to be constituted as horizontal links, with no formal authority over another, closely related to exchange theory and network theory (Scott & Meyer, 1991). This reduces the emphasis on similarity and homogenization as the constitutive factor for organizational fields and allows the assessment of a broad set of linkages: linkages between similar and dissimilar organizations, the structure of such relations, local and non-local boundaries and technical and institutional aspects (Scott, 1991).
Hoffman’s issue-centric organizational field

Building on the two perspectives of DiMaggio and Powell (1983) and Scott and Meyer (1991), Hoffman (1999) puts issues at the center of an organizational field (Machado-da-Silva et al., 2006), bringing together “various field constituents with disparate purposes” (Hoffman, 1999, p. 352). In an issue-formed field, debates and dialogues are at the center of the institutionalization process, where “competing interests negotiate over issue interpretation” (Hoffman, 1999, p. 351). The organizational field becomes a contested field that is made up of diverging interests, beliefs and values which resemble “institutional war” more than isomorphic dialogue (Hoffman, 2001, p. 135). Individual populations within a field, clustered around homogenous interests, beliefs and values, ‘fight’ for their interests. These diverging interests turn the organizational field into a competitive field of definitions contesting issues that form the institution that will guide organizational behavior (Hoffman, 1999, p. 352). The actions of actors become an important part of the institutional field environment. Hoffman (1999) also recognized that the formation of fields is not a static process. Events trigger new forms of debate which can result in the change of field membership or interaction patterns, potentially altering beliefs and interests.

Issue-centric fields differ from other conceptualizations. The assumption that isomorphic pressures which lead to homogenization and ultimately to stability and inertia, as described by DiMaggio and Powell (1983), do not work in such a ‘battlefield’ on issue-interpretations. Issue-centric fields are dynamic fields that undergo constant change. Field participants enter and leave the field over time. However, the three institutional mechanisms of change are still at work in issue-centric fields. They guide actors in their beliefs and perspectives, shape their perceptions of issues and the resulting development of action. Regulative aspects use coercion and legal sanctions to force participants to comply. Normative aspects are derived from social obligations, and compliance is achieved through norm-driven legitimacy that is created and maintained by organizational institutions. Cognitive aspects are cultural frames that actors often follow unconsciously and remain unquestioned (Hoffman, 1999).

Hoffman’s issue-centric field has two analytical advantages. To analytically detect an organizational field, Hoffmann suggests using three steps, based on DiMaggio and Powell’s (1983) concept on structuration of organizational fields:

“(1) an increase in the extent to which certain organizations interact,
(2) an increase in the information load they share, and
(3) the development of a mutual awareness that they are involved in a common debate” (Hoffman, 1999, p. 352).
Higgins and Larringa (2014) argue that the SR field has developed into such an issue-centric field. While SR might have developed out of an industry field (especially from polluting sectors), institutional influences have shifted towards a more issue-centric field. Hoffman’s issue-centric field provides an ideal tool to understand the co-evolvement of an organizational field and institutions. In the case of this thesis, the field is defined by national actors that contribute to the development of the evolution of the institution SR on a national level. Conclusively, an analysis of each institution, and (or) of individual populations, is necessary to fully assess the dynamics of an issue-centric organizational field, which is supported by two other concepts institutional logics (chapter 3.2.2) and institutional work (chapter 3.2.3) outlined below.

### 3.2.2 Institutional logics

Thornton et al. (2012) define institutional logics “as the socially constructed, historical patterns of cultural symbols and material practices, assumptions, values and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity” (p.51). According to this definition, institutional logics are socially constructed patterns that develop over time and influence cognition and behavior. Institutions (on a societal level) influence “interests independently of individuals and organizations” (Thornton, 2012, p. 51). Individuals and organizations are informed by a wider system of meanings that influence decisions, practices and action. Figure 3 illustrates these dynamics.

Institutional logics provide a connection between institutions and actions performed by actors within an organizational field. Logics are a central constituent of an organizational field as they define the organizing principles of a field and guide field level participants. Thereby they build an analytical link in the relationship between structure and agency. This is central in the institutionalization process where actors shape, and are shaped, by institutions (Thornton et al., 2012). The advantage of the institutional logic perspectives over DiMaggio and Powell’s (1983) organizational field perspective, lies in the assumption of isomorphism in the latter, whereas the former allows individuals autonomy in practice and forms and recognizes conflicting differences among various actors. Hence, the institutional logic perspective reflects well on Hoffman’s (1999) concept of issue-centric organizational fields described in the previous chapter, where various actors with differing interests are involved. As such, actors act ‘transrationally’, in accordance with their “root metaphors, values and practices of their dominant or home institutional orders” (Thornton et al. 2012, p. 45).
Ideal-types in institutional logics theory

The concept of institutional logics is grounded in the idea of a ‘levels-theory’. Friedland and Alford (1991) assumed the existence of societal institutions that influence the behavior of organizations and individuals, and thereby link “internal mental cognition to external societal rituals and stimuli” (Thornton et al., 2012, p. 51). Institutional logics work at various, higher-order levels: the individual level, the organizational level, the field level and the societal level. Thornton et al. (2012) categorized these into a micro, meso and macro level. The individual level is located at the micro level, the organizational and institutional field level at the meso level, and the societal level at the macro level. All levels ‘operate’ interdependently, and cross-level effects exist between all levels (Thornton et al., 2012).

At the core lies the assumption of institutional orders at the societal – or inter-institutional – level, which all have an overarching influence on the meso and micro level, but are not fully determinative to them. Individuals and organizations are partially independent from other levels, which for example allows organizations to develop their own institutional logics. The societal institutional orders reflect cultural institutions and hence inform and help to understand the behavior of organizations and institutions (Thornton, 2012, p. 45). Thornton (2012) described the institutional orders on the societal level in seven categories of ideal types of institutional orders (see Table 1 below). The seven ideal types of institutional orders (X-axis on Table 1) are presented as Family, Community, Religion, State, Market, Profession and Corporation. The Y-axis categorizes building blocks of the institutional order, which eventually describe the way how individuals and organizations likely identify their self and their identity: “that is, who they are, their logics of action, how they act, their vocabularies of motive, and what language is salient” (Thornton, 2012, p. 54).
Thornton et al. (2012) explain the benefits of ideal-types for theory building and empirical research in the “rich yet general understanding of the varied processes that shape the observed institutional outcome” (p. 53). The ideal-types outlined in the matrix model are an analytical tool that defines and identifies institutional orders systematically which allow the explanation and contextualization of culture.

**Organizational field logic**

Institutional logics are also played out on organizational fields. On each of the levels outlined above, various institutional logics (co-)exist (Reay & Hinings, 2009), and each level develops its own logics. In a series of papers, Thornton (2004) and Thornton and Ocasio (2008) explain the linkages between the logics on each level, to eventually conclude that all these logics are inherently linked to the logics on the inter-institutional system. This implies that the organizational field can have its own logic, most likely several (competing) logics, that are exposed to field-level processes as well as the logics on the inter-institutional level (Reay & Hinings, 2009). Field level processes “are shaped by micro and meso processes...and the development of practices” (Thornton et al. p. 148).

However, institutional logics do not emerge from organizational fields, but are rather played out and instantiated within the field (Thornton & Ocasio, 2008, p. 119). An organizational field defines a level of analysis where multiple logics exist, and often a dominant logic emerges. However, there will often be a central
dominant logic that is made and eventually shapes the central beliefs and values of organizing actors of a field. The development of a dominant logic on field level is a lengthy process that involves the engagement of all field level actors (Reay & Hinings, 2005). Furthermore, Thornton et al. (2012) highlights that “field level logics are shaped by, but distinct from, the logics of the inter-institutional system” (p. 148). This means that field level logics can take variant forms from societal-level logics, combining elements of each of the logics outlined in Table 1.

The usefulness of organizational logics in the analysis of the organizational field in SR lies in the possibility to link actor behavior to societal institutions. Identifying the underlying logic of each actor, as well as the one of the field, will help to put the action of actors into perspective.

3.2.3 Institutional work

Institutional work is a set of practices through which actors create, maintain and disrupt institutions in organizational fields (Lawrence & Suddaby, 2006). It is a relatively new stream within institutional literature, and grounded in the need to emphasize agency in the theory field of new institutionalism.

Lawrence and Suddaby (2006) build the concept of institutional work on two foundational pillars: one that builds an ultimate theoretical foundation of institutional work and one that describes its elements. The first pillar describes the theoretical foundation, which is rooted in the sociology of practice. Sociology of practice sees actions of knowledgeable actors – individuals or organizations – as deliberately chosen practices to affect events and achieve a certain outcome. The combined network of such practices, organized around shared practical understandings, constitute a field. Institutional work intends to look inside these processes. It assesses the intelligent work of actors on shaping these processes to achieve a desired – but uncertain – outcome, without ignoring the overarching structures which inform and steer these actors “in unintended and unexpected ways” (Lawrence & Suddaby, p. 219). Lawrence and Suddaby (2006) see institutional work in this tradition: “we view institutional work as intelligent, situated institutional action [...] aimed at creating, maintaining and transforming institutions” (p. 219).

The second pillar grounds on two articles that developed parallel to the new institutionalism in organization studies. The first is DiMaggios (1988) article on institutional entrepreneurs, which puts actors and agency at the center of study of new institutionalism. However, institutional entrepreneurship only studies the effect of creation (or emergence) and change of institutional contexts. It often considers one main actor, and leaves out other actors that support and facilitate the entrepreneur’s intentions. Therefore, the second draws on Oliver's

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13 See DiMaggio and Powell (1983) and Meyer and Rowan (1977)
(1991; 1992) work on strategic responses to institutional pressures (1991), the maintenance of existing institutions and deinstitutionalization (1992). While these two articles are by no means exhaustive, they laid the foundation for a new “tradition within institutional theory that explores theoretically and empirically the ways in which actors are able to create, maintain and disrupt institutions” (Lawrence & Suddaby, 2006, p. 218).

Combining the two pillars, Lawrence and Suddaby (2006) advocate three ontological elements to use in the study of institutional work. The first element includes the study of skills, awareness and reflexivity of actors, which “suggests culturally competent actors with strong practical skills and sensibility who creatively navigate within organizational fields” (p. 220). Actors are seen as holders of “culturally-defined forms of competence and knowledge, as well as creativity to adapt to conditions that are both demanding and dynamic” (p.119) that enables them “to work with institutionally-defined logics of effect or appropriateness” (p.119). The second element offers an ontological perspective that explains the constitution of institution from an agency perspective through the “more and less conscious action of individual and collective actors” (p.119). It provides a framework for understanding of the practices of actors that create new institutions as well as those that maintain and possibly disrupt institutions. Hence, an emerged institution is always understood in and connected to the practices that maintain the institution. The third element views action as a practice that “occurs within sets of institutionalized rules” (p.220). All forms of action are informed by certain techniques or generalizable procedures, even when aimed at disrupting and transforming social practices. To summarize, institutional work is rooted in a recursive and dialectical process which understands actions of actors as strategic and reflective practices that create, maintain or disrupt institutions, whereas the practices themselves are institutionally embedded. As such, actors are at the center of institutional dynamics, but remain determinants as well as objects of institutions. Figure 4 illustrates the ontological background of institutional work.

The following paragraphs will outline elements of institutional work which actors apply to create, maintain and disrupt institutions. It is a classification of roles which allows the association of specific actors with specific roles within the organizational field. As the types are divided into the three broader categories of institutional work (create, maintain, disrupt), they facilitate the assessment of the state in which the institutionalization process of the organizational field finds itself. Lawrence and Suddaby (2006) derived the elements from existing empirical examples within institutional theories. They are by no means meant to be exhaustive, as the research stream is still at an “emerging stage” (Lawrence et al., 2013, p. 1024) and evolves as empirical work specifies the concept. Furthermore, one actor can deploy several elements the same time. Also, it is to expect
that roles and the work of actors within an organizational field are not bound by the broader categorization of an institutional field. Hence, an actor within an organizational field can take a role associated with creating institution, while another actor might already take a role in maintaining an institution.

Creating Institutions

Creating institutions is informed by the elementary study of DiMaggio (1988) on institutional entrepreneurship, and has since been covered by a variety of scholars (Hoffman, 1999; Maguire et al., 2004). From the institutional work perspective, there are various actors that form and change institutions, and entrepreneurs are not to be seen alone within the area. However, some of the actors might be more active than others within the process. In the following, the thesis gives a brief overview of possible roles that actors engage in. A detailed overview of this suggestive list can be found in appendix 2.

Lawrence and Suddaby (2006) categorize the types of work into three sets of practices. The first set (vesting, defining, and advocacy) refers to political work of actors that are interrelated and have a reinforcing character. Institutional change where these types of institutional works were involved often result in “revolutionary rather than evolutionary institutional change” (Lawrence et. al, 2006, p. 223). Actors that use advocacy influence the agenda of the perception of institutional norms in terms of timing and the way institutions are perceived. Actors that engage in defining construct constitutive rules and rules that enable institutional action, and lead the direction for future institutional structures by defining rules for membership or creating standards and certification. Vesting relates to regulative bargaining which often results in sharing of labor or regulatory authority through outsourcing of authority to third parties.

The second set (constructing identities, changing normative associations, constructing normative networks) reflects the (re-)configuration of belief systems and engages in the shaping of the normative structure of institutions. All of them have a different purpose in relationship building. The first focuses on actor-field relationships which rely on collective action to construct identities. The second focuses on norm-field relationships which re-makes the connection between new sets of practices and cultural foundations. The third focuses on actor-actor relationships where loose networks become tighter due to norm convergence which eventually results in the redistribution of regulatory activities.

The last set (mimicry, theorizing and educating) is associated with the altering of categorizations of meaning systems and thereby pays attention to cognitive aspects of institutions. When mimicry is applied, an actor uses existing practices or technologies and tries to combine it with the new form. It is a subtle form of change. It can be an ideal tool for new entrants or less powerful actors within a field to drive change, because one can
legitimize its work based on existing, well-known patterns. *Theorizing* relates to sense making through concepts and beliefs which supports new institutions. *Education* helps to build support for the new institutions. It instructs other actors to new practices that develop from new institutions.

To summarize, the first set of work with altering rules has a more radical effect on change than the focus on change through beliefs and norms. The second set is concerned with the creation of complementing rules and practices. The third set mainly focuses on incremental change and work towards associating practices with existing institutions.

*Maintaining Institutions*

Institutions are often assumed to be self-reproducing, without really paying attention to the underlying process of self-regulation. Maintaining an institution requires a significant amount of work from actors within that field, and needs the engagement and collaboration of the actors. An example is the highly institutionalized democracy in the US, which relies on the voters to remain legitimate. It therefore still needs a large amount of work from various actors which focus on the mobilization of voters. Furthermore, the organization of ballots and the technical work behind collecting and counting are further examples of work necessary to maintain institutions. Maintenance of the field is necessary because the existing order is constantly challenged by the entrance of new actors in the field. This forces field ‘incumbents’ to develop and employ profound techniques that engage and integrate new members in the existing order, and make them adopt the norms of the prevailing institutional order (Lawrence & Suddaby, 2006).

Institutional work that aims to maintain institutions can be categorized in two sets of work. Similar to the creation of institutions in the previous chapter, the first set (enabling work, policing, deterrence) focuses on rules and aims to ensure adherence of actors to the rule system. *Enabling work* allows actors to facilitate, supplement and support institutions. It can be seen as an expansion of a network through membership and the distribution of authority by transferring rights to agents. For instance, auditing companies are allowed to audit ISO standards, which supports the spread of the standard. *Policing* ensures compliance with existing rules through monitoring, enforcement or auditing. It can involve sanctions and – as described in enabling work – distributing such authority among agents. Deterrence aims to create barriers to block institutional change. This is highly dependent on decisions of coercive agents, which can be economic as well as legal. It is essential that this set of rule-oriented work to maintain institutions has to act in accordance, as otherwise “institutions are likely to crumble, becoming empty threats or promises rather than self-activating means of institutional control” (Lawrence et. al, 2006, p. 232).
The second set (valorizing and demonizing mythologizing, embedding and routinizing) focuses on the reproduction of norms and beliefs. Actors that work with valorizing maintain institutions by highlighting (extreme) positive and negative examples of its normative foundation. They are aware of the moral status of other field participants and use it as enactment and a way of maintaining the power of beliefs. Mythologizing through mythologizing history, actors preserve the normative underpinning of institutions (Lawrence et al., 2006, p. 233). Embedding and routinizing tries to embed normative foundations in the day-to-day activities and practices of field participants. This is embodied in repetitive practices such as trainings and education.

To summarize, the first set aims to maintain the institutional rules of the system, whereas the second engages in the reproduction of norms. The two sets differ mainly in their form of comprehensibility. Whereas most actors are aware of their roles in the first set of maintaining the rule system, the actors engaging in work of the second set are often unaware of their roles and the result of their actions.

**Disrupting institutions**

Disrupting institutions happens when actors reject the prevailing institutional system. It is therefore an active process of “attacking or undermining the mechanisms that lead members to comply with institutions” (Lawrence et al., 2006, p. 235). It needs to be highlighted that disrupting institutions is somewhat different to institutional change or the replacement of institutions through the emergence of new institutions, and many scholars focus on the follow up process of disrupted institutions. Nonetheless, Lawrence et al. (2006) have found institutional work that disrupts institutions (disconnecting sanctions, disassociating moral foundations and undermining assumptions and beliefs).

*Disconnecting sanctions* is based on the work of state and non-state actors that use the coercive power of the judicial system to disrupt existing institutions. An example can be a competitive advantage of a firm being built on the institutional basis of a patent system. A juridical decision that neglects the patent tears down the institution on which the competitive advantage is maintained. Such coercive work disrupts institutions in a way that reconstitutes actors and actor relationships. *Disassociating moral foundations* means that a practice, rule or technology becomes disconnected from its cultural background, and as a process it is based more on undermining rather than direct attack. Undermining assumptions and beliefs exemplifies actors that move away from taken-for-granted patterns of institutions, while leaving the institutions in place. Some tactics of this type of work include innovation and taking risks of differentiation. To summarize, work on disrupting institutions uses techniques that challenge rules, norms and beliefs. However, Lawrence et al. (2006) highlight that it is difficult to identify actors that engage in the last two proposed approaches.
### 3.3 Summary theoretical framework

The theoretical framework draws on three concepts that root in institutional theory: issue-centric organizational fields, institutional logics and institutional work. This eclectic epistemology by applying the three streams as the analytical basis is desired in order to provide the reader with a holistic overview of the SR field and the field level dynamics, informed by a macro perspective through institutional logics, and a micro perspective through institutional work. Each of the streams addresses one of the RQ. The issue-centric field aims to answer RQ1, institutional logics RQ2, and institutional work RQ3. Table 2 illustrates the connections.

<table>
<thead>
<tr>
<th>Sub-RQ</th>
<th>Theory stream</th>
<th>Analytical result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RQ1 Who are the actors that organize for SR in the respective country?</strong></td>
<td>Issue-centric organizational field</td>
<td>Identifies set of actors that operate in the field and their actions</td>
</tr>
<tr>
<td><strong>RQ2 What are the logics of the actors that engage in the field of SR?</strong></td>
<td>Institutional logics</td>
<td>Identifies institutional logics that steer actions of actors</td>
</tr>
<tr>
<td><strong>RQ3 What is the respective role of actors in organizing sustainability reporting in the respective country?</strong></td>
<td>Institutional work</td>
<td>Identifies the institutional work of actors and draw conclusions on their role within the field</td>
</tr>
</tbody>
</table>

*Table 2: Application of theoretical framework*
4 Methodology

The purpose of this part is to provide insights into methodology, collection of data and its validity for this study. It further explains and justifies the methodological choices. The last chapter collapses the methodological choices with the theory into an analytical framework.

4.1 Research philosophy

Studying the phenomena of organization of SR is highly complex. The field includes a variety of actors with different backgrounds, which influences the actors’ interpretation of their role, as well as the action they are taking. Put differently, generalized patterns influence the actor in their behaviour and cannot be separated from their actions. Hence, the actors have to be treated as objects that are embedded in an independent reality outside the observers mind. However, given the complexity of the phenomena of national organization of SR, and the fact that the phenomena has not been studied at the expense of the specific actors involved, it seems to be inaccurate to make premature assumptions of the reality of the actors. Hence, a critical realist perspective appears as an appropriate research philosophy.

Critical realism argues that the things sensed by the researcher are only ‘images’ of the real world, not the real objectives (Saunders et al., 2012) and assumes the existence of a real world outside of the mind of observers (Easton, 2010). Critical realism can be seen as something that lies between interpretivism and positivism. Like interpretivists, critical realists acknowledge that “phenomena are concept dependent” (Sayer, 1999, p. 18). Hence, beliefs about reality have a consequence on behavior. However, contrary to interpretivism, critical realism does not exclude that there is a causal explanation to a phenomenon (Sayer, 1999). Social structures exist and influence objects independent to the knowledge of the observer, which is more similar to positivist perspective. Critical realists acknowledge the existence of social structures outside of the mind, but argue that these structures are socially constructed through social relationships (Easton, 2010), and not all of them are visible. This ontology has an influence on the epistemology: It sees the necessity to deconstruct the underlying social structures that influence behavior and the resulting effect. The findings “are open to misinterpretation” (Saunders, 2012, p. 140). These structures are inferred through the combination of theory and observations. By going through this process, critical realists accept the possibility of knowing a certain reality, despite the fact that it is not always possible to observe and cover all aspects. To summarize: The findings and data are treated objectively but are immediately exposed to interpretation of the observer (ontology), while the epistemology explains findings in a context, but allows misinterpretation due to the complexity of social conditions.

Reflecting on this thesis and the previously outlined theoretical framework, critical realism triggers a series of interpretations that construct the reality of the actor. Hence, the role of actors is seen partially as socially
constructed by the actor through their own interpretation of their role, partially by ‘invisible’ factors that are tried to be explained with theory, and partially by the interpretation of the researcher. This induces that reality of the individual actors can be explained by generalized patterns, and that reality is constructed only with reflection on these patterns.

Critical realist epistemology also accounts for and allows the inclusion of three theories with different epistemologies, as long as the choice of appropriate theory and methods fit the study of the phenomenon (Saunders, 2012).

4.2 Research approach

Critical realist epistemology proposes a specific research approach called retroduction (Easton, 2010). Retroduction, also known as abduction (Easton, 2010; Sæther, 1998), tries to take advantage of the methodological approaches of induction and deduction and combines them in a dynamic way. This results in an iterative process between data collection and interpretation. Applying and reflecting empirical evidence to theory, helps to make links between theory and evidence more explicit, to find theoretical patterns and structures and to conceptualize the empirics (Sæther, 1998). Figure 5 illustrates the process.

Retroduction offers the epistemological flexibility that is demanded from critical realism. This flexibility is of great advantage when contributing to the two goals outlined in this thesis: First, it aims to contribute empirically to the organization of SR on a national level in DK and CH. Second, it seeks to contribute to build and modify the institutional theory streams, and especially clarify the tensions and overlaps between institutional logics and institutional work (see chapters 3.2.2 and 3.2.3). Retroduction offers therefore an ideal approach to contribute to these two aims of this thesis, because the iterative process allows to reflect on both.

In a first step, a rough outline of the study was made based on the knowledge of the author and secondary academic literature. This provided the ground for the second step: to find appropriate theories and methods for the analysis of an organizational field. Simultaneously, two researchers with experience in the field of SR in the respective countries were interviewed, mainly to gain an overview on the relevant national field level actors and to adapt the theories. In a third step, the theories were modified and integrated in a framework, while simultaneously further primary data was collected through interviews with representatives from field level actors. In the fourth step, data was analyzed based on the theoretical framework, and if necessary, new
secondary data related to the actors was added. This way, the thesis tries to build an informed image that reflects the correct reality of the phenomena of national organization for SR and the actors involved. This supports the fifth step, which aims to develop theoretical insights, based on the two case studies in an inductive manner.

The three streams of institutional theory are an ideal tool to study the organization of SR in combination with a critical realist philosophy. Issue-centric field theory as well as institutional logics and work are “conceptualizations that are deployed to instill some order in the world of organizations and their environments” (Zilber, 2013, p. 78). By combining the three, this thesis leverages the contrast of theories with similar ontologies (general patterns that influence behaviour) but with different epistemologies. Conceptualized in the analytical framework (see end of this section), they build an ideal foundation for a retroductionist analysis and thereby exploit “their ability to help us make sense” (Zilber, 2013, p. 78).

4.3 Research design and strategy

Critical realism allows a broad range of methods, as long as they fit the object of study and align with what the study hopes to learn about them (Sayer, 2000). Due to the novelty of the studied phenomena, its complexity, and its explorative nature, a qualitative method is chosen. For exploratory studies based on “how” and “what” questions, a case study as research strategy is ideal (Yin, 2003). The broader concept and the rough research question (RQ) of the study were clear before the data collection and writing process started. This is essential for a case study research, but the RQ can be adjusted throughout the process (Eisenhardt, 1989). The inherent design of the RQ demands for case studies, as it indicates that countries and actors will be the unit of analysis.

Case studies allow multiple levels of analysis, combine data collection methods and often end with a hypothesis-generating outcome based on the empirical findings. They are therefore an appropriate method when topics are underexplored and relate to cross-border phenomena (Yin, 2009). This also fits well with the overall RQ and the research philosophy, as Easton (2010) argues “a critical realist case approach is particularly well suited to relatively clearly bounded, but complex, phenomena such as organisations, interorganizational relationships or nets of connected organisations” (p. 123). In detail, the case study is an embedded, multiple-case study of intensive character and comparative nature. Embeddedness is given due to the countries as the main unit of analysis, and the actors as the sub-units (see chapter case selection below) (Scholz & Tietje, 2002). An intense study is especially suitable when studying “individual agents in context” (Easton, 2010, p. 168), which is represented in the various actors that are involved in the organization of SR. A multiple, comparative case study was chosen over a single case study in order to contextualize the findings.
Furthermore, the study is a cross-sectional study with a longitudinal element (Saunders, 2012). It aims to analyze the current state of organization of SR. However, as chapter 3.2.1 indicates, organizational fields are exposed to dynamic processes, and constellations change over time. Therefore, data was mainly used between the years 2008 and today. This timeframe was chosen because the process for making SR mandatory in DK started in 2008. Throughout the research process, the advantages of the defined period under study became apparent. Most of the interviewees came into their position only after the Danish legislation §99a (hereafter: §99a) passed, with Interview 3 being the only one that had worked before §99a was enacted.

4.4 Case selection

Multiple case studies demand a careful selection of the cases, or units of analysis (Yin, 2003). The challenge of selecting case samples in multiple case studies lies in their differences and the difficulty to control these differences (Odell, 2001). DK and CH were chosen because of their geographic proximity on the European ground, similarities in several political economic aspects, and their high score on Gjølberg’s (2009) CSR-index. This was established as a reference first, because it shows that both countries engage in CSR activities. Moreover, Gjølberg accounts for the institutional differences and similarities of both countries. Both have a small and open economy, which tend to develop strong political-economic institutions (Gjølberg, 2009). However, of key interest was the significant institutional difference between the countries, which is exemplified in the regulatory difference of SR between DK and CH. This institutional variation serves as an interesting object of study. Comparing the cases will reveal if actor roles are distributed differently, or show similarities despite the institutional variances. Furthermore, the findings for future analytical work and supports the theoretical replication (Saunders, 2012).

An embedded case study demands the careful selection of sub-units (Yin, 2009). The RQ already indicates that actors are treated as sub-units for each case. Their identification was accomplished through purposive sampling. First, potential individual populations (Hoffman, 1999) were defined, based on the pre-knowledge of the researcher and literature such as Brown et al. (2009). This was followed by online research as well as based on information of the interviewees by asking about their perspective on involved actors. This combines snowball sampling with criterion sampling (Suri, 2011), with the criteria being that the actor must be involved in shaping the national field of SR. The analytical framework (see below) was used for the final selection of the sub-units, based on the criteria of Hoffman (1999) for issue-centric fields. This way, some adjustments to the initial selections were made. The auditing association was listed as a separate individual population, instead of clustering it under business associations, due to the heavy involvement of the Danish Auditors (hereafter: FSR) in DK. Table 3 below shows the identified actors. Bold are those that were chosen to include in the sample if one actor
### Table 3: Sample of sub-units

<table>
<thead>
<tr>
<th>Individual population</th>
<th>Actors in DK</th>
<th>Actors in CH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>- DBA</td>
<td>- FAC (Parliament)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- SECO (State Secretariat for Economic Affairs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- FOEN (Federal Office for Environment)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- FDJP (Federal department of justice)</td>
</tr>
<tr>
<td>Professional Service Firms (PSF)</td>
<td>- Big4 (Interviews with Deloitte)</td>
<td>- BSD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Big4</td>
</tr>
<tr>
<td>Business Association</td>
<td>- DI (interview &amp; UNGC Focal point)</td>
<td>- ÖBU</td>
</tr>
<tr>
<td></td>
<td>- Dansk Ehrverv</td>
<td>- (ICC (UNGC Focal point))</td>
</tr>
<tr>
<td></td>
<td>- Dansk Byggeri</td>
<td></td>
</tr>
<tr>
<td>NGO</td>
<td>- 92-Gruppen</td>
<td>- Corporate Justice</td>
</tr>
<tr>
<td>Investors</td>
<td>- ATP (interview), PSF, Danica</td>
<td>- Various, but non related to SR</td>
</tr>
<tr>
<td>Auditing Association</td>
<td>- FSR</td>
<td>- n/a</td>
</tr>
</tbody>
</table>

#### 4.5 Data collection

The empirical data from this research mainly builds on primary sources based on personal and Skype interviews in DK and in CH, as well as on secondary data. The 13 semi-structured interviews were conducted with 13 representatives from the individual organizations identified as constituents of the field, or individuals with relevant expertise. An overview on the interviews can be found in appendix 3. Semi-structured interviews are non-standardised interviews. They are useful in exploratory study because they provide context material related to the topic and tailored to answer the RQs (Saunders et al., 2012). Furthermore, primary sources such as parliamentarian hearings and minutes were used. Last, secondary data such as annual reports and scientific articles were added in order to support the cases.

**Interviews**

The first step was the selection of the interview partners. Sampling-strategy was based on purposive sampling, which is a non-random way of selecting categories and implies a-priori theoretical understanding of the topic (Robinson, 2013). While a rough category of stakeholders was known to the author beforehand, the specific actors in each country were not known. Hence, it was a combined sampling method based on the snowball method (Suri, 2011). Interviews started off with a semi structured interview of academics in each country that previously were involved in national research on SR. They provided a general overview on the potential actors that are involved in the process. Based on this, the relevant contacts were identified and contacted.
The interview guide was structured into three main themes for all interviews but for each individual the specific questions were adapted to the relevant actor prior to the interview. The first theme of the three was the background of the interviewee, including his position within the organization and his relation to SR. The second theme sought to explore the role of the organization within SR in the respective country and the third theme related to which actors they see as important within the organization of SR on a national level.

Furthermore, all interviews were recorded and transcribed, except five: Interview 8, 10, 13, 1 and 9. Interview 8, 10 and 13 were not recorded because of confidentiality restrictions of the interview partner (for an overview, see table in appendix 3). The interviews with academics gave an overview of the field, but were of no further use for this study and therefore not transcribed. Previous and after each interview, an internet research was done on the organization and the person to find out or confirm potential activities of the actor within the area of SR. As such, a collection of primary data from the interviews, primary data from e.g. hearings at the parliaments, as well as secondary data based on research articles, press releases or annual reports to each actor was drawn together. Combined, it was possible to compile a profile of the actor. The transcripts were summarized and broadly categorized into ‘logics’, ‘work’ and ‘others’ according to the theory. Within the category, each actor (see Table 3) was used as a specific code. The ‘others’ category contained codes that were seen as relevant when screening the interviews, such as EU, controlling, IR, value creation and the different frameworks.

The challenges were first to identify the relevant people in the organizations, if e.g. an interviewee mentioned a relevant organization without a contact. Second, it was challenging to get interviews in a balanced manner in CH and in DK. Especially CH proved to be difficult, whereas in DK a majority of the contacted persons responded. This is also reflected in appendix 3, which shows that a majority of the interviews came from DK. To make up for this deficit, other primary and secondary sources in CH, plus a very insightful interview with the BSD consultant (Interview 11) were used. Furthermore, the retroductionist and iterative process throughout this thesis helped to compensate this challenge to a limited extend, as a conclusion could be drawn based on the interpreted primary and secondary data.

4.6 Reliability and validity of data

In order to ensure consistent and replicable findings (Saunders et al., 2012), reliability is provided by the attached transcripts and the questionnaires. Further reliability is given through the three step questionnaire, which ensured that all interview partners were asked the same questions. Furthermore, each step of the analysis is outlined in chapter 4.7 below. Regarding construct viability of the study, multiple sources of evidence were used (Yin, 2009). The interview data was accomplished with secondary sources and other
primary sources from academic articles, parliamentarian hearings and interview data from another master thesis (see Monsen & Mostrup, 2013). Such confirmative literature helps to increase the viability of the study (Eisenhardt, 1989). A liability regarding construct viability is the generalized list of interview partners which only states position and organization, but not the names. Further, Google translate was used to interpret Danish documents and a Danish native speaker was consulted to confirm the content if understanding was not clear. Last, two Danish master thesis were included because of useful insights through interview data. Generalizability of the study is increased through the comparative case study. However, using two cases with inherently different regulatory setting, the findings are not generalizable and tied to each case. Hence, regarding generalizability the individual cases have to be treated as single-case studies.

4.7 Analytical Framework

The analytical framework builds the analytical tool to answer the three sub RQs, by combining the theoretical framework with the means for data collection and strategies for interpretation. For reflective purposes, Table 4 below displays the connections between theory and RQ (see also chapter 3.3).

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Theory stream</th>
<th>Analytical result</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ1 Who are the actors that organize for SR in the respective country?</td>
<td>Issue-centric organizational field</td>
<td>Identifies set of actors that operate in the field and their actions</td>
</tr>
<tr>
<td>RQ2 What are the logics of the actors that engage in the field of SR?</td>
<td>Institutional logics</td>
<td>Identifies institutional logics that steer actors and their behaviour</td>
</tr>
<tr>
<td>RQ3 What is the respective role of actors in organizing SR in the respective country?</td>
<td>Institutional work</td>
<td>Identifies the institutional work of actors and draw conclusions on their role within the field</td>
</tr>
</tbody>
</table>

*Table 4: Application of theoretical framework*

The analysis is divided into two parts (see Figure 6 below). The first analysis answers RQ2 and RQ3. In a two-step process, each preselected individual actor is analysed. The analysis builds the two theories on institutional logics and institutional work and the collected data. The process is thereby iterative between the two analyses. The ontology of both theories highlights that actors' actions are institutionally embedded. The first step in this first analysis therefore aims to identify the institutional logic that guides the institutional work of actors. Here, actors are treated as objects of institutions. The second step of the first analysis focuses on the institutional work of the actors. Actions of actors that contribute to the institutionalization of SR are identified and interpreted with the knowledge of the previous step. This helps to eventually conclude with the identification
of elements that actors deploy for institutional work, and thereby contribute to the institutionalization. Hence, actors are treated as objects as well as *determinants* of institutionalization.

The **second analysis** builds on the findings of the first analysis and answers RQ1. It uses Hoffman’s (1999) requirements\(^{14}\) to classify the issue-centric organizational field in an existing or non-existing field. This classification builds mainly on the findings from the second step of analysis one, which identified the work of actors for institutionalizing the field. To complete the analysis, the constellation of field level logics will be analyzed to give an idea of the guiding principles of the respective national field. Hence, the second analysis combines all three theories into one coherent picture, providing an “understanding how organizational fields and institutions coevolve” (Hoffman, 1999).

\(^{14}\) (1) an increase in the extent to which certain organizations interact, (2) an increase in the information load they share, and (3) the development of a mutual awareness that they are involved in a common debate
logic and institutional work stream. Furthermore, it shows how the three streams of new institutionalism can be combined into one useful tool of analysis, exploiting the eclectic epistemology of the different theories.

5 Organizing for national sustainability reporting

This section applies the analytical framework outlined in the previous section on the two cases CH and DK, where the actors of each countries are analysed. Each chapter related to the actor will answer RQ2 and RQ3, while the final chapter summarises and discusses the findings for each individual country, and answers RQ1.

5.1 Danish sustainability reporting field

The preselection of actors for DK revealed six main actors that were selected as relevant for the analysis. This chapter starts with a background information on the legislation in DK and a short overview on the SR practice of corporations, before it analyses the actors and concludes with an explanation of the Danish SR organizational field.

5.1.1 Background – mandatory sustainability reporting in Denmark

DK mandated SR in 2009 under the Danish financial statement act §99a. The idea for the legislation came with the development of a governmental CSR Action plan, which built on on Porter and Kramers (2006, 2011) idea of linking competitiveness and CSR. Through a multi-stakeholder process which included a variety of government agencies, industry representatives, employee organization and NGO’s, the Danish government under the lead of the Danish Business Authority (DBA)\textsuperscript{15} developed a CSR strategy with a 30 points plan. Within that wake, DBA suggested to make SR mandatory. The quick process from idea to implementation indicates that many parties were in favor of the legislation (Pedersen et al., 2013). During that time, DK was dominated by a “competitiveness regime” (Vallentin, 2015). CSR became a central part for the Danish comparative advantage, and a strategic catalyst for the promotion of Danish companies in global markets. The government saw itself as a strong facilitator of this view, and supported the Danish business to exploit this advantage (Vallentin, 2015).

Financial statement act §99a

The Danish financial statement act §99a requires large companies (approx. 1100 companies) in DK to report on their CSR activities.

\begin{enumerate}
\item \textquoteleft\textquoteleft the policies of the [company] on social responsibility, including any standards, guidelines or principles for social responsibility that the [company] is using;\textquoteright\textquoteright
\end{enumerate}

\textsuperscript{15} DBA at that time was called the Danish Commerce and Company Agency
2) how the [company] realizes its policies on social responsibility, including any systems or procedures in this respect;
3) assessment of the [company] on achievements resulting from its work on social responsibility in the financial year, and any future expectations to the work of the [company].”

The legislation does not demand a CSR policy from companies. If a company does not pursue any CSR policies, it has to report that it does not do so, but without stating a reason. This changed slightly in 2013 after an amendment of the act which required “businesses to expressly account for their policies respecting human rights and for reducing their climate impact” (Erhvervsstyrelsen, 2014). This means that businesses have specifically to report on the two themes. If they are not included in the business CSR policy, the company has to declare so, but again, without explaining why (Erhvervsstyrelsen, 2014). At the time of the writing of this thesis, §99a is undergoing a second amendment because of the new EU legislation (see chapter 2.2.2). The demands will be stricter regarding the content of the report, and will most likely affect all companies presently covered by §99a (Erhvervs- og Vækstministeriet, 2015). Hence, more companies than demanded by the EU will be affected. Furthermore, companies will have to disclose information to more topics, and if they do not have policies related to the topics, they have to explain why.

The act does not specify the method of submission of the report, but emphasizes and encourages the use of principles, especially the UNGC. Companies issuing a UNGC Communication of Progress (CoP) report do not need to provide another report and are exempt from the law (Buhmann, 2011). Companies can choose how to report: whether to integrate them into the financial statement, add a separate report to the annual financial statement, or publish it on the website. However, the financial statement must include the place where the separate report can be found.

**Reporting practice in DK**

Studies on reporting practice in DK exist mainly in relation to §99a, where DBA commissioned three studies on the impact of the law for 2009 until 2011, and for 2013 (COWI, 2014; DBA & CBS, 2013; DCCA & CBS, 2010, 2011). Companies find inspiration for their reports in various places. A majority of the companies looked at reports from other companies, but they have also used several tools such as the reporting guidelines from DBA, their business networks, and international principles and standards like UNGC and GRI (Pedersen et al., 2013). According to Interview 5, Danish companies mainly follow a principle based approach, which is visible in the

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16 By the writing of this thesis, the law is being discussed at the parliament. The first hearing however indicates that all companies currently covered in §99a will also be affected by the amendments, and not only those with 500+ employees, as demanded by the EU.
use of frameworks. The UNGC, which is a principle based standard, is of greater importance than the GRI, which is an indicator based standard.

The use of GRI in DK is relatively low compared to other countries. According to the KPMG survey on CSR reporting, only a little more than 40% of the largest 100 companies use the GRI as a reporting tool (KPMG, 2013). Annual studies on the effects of §99a show an even greater difference, with less than 10% of the surveyed companies using the GRI (DBA & CBS, 2013). Some companies in DK have even started to delist from GRI. They used the GRI as a guide to start their SR, but have now internalized the metrics and follow their own requirements. For example Danfoss delisted from GRI in 2012 (Danfoss, 2013), and Dong Energy in 2013 (Dong Energy, 2014).

On the other hand, reporting on principles show a larger share. Since the mandatory reporting legislation was enacted, the number of Danish organizations signing up to the UNGC has gained pace. A correlation between the two factors is not clear, but the law might have had some impact on it. Between 2000 and until the end of 2008, around 70 Danish organizations had signed up to the UNGC. After the law entered into effect, between 2009 and March 2015, an additional 235 companies became signatories to the UNGC17. Relative to the 1’100 companies that are affected by §99a, 235 signatories total does not seem to be a lot. The correlation between the increased signups and §99a however is not necessarily given.

Generally speaking, frameworks in DK are not seen as a necessity or even useful for writing a report, which was also stated by several interviewees. Opstrup (2013) reasoned that this was a reflection of cultural aspects of DK. As a country with low uncertainty avoidance, Danish companies are ‘strong and independent’ enough, and need no guidance and predefined structure for reporting. Another reason could be the long tradition of reporting non-financial information in DK. Many companies developed their own ways of reporting long before the international standard setters provided them with useful guidelines.

5.1.2 Government – Danish Business Authority

The DBA plays a central role in the organization of SR in DK. It suggested the implementation of §99a, which became a major institution in SR in DK, mainly because of its coercive impact by mandating 1100 of the largest Danish companies to issue CSR reports. The main activities of DBA also involve the administration of §99a. It published several reports and guidelines, and had a major stake in developing the EU legislation. Furthermore,

17 Numbers taken from the UNGC Database: https://www.unglobalcompact.org/participants/search
DBA included stakeholders such as DI, FSR, companies (Novo Nordisk) as well as 92-gruppen as NGO representatives in the drafting process,

**Institutional Logics**

Since DBA is a government agency, one can assume that its actions are influenced by a state logic (see Table 1) (Thornton et al., 2012). Such a logic is visible for example through the invitation of stakeholders to help draft the legislation (democratic participation), the fact that DBA proposed a law (bureaucratic domination), and a vision that ‘doing well’ can be combined with growth, and therefore contribute to the Danish society as a whole (increase community good). However, there are signs which indicate that at least another logic - the market logic - influences the decision making of the DBA.

The idea for the law was rooted in discussions and developments at the more general CSR level which took place between 2006 and 2008, which resulted in the CSR action plan in 2008 (Vallentin, 2015, see also chapter 5.1). This plan was driven by the idea of creating shared value by Porter and Kramer (2006, 2011). They see a close link between CSR and competitiveness and include governments as part of the drivers for such a perspective. Interview 2 highlighted several times the importance of competitiveness:

“It is quite logical that it is not only about creating more sustainability in terms of environment etc. but to see it as a competitive parameter” and “I think the competitiveness aspect is priority one, probably, so we need to consider that all the time” (Interview 2)

A second indicator for the logic are the employees that work in the department and are responsible for the financial statement act. They have various backgrounds, and do not only focus on one paragraph: “[The department] is mixed with lawyers, political scientists, and those with auditing background...The department is specifically responsible for the law in this sector. But it is only a small part of the Danish financial statement act. They focus on the whole act, not only the sustainability act” (Interview 2). Hence, the interviewee is the only one in the department that focuses particularly on the CSR aspect, while others focus on more technical and financial accounting issues.

A third indicator for the market logic are the actors involved in the development of the law: FSR, DI, Novo Nordisk and a request was sent to Arbejdsmarkedets Tillægspension (ATP) (investor, which rejected participation at first). NGOs in turn were included relatively late and could only make comments during the hearing process. They complained about their rather late inclusion in the legislative process (Økonomi- og Erhvervsministeriet, 2008).
The changes of §99a in 2012 (see introduction to this section), have led to the involvement of an ‘accountability’ logic at a later stage (Vallentin, 2015). Vallentin (2015) relates this to the change in government in 2012, which shifted from a liberal to a socio-democratic government. Nonetheless, it is safe to assume that employees within the agency do not necessarily change when the government changes, and therefore carry on the previous logics that influence their daily activities.

To conclude, DBA was initially driven by a state logic, and then combined it with a market logic, which seemed to dominate the agency at the time of the development of §99a. With the change of government in 2011, a third logic entered into the field that resembled more of an accountability logic due to the social-democrat domination. This logic can be seen as a variant to the community logic.

**Institutional work**

The major work regarding institutionalization of SR on a national level is based on the legislation, the production of evaluation reports, as well as guidelines. On an international level, the DBA was involved in the development of the EU legislation, and is engaged in the Group of Friends of Paragraph 47 (GoF47). Appendix 5 provides an overview on the different events that mark the work of DBA.

DBA conceived the whole mandatory reporting idea behind §99a, and was engaged from idea development to implementation, and which gave DBA a mediator role. As outlined in the institutional logic section above, in a liberal government, the key was to gain support from businesses in order to pass a non-financial regulation. DBA engaged various stakeholders and persuaded them by drafting the legislation in a way that would reduce the administrative burden for companies and exempt small and medium enterprises (SME) from the legislation (Økonomi- og Erhvervsministeriet, 2008). This helped to gain support from business organizations such as DI and Dansk Erhverv. A further discussion was the role of auditors. DBA proposed that auditors would have to include the reported information in their auditing process. The auditors had mixed opinions about that matter (see Monsen & Mostrup, 2013 and chapter 5.2.3 & 5.2.4 below). In the amendment in 2012, the demands on firms increased, specifically requiring the disclosure of information on human rights and climate change, and stricter legislation meant resistance from business organizations. The recent second amendment process is caused by the EU directive. The implementation process can be seen as a trickle-down effect from a transnational institution, where DBA engages as the mediator from a transnational to a national level.

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18 GoF47 is an international consortium of government representatives “that share the belief that corporate transparency and accountability are key elements of a well-functioning market economy”
The changes in legislation in 2012 as well as the current process, DBA is again responsible for drafting the bill and organizing the hearings. It therefore takes a mediator role between the different perspectives (change in government in 2012). The demands for firms increased to disclose specifically information on human rights and climate change, which is a reflection of the change in government, and indicates that a new logic dominate, which is a reflection of the change in government, and indicates that a new logic pushed for a change. However, this did not change the core of the institutionalization process of SR on a national level. The recent amendment process is caused by the recent adopted EU directive. The implementation process can be seen as a trickle-down effect from a transnational institution, where DBA engages as the mediator from a transnational to a national level (see chapter 3.1).

Apart from the legislative process, DBA published various documents related to SR and §99a. First, DBA published an act proposal after the hearings, which should help stakeholders to interpret the legislation. Second, it revealed guidelines on a strategy for the implementation of CSR reporting for firms. Both documents should help businesses as well as auditors to interpret and comply with the legislation, and can be seen as educative work. Third, DBA commissioned four reports on the progress of implementation to Copenhagen Business School (for 2009, 2010, 2011) (DBA & CBS, 2013; DCCA & CBS, 2010, 2011) and COWI, a consultancy, for the year 2013 (COWI, 2014). The reports were built on a survey of approximately 150 companies, trying to identify the way companies have implemented the legislation. The reports revealed that around 3% of the businesses have not followed the legislation and auditors failed to highlight compliance issues. ATP further supported the report by analysing the quality of the reports issued. Table 5 gives an overview on the documents.

<table>
<thead>
<tr>
<th>Date</th>
<th>Document</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2008</td>
<td>Act Proposal for CSR reporting</td>
<td>Informing Stakeholders about the draft</td>
</tr>
<tr>
<td>May 2009</td>
<td>Reporting on corporate social responsibility – an introduction for supervisory and executive boards</td>
<td>Guidelines for implementation</td>
</tr>
<tr>
<td>2010-2014</td>
<td>4 reports on the (progress) of implementation of the legislation</td>
<td>Progress on legislation</td>
</tr>
</tbody>
</table>

Table 5: Overview Danish Business Authority documents

DBA is also engaged on an international level. “So I mean also on the European level we have been quite active I would say, together with France, pushing the European legislation ... negotiating that I was part of that.” (Interview 2). The EU Directive is built on the idea of the ‘Danish’ model, which indicates successful promotion
of DK on an EU level. Hence, DBA engaged in triple-up work (see chapter 3.1). Furthermore, DBA is engaged in the GoF47 on an international level, where they promote their model beyond European borders (Interview 2).

DBA also collaborates with various actors in the field. Together with FSR, DBA organizes the annual conference on SR. The conference ends with the award show (see chapter 5.1.3), where DBA is part of the jury. DBA also cooperated with various actors to create the UNGC assessment tool (see chapter 5.1.5).

To conclude, DBA is heavily involved in shaping the organizational field of SR, and ‘does’ institutional work in various areas. First, it advocated SR on a national level by proposing the legislation, and thereby engaged in definition of rules. DBA vested the monitoring rights to the auditors. However, this should not technically be seen as vesting, because the auditors did not necessarily need and want this role in order to support the legislation. Gradually, it constructed a normative network by involving and gaining support from various stakeholders, which in turn would also promote the implementation of §99a (e.g. DI). The publication of the proposal and guidelines for implementation are a form of education. On work that maintains institution, the government engaged in a form of valorizing by issuing the reports on the implementation of the law. The slightly positive turnout of these reports supports this view of the work. The implementation of the EU legislation has a deterring effect, as making a change of §99a will become more difficult.

By engaging on the transnational level in the EU, DBA institutional work moves to a transnational level. DBA thereby takes advantage of trickle up and down effects. This is a special treat of the framework in this thesis, with a permeable issue-centric field that allows to account for dynamics between the transnational and national field. It deems therefore necessary to add two new elements: exporting and importing. Exporting is the promotion of an own norm, in this case embodied in §99a, on a transnational level. Importing refers to the introduction and transmission of an international norm into the national field. DBA, ‘imports’ the EU legislation, and connects it thereby to deterrence. Table 6 summarizes the findings.

<table>
<thead>
<tr>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Creating Institutions</strong></td>
<td>- Advocacy (§99a)</td>
<td>- constructing normative networks (§99a)</td>
</tr>
<tr>
<td></td>
<td>- Exporting (§99a)</td>
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<td></td>
<td>- *importing (EU)</td>
<td></td>
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<tr>
<td></td>
<td>- Defining (§99a)</td>
<td></td>
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<tr>
<td></td>
<td>- Vesting (auditors)</td>
<td></td>
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</tbody>
</table>

| **Maintaining Institutions** | - deterrence (§99a, through EU legislation) | - valorizing (§99a -> EU level) |

Table 6: Danish Government institutional work
5.1.3 **Professional Service Firms – Big4 Auditing**

The PSFs in DK involved in SR are the big4 accounting firms. As an auditing company, reporting is their natural habitat and where they have technical experience, but the expertise is mainly limited to ‘controlling’ (Interview 3). Auditors play an important role in connection with their monitoring function of §99a and the support in preparation for reports.

**Institutional logics**

In total three logics of PSF can be identified, which are not necessarily competing with each other. First, the auditors are guided by a professional logic that emphasizes controlling: “if you choose to be an auditor you have a DNA that is about, ‘I would like to control things’” and adds “the auditors, in general lack some competences about how to help the company working with ethical issues, about corruption, about human right issues, [and] to make the due diligence in relation to labour rights, human rights and things like that” (Interview 3). As such, it can be argued that the auditors within the Big4 are following a ‘controlling’ logic. Second, their engagement in CSR is significant (Brès & Gond, 2014), but ‘doing good’ through CSR and SR (Brown et al., 2009) seems to play a minor role. What is important to the auditors is their work which creates value for their clients: “we also try to advise in terms of how reporting can add value, because if it is something you at the company have to do, you might get as much value out of it as possible” and “So it is about always looking at what is it the client want, but also how can we maybe add more value. I know I keep coming back to it, but that is really all what it’s all about … at the end of the day it is providing the service that the client is interested in” (Interview 4). This can be seen as a service logic for their clients.

Both the service logic and the controlling logic are a variant of the professional logic (Thornton, 2012). Personal expertise (controlling), the association with quality of the work (creating as much value as possible) and reputation (using controlling expertise for value creation) is important for actors driven by the professional logic.

This professional logic is closely linked to a market logic for PSF. “Obviously we have a financial interest in it, we have a service that we would like to sell” (Interview 4). Hence, self-interest and profit increase, which are incentives from the market logic, also play an important role for the auditors. The link between the two logics lies in the nature of the product offerings of PSFs. Their product is the profession, and the quality of their work is what creates profit for them.
Institutional work

The PSFs are mainly engaged in shaping the law after it passed through into day-to-day practice. As Interview 4 highlights, the introduction of the law came with high uncertainties regarding implementation and compliance. Through discussions with the legislature, but also through daily practice, auditors influence the interpretation and final shape of the law (Interview 4).

Interview 4 highlights that international PSF’s are ambassadors and translators which discover global trends, assess and develop best practices that are offered globally and then apply it to the national context. This requires interpretation skills, as for example they need to interpret the law (see previous paragraph), the international guidelines and “then see how can they be put to practical use, in a value adding way to the client” (Interview 4). A great example is the trend of IR. According to Interview 4, auditors are driving this area and will play a strong role in this area. The auditors are thereby guided by the professional (controlling) logic, as Interview 3 highlights: “defining criteria, monitoring goals, milestones, results etc., because that is what they are good at”.

The law has added a monitoring role for the auditors through auditing and assurance, which is a key element for an effective law. The law is integrated in the accounting legislation, demanding the auditors conduct the same procedures as they do with the financial auditing, and “are obliged to comment on errors and omissions in the report” (DBA & CBS, 2013, p. 11). However, the joint report from DBA and CBS (2013) reveals that there have been errors in companies’ management reviews which the auditors did not criticize.

A further key work of the PSF is consulting of companies on how to report, and therefore take influence on the quality and content of a report. As highlighted in the previous logics section, the consultants have a strong client orientation with the main goal to create value for them. Materiality assessment, which then reflects the most important CSR topics of companies in the report, is a key tool for auditors when consulting their clients. In the end however, it is the client that decides: “Some are interested in compliance with the legislation, and no more than that, others are looking at industry best practice or global best practice and really want to use it proactively” (Interview 4).

PSF engage in definition of rules of SR in DK through the diffusion of best practices in day-to-day SR activities of their clientele, closely linked with embedding and routinizing. Since §99a’s passing, it needs to be interpreted and translated into daily business practice, and that is where PSF engage in. Furthermore, they engage in policing, as they have ‘vested’ the right to monitor for §99a. Due to their global reach, they identify global practices in SR and transfer and interpret them on a national level, which was just defined above as
transmitting. Hence, PSF’s also take advantage of trickle-down effects. The transfer of IIRC is an example. PSF’s promote increasing importance of IIRC, e.g. through reports such as the KPMG (2013)\(^{19}\), through which they engage in changing normative associations and mimicry. Mimicry because PSF’s use the ‘taken-for-granted’ SR in DK, which is implied by §99a, and associate the new reporting form – IR – with it. Table 7 highlights the work of PSFs.

<table>
<thead>
<tr>
<th>Creating Institutions</th>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
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<tbody>
<tr>
<td>- Defining (§99a, via embedding)</td>
<td>- Changing normative associations (IR)</td>
<td>- Mimicry (IR)</td>
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<td>- (vesting (§99a))</td>
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<th>Maintaining Institutions</th>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
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<tr>
<td>- Policing (§99a)</td>
<td>- *importing (best practice &amp; IR)</td>
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<td>- Embedding and routinizing (§99a)</td>
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Table 7: Danish Professional Service Firms institutional work

### 5.1.4 Auditor Association – FSR Danish Auditors

FSR, as the interest organization of Danish Auditors, is the leading voice of the Danish accounting firms. Regarding SR, it has four main activities which qualifies it as part of the issue-centric field. It is engaged in political work, hosting seminars and courses about SR with various standards, is the Danish contact point to IIRC and hosts the annual SR-prize.

**Institutional logic**

FSR is assumed to employ a service logic that serves the interests of their members. The interests of the members can be taken from the logics found in the previous chapter, which on the one hand identifies a professional logic with the two sub-variants of a controlling logic and a servicing logic, and on the other hand the market logic. The tensions between the market and the professional logic within FSR was visible during the lobbying work for §99a. Before FSR supported the legislation, it had an internal discussion. The more technical accounting committee of FSR was against the inclusion of auditors in §99a, due to concerns about the boundaries of the work of auditors (Monsen & Mostrup, 2013). This resembles the professional logic, where individual actors rely on their strengths and knowledge to deliver professional work. The CSR committee in turn mainly saw a business opportunity, which resembles the service and market logic (see interviews pp. 96-98 in Monsen & Mostrup, (2013)). The strong support for §99a, however, does not mean that FSR supports or

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\(^{19}\) This is however a global report, not only focusing on the Danish field.
lobbies for a market logic only. As the institutional work section below will outline, FSR strongly supports the developments of IIRC, which can be related to lobbying for the ‘controlling’ logic.

**Institutional work**

FSR engaged in defining §99a, by actively engaging in the parliamentarian hearings, and is currently involved in the recent changes to the law.

The second activity relates to educating their members and diffusing knowledge among their members in the area of SR. They offer various seminars and courses related to compliance issues with §99a. Education was strongly needed. Auditors did not always fulfill their role monitoring the legislation (DBA & CBS, 2013). In 2014, it published a guide called “getting started with CSR reporting”, to further help companies – especially SMEs – to implement a first CSR report. An overview on the different engagements of FSR in SR can be found in the table below.

Third, FSR organizes the major event and award show for CSR reporting. The prize is part of a larger conference on CSR with more than 300 participants and high-level personalities. The jury consists of representatives from businesses, business associations (DI), investors (ATP), educational institutions, and labour organizations. Prior to the jury stage, PSF pre-screens the reports according to the criteria of credibility, quality, and innovation and communication (FSR, 2014). Many of the interviewees mentioned the award as an important part of the Danish reporting scene as it puts reporting in a positive light. Interview 5 highlights that the award might influence a lot of other companies in terms of copycatting. Companies which are only just starting to develop reporting processes will look at how the reports from ‘the best in field’ look and use them as a starting point.

Last, FSR is a strong supporter of IR, and in line with their service logic. As Interview 3 highlighted: “IR, it is huge. Everybody accepts that...the way you have to report is integrated. Nothing else, anything else doesn’t make sense”. And on the role of auditors, she adds “the best way to see is to promote the development of IR. If IR is the focus point far out and on the journey to the real IR, a company has to work to partly integrate things and make their mindset. And then I think the auditor has a big role to help companies to find out how to monitor their goals... to find out how to monitor their goals” (Interview 3). Hence, driving change within the institution of SR towards an understanding of IR suits more the controlling logic of their members. Indicators are the active promotion of the IR framework and the direct support of the IIRC. Second, according to Interview 2, the DBA responsible was just about to meet with an IR specialist from FSR to learn more about IR, hence, the government shows interest in the new reporting technology. Third, IR is part of the prize-category within the CSR-prize.
FSR is engaged in **rules definition** through lobbyism on a political level. In the same vein, it engaged in **vesting** and transferred the right to monitor to the auditors. Furthermore, it **educates** businesses and auditors through seminars and guidelines. The award show can be seen as **valorizing**, as it demonstrates best practice examples, and connects it to positive experience. The strong promotion of IR, partnering directly with the IIRC, and meeting with government officials relates to **mimicry**, the **construction of networks** and **change of normative associations**. Table 8 summarizes the findings.

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<tr>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
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<tbody>
<tr>
<td>Creating Institutions</td>
<td>- Defining (§99a)</td>
<td>- Changing normative associations (IR)</td>
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<tr>
<td></td>
<td>- Vesting (§99a)</td>
<td>- Construction of networks (IR)</td>
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<tr>
<td>Maintaining Institutions</td>
<td></td>
<td>- Valorizing (SR in general)</td>
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</table>

Table 8: FSR institutional work

### 5.1.5 Industry association – Confederation of Danish Industries

Confederation of Danish Industries (DI) is an industry organization which “aims to provide the best possible corporate conditions for the Danish Industry” (DI, 2015), representing 10’000 Danish companies from various industries. Membership service and policy advocacy are the core activities of DI. DI qualifies to be part of the organizational SR field because of their lobbyist role, specifically with regards to §99a, and their role as the Danish UNGC focal point.

**Institutional logics**

With regards to SR and CSR, DI has a three-fold role: First, they provide their members with a level playing field and strive to preserve member flexibility. For example, members should freely choose what they want to report on and what they want to work strategically with. Second, DI supports their members by providing them tools, e.g. in case they would like to start working with something specific within CSR. Third, DI keeps their members informed on current discussions on legislation, on the EU level, as well on the Danish level, and engages in lobbying activities for them (Interview 6).

The introduction already implies a **service logic**, where DI represents the interests of their business members. As businesses are generally guided by a market logic, the activities of DI are considered to contribute and maintain a market logic in every possible field. In this line, strategic CSR is currently the dominant topic for DI, as this is the connection where CSR creates most value for companies (Interview 6). SR itself seems to have lost
its momentum and the way §99a developed was not the way DI desired. For DI, SR only makes sense if companies can report with the maximum amount of freedom. Legislation with predefined topics to report on can even be counterproductive: “The company might focus on some of the areas they have to report on, but they might also have areas that they could enter into and work strategically with, but which are not part of the reporting” so “instead of having this vision and looking at what strategic areas they could focus on, they looked at this only as pure compliance” (Interview 6).

**Institutional work**

DI was and continues to be involved in shaping the process of the §99a and were key to pass the law in the parliament. DI was a driving force behind the demand of reducing the administrative burden for companies in relation to §99a. However, it seemed to support the view of DBA that CSR is an area where Danish companies can gain a competitive advantage over others (Økonomi- og Erhvervsministeriet, 2008). The first version of §99a gave the companies a maximum amount of flexibility as desired by DI. This brought DI on board to support the law. DI was present in all hearings for the amendments of §99a (Interview 6). Interview 2 further confirms that the business associations are quite crucial in terms of promoting the law to companies, as well as in getting their input to make the law less burdensome.

DI hosts the focal point for the UNGC in DK. Danish businesses, as stated above, are one of the largest signatories to the UNGC, and the network is one of the most active worldwide. The engagement and support from DI on the UNGC is visible in the common development of the UNGC Self-Assessment tool (UNGC et al., 2011), which helps companies measure their impact across all four UNGC areas. According to Interview 6, the tool is a useful starting point: “So if you are a company and you don’t know what to do, then you can always take the UNGC, and say ok, there is a self-assessment, so how do we get started, what do we have to report on, what do we have to do in the four thematic areas. And it is so nice for the companies to have a tool to start” (Interview 6).

To conclude, DI engages in rule definition by participating at the parliamentarian hearings. Second, DI constructs normative networks by supporting and promoting §99a and the UNGC amongst its members. The development of the assessment tool can be categorized as educative as well as embedding. It provides them with relevant knowledge to build their report (education), and the possibility to refine their work with UNGC on a daily basis (embedding). The assessment tool is also changing normative associations in specifically promoting the UNGC as a reporting framework, and not only as a principle standard (see chapter 2.2.1). Table 9 illustrates the findings.
<table>
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<tr>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
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<tbody>
<tr>
<td>Creating Institutions</td>
<td>- Defining (§99a)</td>
<td>- Changing normative associations (UNGC)</td>
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<tr>
<td></td>
<td>- Constructing normative networks (§99a)</td>
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<tr>
<td>Maintaining Institutions</td>
<td>- Embedding (UNGC)</td>
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Table 9: Danish Business Association (DI) institutional work

5.1.6 NGOs – 92 Gruppen

NGOs in DK are a broad group of actors, which unite under 92-gruppen. Many of the NGOs have a particular issue that they focus upon. Some focus on transparency, some on ecological issues, and some on development (Globalt Fokus). The main area of engagement of NGOs regarding SR in DK has been their engagement in the legislative process, including the publication of their own analysis on the effectiveness of §99a. Furthermore, they push independently as part of their general program for more transparency from firms. (Brown et al., 2009).

The institutional logic of NGO’s in DK with regards to SR is best described in the “logic of ‘civil regulation’” (Brown et al., 2009) or a transparency and accountability logic (Knox-Hayes & Levy, 2011), which accounts for civil society organizations around the world. This logic empowers NGOs to pursue a more active corporate governance role. The NGOs most notably took this role during the making of §99a, where they criticized the voluntary nature of companies’ cooperation with §99a, and demanded more concrete measures, such as a mandatory sign up for the UNGC, a GRI reporting that meets level A1, and a strong enforcement mechanism (92-Gruppen, 2008).

Institutional work that supported the logic of accounting and transparency was mainly visible through lobbying, which thereby infused their normative identity towards the law. As such, NGOs engaged in defining of rules. Another influential work regarding SR in DK was a report issued by the NGO DanWatch, a Danish journalism NGO focusing on corporations’ impact on human rights and environmental issues. It can be seen as the counterpoint to the reports published by DBA, which forecast an exclusively positive outcome to the law. It is much more critical towards the CSR reporting of the firms, and highlights the lack of quality in the reports (DanWatch, 2011). This can be seen as a form of valorizing, where NGOs try to remind other field actors of the initial idea of SR by providing them with examples on how it should be. Table 10 summarizes their work.
Table 10: Danish NGOs institutional work

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<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
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<tbody>
<tr>
<td>Creating Institutions</td>
<td>- Defining (§99a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintaining Institutions</td>
<td></td>
<td>- Valorizing (SR in general)</td>
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5.1.7 Investors - ATP

The Danish investor scene is dominated by large pension funds. ATP, as one of the largest Danish pension fund, has a very pragmatic view of CSR, and links non-CSR policies with potentially high risks. ATP engaged in advising on the amendments to the law on the Danish and EU level. Therefore, ATP is favorable towards SR. For Interview 5, CSR reports are often a collection of numbers and stories, but it is a good starting point for a dialogue with a company.

Institutional logic

The logic of investors with regards to SR varies. It becomes important for investors when they apply an Environmental, Social or Governance (ESG) assessment as part of their risk assessment of companies. On the one hand, investors follow a ‘reducing risk’ logic, which is related to the market logic. On the other hand however, the investor is ultimately interested in financial returns. Reporting can take a great amount of resources, especially in SMEs, which distracts companies from focusing on their actual work (Interview 5): “Instead of what we actually would like them to do is to do something and don’t be so afraid of not to live up to certain formal reporting requirements” (Interview 5).

Institutional work

ATP engages in personal dialogues with the companies they invest in, something that not all investors do (Interview 5). As such, ATP can directly impart their visions on SR to companies. Interview 5 highlights the small importance of reporting frameworks for their ESG assessment: “You end up having a few stupid numbers that everybody considers as the only important thing. Things like human rights, it is not just a number scale, it is the ability to companies to learn to do due diligence of their own stuff” (Interview 5). This sends a signal to the Danish companies, which will then probably focus only on the material aspect to report on and not use frameworks at all. It is a form of policing. If companies do not report, ATP will probably not invest, or divest from the company.
ATP was originally not involved in the drafting process of §99a, but became part of the evaluation group after it recognized the importance and usefulness of the legislation (Interview 5; Monsen & Mostrup, 2013). Interview 5 further highlighted that ATP advised the EU in the drafting process for the mandatory reporting directive. Both indicate defining as work of ATP. An ATP representative is also part of the jury at the SR-award organized by FSR (see above). ATP supported the DBA in writing the report on the implementation of the legislation by evaluating the quality of the reports. This is all supportive, normative work for SR, aiming to embed SR on a national, but also international level. Table 11 highlights the work of ATP.

<table>
<thead>
<tr>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
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<tr>
<td>Creating Institutions</td>
<td>- Defining (§99a, EU)</td>
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<tr>
<td>Maintaining Institutions</td>
<td>- Policing (SR in general)</td>
<td>- Embedding (§99a &amp; SR in general)</td>
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Table 11: ATP institutional work

5.1.8 Conclusion Denmark

The above analysis shows that various actors with similar and different logics and roles constitute the Danish organizational field on SR. The first subchapter of this conclusion puts all actors in a pot, and tries to answer the RQ1. Thereby, an overall logic that guides the field will tried to be identified, and individual roles assigned. Starting position is Table 12 below, which collapses all actors into one field.

The Danish organizational field of SR fulfills all three requirements which constitute an issue-centric field. Actors interact (1) and share information within the field (2), and are well aware that they are involved in a common debate (3). Figure 7 illustrates the actors and the interactions in the field. As visible in the figure, a central actor is the DBA. With the implementation of §99a it engaged the actors in a dialogue around the issue of SR, mainly through the hearings at the parliament in the run-up to the legislation, as well as during the two amendment processes. The main role of DBA can therefore be seen as a mediator role. A further central role plays FSR. This is mostly because it influenced §99a by representing the auditors, as well as the annual SR-award show, where it engages several of the listed actors in the jury. The other actors, such as DI, NGOs, and Investors interact with (and through) the government. There are also exchanges with the transnational field, indicating trickle-up and trickle-down effects, but are mainly of bilateral nature. The various arrows in Figure 7 illustrate the connections between the actors. Bold arrows are seen as strong ties or influences on the actor. For example, the FSR engages in the normative change of SR through promoting the IIRC. Another example are
government relation between FSR and DI, which are mainly given through the hearings at the parliament. The actors there exchanged their views and each actor tried to shape the field according to its guiding logic.

Each actor is engaged in shaping the organizational field, each guided by his own logic. As Table 12 indicates, most actors (besides NGOs) are guided by a market logic, which is yet accompanied by at least one other logic (besides NGOs). The market logic seemed to be the dominant logic in the period between 2008 and 2011. The DBA itself is guided by a market logic, as it aims to increase the competitiveness of DK in the global market. When it used its coercive power to push the legislation, the market logic influenced the decision to make §99a as flexible and least burdensome as possible for business.

However, various logics that influence individual actors lead to a dynamic within the field. An example is the change to a socio-democratic government in 2011, which likely pushed for a more community oriented logic at DBA. This resulted in an amendment of §99a legislation with less flexibility for business but with higher demand for accountability. Another example is the increasing importance and support of IR in DK. FSR acts thereby as a central actor which imports the developments from an international field on the national field. It uses thereby normative elements of work and mimicry. Both of them are seen as subtle elements that result in less radical and abrupt changes of a field. The interest in pushing the IR as the major institutional framework within the Danish field of SR is the result of its own service logic, which serves the interests of their members.

The elements of work that are played out in the field (Table 12) indicates that the field between 2008 and today is on a transition phase between creation and maintenance. On the one side, as shown in the dynamics in the previous paragraph, the normative underpinnings and dominant taken-for-granted rules are still being
shaped. On the other side, §99a stabilizes and maintains the field due to its coercive nature and engaging 1’100 of the largest firms in reporting. This suggests that SR is commonly used in DK and has become an institution, but its final destiny is still to be decided.

The permeability of the national field demanded the introduction of two new elements for institutional work, which were introduced as importing and exporting. As Figure 7 displays, these elements are mainly used in three cases: between the EU and DBA, between DI and UNGC, and between FSR and IIRC. It has to be highlighted that exporting is of less importance for this thesis, since only effects are looked at that affect the national field. However, the export of §99a on EU level, had again an impact on the national field, because the new legislation was imported again.
<table>
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<tr>
<th>Actor</th>
<th>Logics</th>
<th>Institutional work</th>
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<td>Rules</td>
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<td>Rules</td>
<td>Norms &amp; Beliefs</td>
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<td>Government (DBA)</td>
<td><strong>State logic</strong></td>
<td>- Advocacy (§99a)</td>
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<td>subsequent <strong>Market logic</strong></td>
<td>- Exporting (§99a)</td>
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<td>- Vesting (auditors)</td>
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<td>- deterrence (§99a, through EU legislation)</td>
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<td>- establishing normative networks (§99a)</td>
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<td>- educating (guidelines) (§99a)</td>
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<td>- valorizing (§99a -&gt; EU level)</td>
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<td>PSF (Big4)</td>
<td><strong>Professional logic</strong>:</td>
<td>- Defining (§99a, via embedding)</td>
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<tr>
<td></td>
<td>Controlling logic &amp; value adding logic</td>
<td>- (vesting (§99a))</td>
</tr>
<tr>
<td></td>
<td>subsequent <strong>Market logic</strong>:</td>
<td>- Policing (§99a)</td>
</tr>
<tr>
<td></td>
<td>Service logic</td>
<td>- Embedding and routinizing (§99a)</td>
</tr>
<tr>
<td>Auditor Association</td>
<td>Service logic that is guided by the logics</td>
<td>- Defining (§99a)</td>
</tr>
<tr>
<td>(FSR)</td>
<td>of its members, the PSF</td>
<td>- Vesting (§99a)</td>
</tr>
<tr>
<td></td>
<td>(market &amp; professional logic)</td>
<td>- Valorizing (SR in general)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Construction of networks (IR)</td>
</tr>
<tr>
<td>Business associations</td>
<td>Service logic that is guided by the logics</td>
<td>- Defining (§99a)</td>
</tr>
<tr>
<td>(DI)</td>
<td>of its members, the businesses</td>
<td>- Construcitng normative networks (§99a)</td>
</tr>
<tr>
<td></td>
<td>(market logic)</td>
<td>- Embedding (UNGC)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Embedding (UNGC)</td>
</tr>
<tr>
<td>NGOs (92Gruppen)</td>
<td><strong>Community Logic</strong></td>
<td>- Defining</td>
</tr>
<tr>
<td></td>
<td>Accountability logic</td>
<td>-</td>
</tr>
<tr>
<td>Investors</td>
<td><strong>Market logic</strong></td>
<td>- Defining (§99a, EU)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Policing (SR in general)</td>
</tr>
</tbody>
</table>

*Table 12: Summary logics & work of Danish actors*
5.2  Swiss sustainability reporting field

The preselection of actors for DK revealed six main actors that were selected as relevant for the analysis. This chapter starts with a background information on the legislation in DK and a short overview on the SR practice of corporations, before it analyses the actors and concludes with an explanation of the Danish SR organizational field.

5.2.1  Background – voluntary reporting in Switzerland

SR in CH is voluntary for corporations. The Swiss government renewed its CSR strategy in March 2015, where it sees CSR as “the voluntary contribution of business to sustainable development” (SECO, 2015a) and therefore the government “plays only a secondary role” (SECO, 2015a). Nonetheless, priorities of the State Secretariat of Economic Affairs (SECO), where the CSR file is located, lie on facilitative measures to support companies and engage them in CSR. Part of the four priorities is also to increase transparency among companies. As chapter 5.2.2 will show, the issue of voluntary and mandatory SR was only recently discussed at the parliament, independently of the perspective of the government and its agency.

Reporting practice

Reporting in CH is of increasing importance among companies, which follows the global trend. The KPMG survey (2013) indicates that around 67 percent of the largest 100 companies published a sustainability report between 2012 and 2013. Since three years, EY (2014) surveys the largest 110 companies in CH. In 2013, 54 percent were reporting, an increase of 10 percentage points since 2010, but significantly less than the KPMG study found. External verification of the reports is still rather low (35 percent), but in international average (38 percent) (EY, 2014). Drivers for SR are customers, followed by employees, shareholders and regulators (EY, 2014). Many companies use other reports as inspiration to start their own reporting (Interview 11).

GRI is seen as the dominant framework which is applied by most of the companies that issue a CSR report. The adoption of GRI is increasing steadily. 75 percent of the EY-surveys companies are using the GRI frameworks, and about almost 10 percent already reported to the newest G4 standard (EY, 2014). Using the GRI Database as reference, reporting according to the GRI standard is constantly increasing. A total of 90 companies have uploaded their reports on the GRI database have applied the GRI framework in 201420. According to Interview 11, the GRI became the most used standard in CH due to “critical mass” (Interview 11) and a snowball effect with companies following the first-movers in reporting.

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20 See GRI database for 2014: http://database.globalreporting.org
The UNGC is of relative little importance in CH. 83 companies are signatories to the UNGC and 73 are actively communicating with a CoP report. The UNGC focal point, which organizes the network within CH, is located at the Swiss section of the International Chamber of Commerce (ICC). So far, only part-time student assistants were responsible for the network activities. However, this is about to change since the UNGC CH network started a 3-year partnership with the Swiss Development Council (a government agency) with the goal “to revitalize the GC-CH actions by considerably expanding its resource base” (UNGC Network CH, 2015). This shows that UNGC is of little importance in CH, as a network, as well as among the companies using the UNGC principles as reporting guidelines.

5.2.2 Government – various government agencies

There are various governmental institutions involved with SR in CH. On the one hand, the SECO, which coordinates the CSR activities of the Swiss government (see chapter 5.2). It defined transparency as one of the key priorities for the governmental work on CSR and is engaged internationally with GRI. Other government agencies, such as the Federal Office for Environment (FOE) and the Swiss Agency for Cooperation and Development (SACD) support international activities. FOE supports the GoF47 while the SACD contributes financially to the UNGC (DEZA, 2015). However, these will be neglected in the following analysis, as they contribute little to the national organization of SR. The last institution recently involved in SR is the FAC, which put SR on the agenda of the parliament in 2012 and concluded its initiatives in March 2015.

Institutional logic

SECO’s mission is to create sustainable economic growth, and thereby sees itself as the coordinating agency between business, social partners and the government. On a national level it is responsible for labour market policies and granting access for goods and investments from Swiss companies, which is closely linked to its international activity in foreign trade policy (SECO, 2015b).

The FAC is a commission consisting of Swiss parliamentarians. Its focal areas are amongst others international relations and law (nations, EU and international organizations), development, humanitarian aid, peace and human rights in foreign affairs. The 25 FAC members are engaged in various parties from left to right. Hence, it will be difficult to identify a clear logic that influences the decisions of the FAC, and would go beyond the idea of this thesis.

Institutional work

SECO is the responsible governmental agency for the CSR file. SECO itself is actively supporting the development of GRI as one of the major public donor to the GRI (GRI, 2014a). The funding of the SECO
are used in three main areas at the GRI. First, the SECO supports the GRI to build and establish local networks, knowhow and develop training capacities in four key developing countries\textsuperscript{21}. Second, it financially supported the development of guidelines for first time SME reporters. Third, it supported the development of a G4 exam for corporate reporting responsible (Egler, 2012; GRI, 2014a, 2015a). These activities however mainly take place on an international level. On a national level, the SECO hosted a workshop together with the UNGC and the GRI on reporting for SME’s in 2014. As from the description of the event, it seems that it is mainly motivated and related to value chains in developing countries (GRI, 2014b). To conclude, even though the SECO sees transparency as a strategic key priority in the CSR file, the activities from SECO mainly take place on an international level through the cooperation with GRI. Therefore, it does not constitute as an actor for the national field.

The FAC is responsible for the latest developments in the parliament regarding mandatory reporting. A timeline of the process at the parliament can be found in Table 13 below. Based on a petition of the NGO collective Corporate Justice, the FAC proposed Postulat\textsuperscript{22} 12.3980, and demanded the executive government to publish a report that compares legislation within the area of corporate transparency, human rights and environment. The report was commissioned to the Department of Justice and published in 2014. It suggests mandatory environmental and human rights due diligence procedures as well as its public disclosure. The report drew from legislative practices in countries such as DK, France, UK and the EU. The executive government however highlighted that such a measure should not reduce the competitiveness and attractiveness of the business location CH. Moreover, it should aim to align with international law, as human rights and environmental protection are transnational issues. Based on the report, FAC agreed on Motion\textsuperscript{23} 14.3671 to demand the implementation of the report. In a very close call, the parliament rejected the Motion on March 11 2015\textsuperscript{24}. If Motion 14.3671 would have been accepted, CH would have become a political leader in SR and corporate accountability. For the moment, this topic is off-the-stove in the parliament.

\textsuperscript{21} Peru, Indonesia, South Africa, and Vietnam
\textsuperscript{22} Postulat is a parliamentarian instrument that demands the executive government to issue a report or determine a mean to react on certain cases. The suggestions then have to be approved by the parliament.
\textsuperscript{23} Motion is a parliamentarian instrument that demands the executive government to propose a legislation
\textsuperscript{24} In fact, the Motion was voted on twice. The first time it was 50:50, and the parliamentarian president overruled it, meaning it was accepted. A parliamentarian then asked for a re-vote, as some of the members of parliament had voted with ‘yes’ by accident. This time it was rejected.
### Table 13: Timeline Swiss parliamentarian initiative on due diligence and sustainability reporting

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2012 | - *Corporate Justice* hands in Petition  
   - Petition was rejected at the FAC, but agrees on Postulat 12.3980 (Swiss Parliament, 2013) |
| 2013 | - Government welcomes Postulat 12.3980 and commissions Department of Justice to draft a report on comparative legislation in other countries. (Swiss Parliament, 2013) |
| 2014 | - *Department of Justice* finishes report, suggests to mandate due diligence on human rights and environmental issues  
   - FAC demands implementation of the recommendations of the report (Motion 14.3671) (Swiss Parliament, 2015) |

Institutional work from Swiss government is distributed among a variety of agencies, which seems to make coordinated efforts difficult. The SECO and its activities with GRI focuses mainly on an international level, and does not have direct impact on the national field of SR. The interview (10) with the government official did also not reveal direct national activities of SECO in SR. FAC in turn was more active and supported the NGO initiative in its advocacy work (see below). As such, this work, even though it failed, can be seen as an attempt to create a new institution. Table 14 illustrates the work.

<table>
<thead>
<tr>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Institutions</td>
<td>- advocacy</td>
<td></td>
</tr>
<tr>
<td>Maintaining Institutions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 14: Swiss Government institutional work*

### 5.2.3 PSF – Big4 and BSD

Two different types of PSF engage in SR in CH. On the one side, the Big4 auditing companies, which have a natural interest in SR. All of them are offering sustainability services, including reporting and auditing. On the other side, BSD and Sustainserve, which act as consulting boutiques in the area of sustainability and SR.

Due to their global outreach, the *institutional logics* of the Big4 are comparable with those from DK (see chapter 5.1.3), where the value creation and controlling logics are variants of the professional logic. This logic is paired with a market logic.

BSD also represents a professional logic with the variant of value creation, and is paired with a market logic. However, as a consultancy offering sustainability services, the controlling logic is less present.
Instead, value creation is directly linked with a sustainability logic. The BSD vision and values\textsuperscript{25} support this assumption.

Within the \textit{Institutional work} of the Big4, EY seems to be most active. It publishes annually a report on sustainability management and SR development among the largest 110 Swiss firms (EY, 2014). The EY report emphasizes the increasing number of CSR reports, as well as the increasing importance of IR. Furthermore, EY was the main sponsor for the launching event of the latest GRI framework generation G4 in CH in 2013. Both can be seen as \textit{educating} and as \textit{mimicry}. Educating because the report highlights the possibilities to work with SR. Mimicry because a new practice (IR and G4) is promoted as a new, better way for SR. Last, the sustainability departments consults firms in their SR activities, hence, \textit{embedding and routinizing} is part of their work.

SR is part of the core business of BSD, and with it the connections to global standards, mainly the GRI. BSD is a GRI data partner, and maintains the Swiss GRI website actively (Interview 11). This work can be seen as \textit{valorizing}, because it displays positive examples of a large amount of Swiss companies that use GRI as reporting framework, which in turn can inspire other firms. From this perspective, valorizing contributes more to the construction of an institution. Furthermore, BSD is a certified training partner and hosts a variety of information events, often works in cooperation with Ökologisch bewusste Unternehmensführung (ÖBU) (see below) and organizes certified trainings and coaching’s, amongst others on the new GRI guidelines (G4). These trainings can either be based on a general course, but also be tailored towards a specific company. Trainings relate also to many other existing frameworks, such as the UNGC and ISO 26000. This work relates to \textit{educating}, and the introduction of new guidelines to \textit{mimicry}. Moreover, they offer support in writing and publishing sustainability reports and showcase it on their website (BSD, n.d.-b), similar to the Big4. Hence, both, BSD and the Big4, engage in \textit{embedding and routinizing}. The BSD consultant also highlighted that they are closely following the two main trends within reporting, materiality and IR. This is in line with the findings above, where EY highlights the increasing importance of IR. Table 15 summarizes the work of PSFs in CH.

\textsuperscript{25} “Our vision is to be an exemplary globally active consulting group working ... to promote responsible, ethical and sustainable practices in business” and values: “We understand that economic success, the fundamental purpose of business, can be achieved with full commitment to sustainable development, corporate social responsibility and ethics. Our own practices reflect this commitment and we expect the same from our stakeholders, especially from our partners, suppliers and clients” (BSD, n.d.-a)
5.2.4 Business Association ÖBU

ÖBU is a business association particularly focusing on sustainable business, representing more than 400 business members. The goal of the organization is to put the importance of economical, ecological and social responsibility on the agenda, and drives the implementation of progressive sustainability standards. ÖBU envisions a prosperous Swiss economy that works ecologically, fair and remains competitive on an international level. It works as a think-tank, a platform for knowledge exchange and supports market-based instruments that provide a positive political framework (ÖBU, 2012). Hence, it can be argued that ÖBU represents a sustainability logic and combines it with a market logic. ÖBU is active in the area of sustainability reporting mainly from two sides, but relatively little. First, it collaborates with BSD (see chapter 5.2.2) and offers information events to its members related to sustainability reporting, mainly targeted towards GRI and recently also IR. This can be seen as a creation of normative networks as well as educating. Second, it used to host an award show on sustainability reporting. However, the last award-show was hosted in 2011, and has been postponed since (ÖBU, 2013). As such, this can currently be disregarded as institutional work, but certainly helped building the institution of national SR through valorizing between 2008 and today. Hence, valorizing becomes more of an activity of building institutions then only maintaining institutions. Table 16 describes the work of the business associations.

<table>
<thead>
<tr>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Institutions</td>
<td>- valorizing / BSD</td>
<td>- Mimicry / Big4 &amp; BSD</td>
</tr>
<tr>
<td>Maintaining Institutions</td>
<td>- embedding and routinizing / BSD</td>
<td></td>
</tr>
</tbody>
</table>

Table 15: Swiss Professional Service Firms institutional work

Table 16: Swiss Business Association

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26 Brackets is outdated work. The wording after the backslash indicates the organization that deploys the element of institutional work.
5.2.5 NGOs – Corporate Justice

NGOs are very active in CH with regards to accountability of MNCs, and around 50 of them joint forces in an initiative called ‘Corporate Justice – Rules for Business, Rights for People’ in 2012 (Corporate Justice, 2015).

The logics of the NGOs is following an accountability logic (see also chapter 5.1.6). One of the main organizations involved is the Berne Declaration. It has the purpose to campaign for “equitable relations between CH and developing countries [and] striving to build a fairer world” and thereby “lobby the headquarters of Swiss enterprises active on a global level, urging them to respect human rights, conduct their affairs in a socially responsible manner and aim to establish fair conditions of trade” (Berne Declaration, n.d.).

Institutional work is exemplified in the corporate justice initiative, which demands mandatory accountability regarding human rights and environmental standards for companies in CH. The collective was responsible for the petition that launched the procedure on parliamentarian level (see chapter 5.2.1 above). Hence, NGO’s are involved in advocacy. Already before the parliament declined the demands of companies, the Corporate Justice network launched a public initiative. This can again be linked to advocacy, but also to the beginning of construction of a normative network by raising awareness on the lack of accountability of Swiss MNC’s.

Furthermore, several NGO’s, the Declaration of Berne, Alliance Sud, and Greenpeace CH actively engage in making cases of human rights violations and environmental disasters public. The work of these NGOs is exemplified in the public eye award during the World Economic Forum in Davos. The Public Eye award is a global ‘naming and shaming award’ event that targets large MNCs. Some NGO’s also actively target specific companies for further investigation. However, this is a form of policing that plays into the advocacy work. Hence, policing would rather move as an element of maintaining institutions towards creating institutions, and from a rules based practice to a normative practice. Table 17 below indicates the institutional work of NGOs.

<table>
<thead>
<tr>
<th></th>
<th>Rules</th>
<th>Norms &amp; Beliefs</th>
<th>Meaning Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating Institutions</td>
<td>- Advocacy</td>
<td>- Creating normative networks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Policing*</td>
<td></td>
</tr>
<tr>
<td>Maintaining Institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 17: Swiss NGO’s institutional work
5.2.6 Others

This section highlights actors from individual populations that potentially could take an influence on the field, but were qualified as participants at the periphery due to their non-contribution to the national field of SR and SR in general.

**ICC** is the Focal point of the UNGC. The four annual network meetings are the most important part of the Swiss UNGC. Specific activities to increase sign ups or CoP reports were not visible, which might explain the relative low signatures to the UNGC (see chapter 5.2). This was also confirmed by the UNGC responsible at ICC, who highlighted that so far, only a student assistant was responsible for maintaining the UNGC network (Interview 12). Due to insignificance, this actor will be disregarded as participant of the field.

**Investors** in CH are of low relevance in shaping the national field of SR. As a talk with an ESG Analyst from a Swiss bank revealed, they are mostly focusing on the international markets, but have little to no interest on the local developments in CH. Research into Swiss governmental pension funds and other public pension funds also did not reveal any interest or focus on ESG investments. As such, investors can be neglected in shaping the Swiss national field for SR.

5.2.7 Conclusion Switzerland

The Swiss organizational field in SR comprises a few actors with relatively little interaction between each other. Figure 8 illustrates the actors and the connections between the actors between 2008 and today. Individual actors seem to follow their own individual interests, without interacting or organizing SR amongst each other. The two most active organizations on the national field are NGOs and BSD. NGOs are pushing on a political level for mandatory regulation on SR, and have been successful in getting support from FAC on a parliamentarian level. BSD, together with ÖBU, are especially engaged in educating and promoting various international standards to organizations on the national field. The three requirements\(^27\) from Hoffman (1999) (see chapter 3.2.1) for an issue-centric organizational field in SR are not fulfilled, because the various actors do not interact, share information and are not involved in a common debate. Hence a national organizational field around SR in CH does not exist.

\(^{27}\) (1) an increase in the extent to which certain organizations interact, (2) an increase in the information load they share, and (3) the development of a mutual awareness that they are involved in a common debate
Nonetheless, various conclusions can be drawn from Figure 8 and Table 18. The arrows in Figure 8 indicate that government agencies mainly work internationally with SR, but do not push the field on a national level. The financial contributions to GRI and UNGC are a case in point. Furthermore, ICC as the UNGC focal point, and investors play an unimportant role and do not engage in institutional work for SR, and are therefore located at the periphery of the field. Of those actors engaging in institutional work, Table 18 shows that most of the actors engage in creating the institution of SR, and not in maintaining it. The only maintaining work identified was the consulting work of the PSF by applying SR practices for their clients.

*Figure 8: Swiss SR organizational field (own illustration)*
<table>
<thead>
<tr>
<th>Actor</th>
<th>Logics</th>
<th>Institutional work</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rules</td>
</tr>
<tr>
<td>Government (SECO &amp; FAC)</td>
<td>Various Logics</td>
<td>- advocacy</td>
</tr>
<tr>
<td>PSF (Big4) &amp; BSD</td>
<td>Professional logic:</td>
<td>- valorizing / BSD</td>
</tr>
<tr>
<td></td>
<td>value adding logic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(sustainability logic BSD)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Controlling logic Big4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market logic:</td>
<td>- embedding and routinizing / BSD</td>
</tr>
<tr>
<td></td>
<td>Service logic</td>
<td></td>
</tr>
<tr>
<td>Business associations (ÖBU)</td>
<td>Market logic:</td>
<td>- Creating normative networks</td>
</tr>
<tr>
<td></td>
<td>Sustainability logic (community)</td>
<td>- (valorizing)</td>
</tr>
<tr>
<td>NGOs (Corporate Justice)</td>
<td>Community logic</td>
<td>- Advocacy</td>
</tr>
<tr>
<td></td>
<td>Accountability logic</td>
<td></td>
</tr>
</tbody>
</table>

*Table 18: Summary logics & work of Swiss actors*
6 Discussion

The major finding of the analysis is the lack of an organizational field in CH. In DK on the other hand, an active field with a variety of actors is engaged in institutionalizing SR, competing “over the definition of issues and the form of institutions that will guide organizational behaviour” (Hoffman, 1999, p. 352). A general answer to the overall RQ is therefore that SR is organized differently in countries, and in some countries there is no organization around the issue. Despite this striking difference, the findings to the three sub-RQs allow a discussion around the dynamics of the national organization – or non-organization – of the SR field, and will be discussed in the following subchapter. This is followed by a critical reflection on advantages and disadvantages of the theoretical framework in order to provide insights for the future application of the analytical framework. General limitations and an outlook for future research are given at the end.

6.1 Empirical implications

The discussion will build around the five key findings from the analysis, outlined in Table 19, and conclude with one or more implications. To enrich the discussion, the first three subchapters will incorporate a hypothetical story around the possibility of a legislation in CH. This will strengthen the arguments for the implications. In the end, the implications are summarized and their empirical and theoretical value explained.
Denmark

<table>
<thead>
<tr>
<th>Organizational field</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constituting principle institutionalizing SR in the field</td>
<td>Coercive: §99a</td>
</tr>
<tr>
<td>Main actors</td>
<td>DBA (government) - FSR (auditor association)</td>
</tr>
<tr>
<td>Transnational influence</td>
<td>EU legislation import through DBA - UNGC imported by DI - IIRC import through FSR</td>
</tr>
<tr>
<td>Dominant Logic</td>
<td>Market logic / subsequent accountability logic</td>
</tr>
<tr>
<td>Institutional Work</td>
<td>Constructing &amp; Maintaining</td>
</tr>
</tbody>
</table>

Switzerland

<table>
<thead>
<tr>
<th>Organizational field</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constituting principle institutionalizing SR in the field</td>
<td>Individual action</td>
</tr>
<tr>
<td>Main actors</td>
<td>BSD (PSF) - Corporate Justice (NGO) on political level</td>
</tr>
<tr>
<td>Transnational influence</td>
<td>Import of GRI through BSD</td>
</tr>
<tr>
<td>Dominant Logic</td>
<td>Individual actor logics</td>
</tr>
<tr>
<td>Institutional Work</td>
<td>Constructing</td>
</tr>
</tbody>
</table>

Table 19: Comparison findings Denmark and Switzerland

6.1.1 Mandatory reporting as a driver for an organizational field

A major factor for the establishment of an organizational field around SR in DK was the proposal and enactment §99a of DBA. Through voluntary initiative, but also through institutionalized procedures such as the hearings at the parliament, the DBA engaged other actors in a dialogue on SR and the advantages and disadvantages of making it mandatory. Hence, the introduction of §99a can be seen as a central event that fostered the institutional field. In CH, a similar driver is absent. CSR is defined as voluntary by the government, and the analysis indicates that none of the governmental institutions engage in national activities related to SR. Nonetheless, there were developments on the political level in CH between 2012 and 2015, when NGOs pushed for legislation on a national field. This raises the hypothetical question what if the NGOs in CH had succeeded at the parliament.

If the NGO proposal succeeded at the parliament, the Swiss executive government would have had to draft a proposal for a legislation. This would have triggered a process similar to the one in DK, where
stakeholders are invited to hearings (Bundesrat, 2015). Since the NGOs advocated for the legislation, a strong involvement from their side could have been expected at the hearings. From the business side, rather disruptive initiatives towards mandatory SR could be expected. Interview 12 highlighted that such a regulation is not a possibility for businesses in CH. This shows that institutional procedures for legislation fosters a discussion and brings actors together. Furthermore, if a legislation had passed, Swiss government agencies would have been expected to become more engaged also on a national level in order to support and enforce national businesses to comply with the legislation. This suggests that in countries with similar polities as DK and CH, mandatory SR supports the emergence of a national SR organizational field.

1. Implication: Mandatory SR supports the emergence of a national SR organizational field.

6.1.2 Actors as normative drivers for Sustainability Reporting

A second difference between the two countries is the variety of actors that engage in the field of SR. Even though numerous actors are involved in DK, DBA and FSR are standing out, and NGOs play a minor role. DBA is involved due to the legislation. The involvement of the auditors in DK can be explained on the one hand through the placement of §99a, which is part of the Danish Financial Statement act and the ‘home’- institution of auditors. On the other hand, it provides them with a large business opportunity. The dominant position of the auditors links SR to an auditing and compliance practice and a market logic. In Switzerland, BSD and the NGOs are the most active drivers of SR. The effect of having these actors as the main drivers of SR is continued in the hypothetical discussion: If the policing and advocacy work of NGOs bears fruit on a political level and SR became mandatory, the NGOs in CH are expected to be much more engaged then in DK. This would mean that the accountability logic of NGOs would be more visible in the discussion for the legislation. Expectedly, this push would be recognizable in the bill. Hence, the norms and assumptions behind the legislation would largely differ to the one in DK.

2. Implication: The normative understanding of SR on a national level differs and is largely dependent on the dominant actors in the national field.

6.1.3 Transnational influence

A third finding is the importance of national actors and institutions that import transnational standards. In DK, the UNGC is among the most used standard (see chapter 5.1). This correlates with the Danish UNGC focal point, which is considered as very active. Furthermore, §99a endorses UNGC since it exempts UNGC CoP reporters from directly complying with §99a. A similar finding can be made in CH: GRI is the most used reporting framework (see chapter 5.2), and BSD is GRI’s largest training partner in CH and
worldwide. As BSD is one of two actors\textsuperscript{28} that offers SR trainings in CH, this could further explain the strong adoption of GRI in CH. However, it is difficult to say if BSD and the educative and valorizing work related to GRI has a large impact on promoting the GRI, as it is rather a small consulting boutique. Interview 11 has also highlighted that it is not clear if BSD was a driver of GRI, or if BSD became partner of GRI because of its large acknowledgement in CH.

Nonetheless, these findings show that national actors adopt and disperse international standards on a national level, and implies that actors actively import standards. This adds a further explanation to the question why some standards are more applied in one country than in other countries (Fifka & Drabble, 2012).

3. **Implication: National actors play a role in the dispersion of international standards on national level.**

Two further points support this implication. First, the hypothetical discussion on a potential legislation in CH: The SECO is supporting the GRI financially with a large contribution. This raises the likeliness that the SECO would support the dispersion of GRI in case of a legislation. Second, it will be interesting to follow the development of the IIRC. FSR is already actively promoting IR and collaborating with IIRC. BSD is currently looking into the area, and, as the EY (2014) report shows, IR is promoted as the next trend in SR in CH.

6.1.4 **Co-existing logics and field dynamics**

Several conclusions can be drawn from the findings regarding logics in fields (or non-fields). First, all of the actors have their own variant logic that guides them in their decision making, in DK as well as in CH. Furthermore, these logics differ, even if actors are from the same individual population. For example, DI and ÖBU, both business associations, have a different guiding logic. DI bases its decisions on a service and market logic, while ÖBU is driven by a ‘sustainability’ and market logic. This in line with Hoffman’s (1999) expectation, that each actor is guided by different institutions.

Second, in DK, many of the actors were driven by a similar logic – a market logic – when the §99a was enacted, and the dominant logic around SR was therefore the market logic. The socio-democratic regime challenged this logic, changed §99a, and thereby the underlying logic of §99a as an institution. Previously supportive actors of §99a, such as DI and ATP, did not support the change due to their market logic. This supports implication 2 above, which suggest that actors indeed have an influence on the normative

\textsuperscript{28} The other one is Sustainserve
understanding of SR. It further suggests that the government has a strong influence on dominant logics of institutions through its regulatory power.

Third, in CH, the actors engaged in work on SR are mostly following different logics. However it is interesting that actors such as BSD and ÖBU carry a sustainability logic, while this logic is absent – or at least of little importance – in DK. This suggests a different normative underpinning of SR in DK. The sustainability aspect is of little importance, and SR is seen as a tool to stimulate CSR, which in turn stimulates Danish growth. It would therefore not be surprising if IR will be largely supported from various actors in DK, since it has a closer connection to business (see chapter 2.2.1). These findings highlight the field dynamics as well as the possibility of co-existing logics.

4. Implication: A common logic of actors is favorable to establish a field.

5. Implication: Regulatory logics are the dominant logic of an institution, even though affected actors support a different logic.

6. Implication: A sustainability logic is not a determinant for establishing a field around SR.

6.1.5 Field emergence and maintenance

The table in Appendix 4 compares the institutional work of actors between the two countries. Two conclusions can be drawn from this. First, the Danish actors are much more active in institutional work than Swiss actors. This is not surprising since the Danish actors engage together in an organizational field. Second, the actors in DK engage in the two dimensions of constructing institutions and maintaining institutions, while Swiss actors mostly engage in creating institutions. This highlights that a few Swiss actors work on the emergence of SR as an institution on a national field, while the Danish field has certainly emerged and is settling in. At the edge of these two dimensions, the Danish organizational field is exposed to institutional work that aims to change, mostly normatively, the field. A case in point is the rise of IIRC, and the normative work from FSR and the Danish PSFs to make IR the normative underpinning of SR. This confirms Lawrence and Suddaby’s (2006) remark that normative work does not aim to change institutions radically, but rather incremental. Such normative work is also visible from the UNGC focal point in DK, which tries to push the UNGC as a reporting tool and from BSD in CH, by supporting the GRI. Hence, it seems that national actors engage in institutional work for international institutions, which is closely linked to implication 3. In CH, the main actors that are currently trying to create an institution are the NGOs. The advocacy at the parliament, and the ongoing policing work shows that they engage more in radical institutional work. The findings are much in line with Lawrence and Suddaby (2006). They highlight that radical change leads more likely to “de novo construction of new institutions” (p. 228), which is needed in CH where no national field could be identified that works
towards SR. Normative change instead is “more often associated with creating of institutionalized rules, practices and technologies that parallel or complement existing institutions” (Lawrence & Suddaby, 2006, p. 228). This explains why many of the Danish actors are engaged in normative work and less in rule-work.

7. **Implication:** The existence of an organizational field in SR increases the institutional work of various actors to construct, change and maintain an institution.

8. **Implication:** National actors support international institutions in normative work to change the field

Implication 8 is similar to implication 3. However, implication 8 first of all strengthens implication 3, and second highlights the likely type of work an actor will employ to disperse international standards.

### 6.1.6 Conclusion

The conclusion will briefly discuss the way the implications can be interpreted. First, all the findings have an empirical and a theoretical implication. For example, the empirical implication for implication 1 (see Table 20 below) is that if a country changes to mandatory SR, it is likely that a national organizational field around SR will evolve. The theoretical implication is that regulation in general drives the emergence of a field. In this case, this generalized finding supports the finding of Hoffman (1999), who precipitates that regulation creates “a formal structure for the organizational field” (p. 361).

<table>
<thead>
<tr>
<th>Number</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mandatory SR supports the emergence of a national SR organizational field</td>
</tr>
<tr>
<td>2</td>
<td>The normative understanding of SR on a national level differs and is largely dependent on the dominant actors in the national field</td>
</tr>
<tr>
<td>3</td>
<td>National actors play a role in the dispersion of international standards on national level</td>
</tr>
<tr>
<td>4</td>
<td>A common logic of actors is favorable to establish a field</td>
</tr>
<tr>
<td>5</td>
<td>Regulatory logics are the dominant logic of an institution, even though affected actors support a different logic</td>
</tr>
<tr>
<td>6</td>
<td>A sustainability logic is not a determinant for establishing a field around SR.</td>
</tr>
<tr>
<td>7</td>
<td>The existence of an organizational field in SR increases the institutional work of various actors to construct, change and maintain an institution.</td>
</tr>
<tr>
<td>8</td>
<td>National actors engage for international institutions in normative work to change the field</td>
</tr>
</tbody>
</table>

*Table 20: Summary implications*
Furthermore, the implications show the interdependence between the three theory streams, and highlights the value of the analytical framework. For example, implication 4, 7 and 8 show that organizational field, organizational work and organizational logics are highly dependent. A possible explanation could be that actors with a similar logic can cooperate better, and therefore engage together in normative work to change a field. Further advantages and disadvantages of the theoretical framework will however be discussed below.

6.2 Reflections on the theoretical framework

The issue-centric field enabled to set a clear boundary for each national field, but still allowed to make connections with transnational actors. These were treated as actors at the periphery, and only taken into account when connections with a national actor were made. Linkages between actors were made through the analysis with institutional work. This interdependency between the two theories was also necessary to define the final institutional field by determining the engagement of actors in shaping the national field of SR. A third useful treat of the issue-centric field theory was its design to account for dynamics and agency in organizational fields. As both other theories built upon the issue-centric field, this was a crucial criteria. The advantage of this approach became evident while assessing for example the dynamics behind the amendment of §99a in 2012. A change in government brought a change in logics that guided the behavior of the DBA. The result was a proposal of DBA to make the law more restrictive, which in turn reduced the influence of a market logic on the organizational field. This highlights the field level dynamics between actors and institutions: the influence of guiding logics on individual actors, which in turn influences the actor to work for changing his institutional environment and ‘advocate’ for the new logic.

Hence, this framework contributes to the theory of new institutionalism by proposing an innovative combination of the three streams issue-centric organizational field, institutional logics and work. This thesis followed thereby the proposition of Zilber (2013), who suggests that logics and work have a distinct value for analysis that takes “part in the conversation that constitute our field” (Zilber, 2013, based on Hoffman, 1999). It provides an empirical application of the proposition and shows that both streams work hand in hand and strengthen the analysis of the dynamics in organizational fields.

The thesis further contributes especially to the development of institutional work theory in two ways. First, it introduced new elements (export and import). These elements are helpful when permeable fields are used as a foundation for the analysis. While these elements were applied in a transnational – national dynamic, it does not restrict the use to such ‘geographic’ boundaries. It could also be applied between inter-industrial fields or in the analysis of boundary work in professions (Suddaby & Viale, 2011). Second, it highlighted the interplay between elements of institutional work in cross categories.
For example, DBA engaged in export and import of §99a, and used import as a work of deterrence (see chapter 5.1.2). It also showed that elements are not necessarily tied to a particular category of work as Lawrence & Suddaby (2006). NGO’s in CH engage in policing, and use this as a form of advocacy to foster the creation of an institution on a national field (see chapter 5.2.5).

A limitation of the framework however is related to institutional work and resulted in a different outcome to answer RQ3 than expected. A clear role for a specific actor could not be defined. Especially in the Danish field, the many actors often engaged in the same type of institutional work. This made it difficult to define a distinguished role for an individual actor. Second, the same type of work does not mean actors engage in the same projects. On the contrary, it often means that actors with different agendas try to influence and change the field according to their logic. A case in point is the FSR and the work towards incorporating IIRC, which potentially changes the normative foundation of the practice of SR (see chapter 5.1.4). At the same time, DI engages in the promotion of UNGC as a framework. Nonetheless, both types of work contribute to the overall institutionalization process of SR.

To conclude, the critical realist perspective and the retroductive approach builds an ideal foundation under which the theoretical framework can play out its strength: to assess the dynamics between actors, actions and institutions. It enables the analysis to move back and forth, creating new findings and knowledge.

6.3 Limitations

The drawbacks of this thesis are mainly of methodological and theoretical nature. First, the use of case study research design restricts generalizability of the findings, and validity is only given for the two case studies explored above. Furthermore, the qualitative design and the low number of interviews in DK, and even more in CH, reduce the validity of data. The uneven balance of interviews between each case study made the comparison of the two countries a challenging endeavor. However, this liability might be correlated to the finding that CH does not have an organizational field around SR, and therefore actors in CH are not involved and interested in the issue. This was also confirmed in interview 10 and 11, which both highlighted that they were not aware of a regular interaction between different actors.

A second limitation was the choice of the sub-unit sample and the exclusion of reporting entities as part of the field. Many of the interviewees stressed the importance of the leading companies in SR, as they are setting the standards and are used as ‘role-models’ for other reporting companies (see also Pedersen et al., 2013). This best practice plays an important role in the national institutionalization of SR, e.g. in the adaption of standards. While this was deliberately chosen in order to be able to focus solely on the surrounding actors, it still presents an incomplete picture of the national organizational field. The field constellation might change completely if companies were added to the analysis.
A third limitation is related to the eclectic nature of the theoretical framework. The analysis could only ‘scratch the surface’ for the relations between organizational field, logics and actors that drive institutionalization of SR, without an in-depth study of each individual actor. This however was deliberately chosen, on the one hand because of the explorative nature of this novel study, and on the other hand because of the innovative combination of the three new institutionalism theory streams. This way, the theoretical framework could be tested.

6.4 Future research

The findings of this study suggest that future research should be conducted in a horizontal and vertical dimension. The horizontal dimension demands more case studies within the field of organization of SR. There are an increasing number of countries that have introduced mandatory SR, and a plethora of countries that see SR as voluntary. Such case studies could be country specific, and longitudinal in their research design. Longitudinal studies (see also Hoffman, 1999 as an example) enable to assess changes of organizational fields in SR, including their logics and the way actors cope with and influence these changes. The recently approved EU directive is an excellent event which will drastically increase the number of cases for such research. The framework applied in this thesis can thereby serve as an ideal starting point. It has proven to be well designed to assess the dynamics in organizational fields, from an actor’s perspective as well as from an institutional perspective.

On the vertical dimension, an in-depth research focusing on an individual actor that engages in institutional work and identify the causal relation and effects on the dynamic in the individual field of such work. For example, BSD’s decision in 2010 to become official data and trainings partner with GRI is a case in point (Interview 11). What effects did that decision have on the national field in CH? This in-depth research can also go beyond the applied theory of institutional fields, logics and work. For example, the element of power (Lawrence, 2008) in the organizational field can offer good explanations for effectiveness of work of an individual actor.

7 Conclusion

How do national actors in different countries organize for institutionalization of SR on a national level?

The organization of SR on a national level differs between countries. The two case studies on DK and CH have shown that actors organize – or in the case of CH do not organize – for sustainability reporting on a national level. The regulatory context thereby plays a key role: In DK, reporting is mandatory, while in CH it is voluntary.

These findings are based on the analysis of individual national actors through an innovative analytical framework, based on three streams of new institutionalism. Issue-centric organizational field,
institutional logics and institutional work assessed the field dynamics between institutions and actors that contribute to the institutionalization of SR in DK and CH. The interplay between the three streams thereby proofed to be useful to set permeable boundaries for the national organizational field.

SR has largely developed and become institutionalized on a transnational level. However, this study found that the national level and its actors such as the government, business associations, NGOs and PSFs cannot be ignored in the global institutionalization process. Guided by various institutional logics, the national actors conduct institutional work to establish or maintain a national organizational field around SR. Mandatory SR can thereby be seen as a facilitator that forces actors in a dialogue on issue-interpretation around SR.

This has major implications for the development and proliferation of SR. A great example is thereby the recent approval of the EU directive on SR. It forces EU member states to implement mandatory SR on a national level. As this study has shown, the different logics that are at stake on the national level will cause an intense dialogue on how SR is normatively defined in the individual countries. Does a sustainability logic influence the implementation process, as it would probably happen in CH? Or do actors have similar logics, detached from the idea of sustainability, as it was the case in DK in 2008? This will be constituted by the actors that engage in the process, each following his on logic, and advocating for the rules, norms and beliefs that appear appropriate for a regulatory institutionalization of SR.

To advocate for their logics, national actors draw on global standards such as the GRI, the UNGC and most recently the IIRC. Thereby, they act as transmitters of transnational institutional developments, and disperse these on a national level. The development in the future will show which of these standards will become the underlying norm for SR in the respective countries. Each country will most likely follow one particular standard, influenced by the dominant logic and the dominant actor that guides the national organizational field of SR. If a country opts for mandatory SR, the logics of the government and the responsible government agency will play a key role in the definition of the norm of SR.

In sum, the organization of SR differs among countries in the type of actors that are engaged, the logics they carry and the work they fulfill.
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