

# Authenticity and institutional complexity as issues in corporate social responsibility

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# CSR as inauthentic window dressing

- CSR has become a deeply entrenched set of practices among corporations
- Although many observers regard CSR initiatives favorably, other observers view initiatives as self-serving, fake or otherwise inauthentic
- This study uses ideas of institutional pluralism, field structure and institutional complexity to develop a framework for understanding which observers will perceive CSR initiatives as authentic or inauthentic.

# Institutional Logics

- Thornton, Jones and Kury (2005) following Friedland and Alford (1991) define institutional logics as:
- “... organizing principles [that] spell out the vocabularies of motive, the logics of action, and the senses of self for sector participants. They reveal the deeply held and often unexamined assumptions by which reasoning takes place. The institutional logics of each societal sector shape an interpretation and view of archetypical organization structures and governance mechanisms used to coordinate economic activity as a part of a broader range of sector institutions (p. 128).”

# Institutional Pluralism

- Organizational fields (DiMaggio and Powell, 1983) are defined as "sets of organizations that, in the aggregate, constitute a recognized area of institutional life; key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products (p149)."
- Institutional pluralism occurs when an organizational field includes several competing institutional logics.
  - i.e. Stakeholder worldviews

# Institutional complexity

- Greenwood et al., (2011) define institutional complexity as occurring when organizations are subject to incompatible prescriptions from several institutional logics.
- They propose that institutional complexity mediates the relationship between institutional pluralism and organizational action.
- Relationship between pluralism and complexity is moderated by field structure
  - Maturity, fragmentation, formalization, centralization

# CSR and institutional pluralism

- There is a corporate logic, constructed around managerial hierarchy, profit, employment
- Because corporations are sanctioned by and benefit from other sectors of society, they have an obligation to respond to multiple prescriptions.
- CSR initiatives are often borrowed from competing logics and therefore involve activities and goals that are nominally inconsistent with corporate logic of profit
  - philanthropy, community development, environmental conservation or social justice

# Authenticity

- Authenticity has begun to be used as a lens to evaluate observer/consumer perceptions of brands and CSR initiatives.
  - Indexical authenticity: spatio-temporal anchor to source, genuine provenance, the object is what it is claimed to be
  - Iconic authenticity: schematic fit, has appropriate features, stands in an appropriate relation to some reference or looks like it belongs
  - Inauthentic: Object not what it is claimed to be; created to deceive
- Fits with institutional theory's emphasis on legitimacy

# Authenticity applied to corporate actions

- A corporate action is more likely to be perceived as indexically authentic if it is a substantive expression of a core behavior, structure, motive or value of the institutional logic it is being compared to.
- A corporate action is more likely to be perceived as iconically authentic if its appearance or claims about it are similar to aspects of core behaviors, structures, motives or values of the institutional logic the action is being compared to.



# Authenticity and consistency

- Internal and external observers also compare CSR initiatives to the rest of a corporation's behavior, and base judgments about authenticity on perceived consistency.
  - An action that on its face might be perceived as indexically authentic may be seen as iconically authentic if
    - it is an isolated instance among contemporary actions by the organization in question
    - or an isolated instance in the stream of actions over time.

# Observer perceptions of CSR initiatives

Consistency with corporation's prior behavior	Good fit	"self serving" Inauthentic or iconic	Indexical authenticity
	Poor fit	Inauthentic	"greenwashing" Inauthentic or iconic
		Poor fit	Good fit
		Observer's logic	

## Back to Institutional complexity

- Institutional complexity is greater when corporations are subject to incompatible prescriptions from several logics.
- Effect of pluralism is moderated by field structure
  - Maturity: Relationships are structured
  - Fragmentation: Many prescriptions demand compliance
  - Formalization: Relations between logics are explicitly structured
  - Centralization: Power is concentrated in one logic

**Corporate Sector  
Industrial Food Logic**

- Hierarchy
- Externalization
- Cost/volume/speed
- Supply chain
- Sterility

**Professional Sector  
Food Science Logic**

- Expertise
- Health/Nutrition
- Food risks/safety
- Food engineering
- Food policy

**Market Sector  
Mass Consumption Logic**

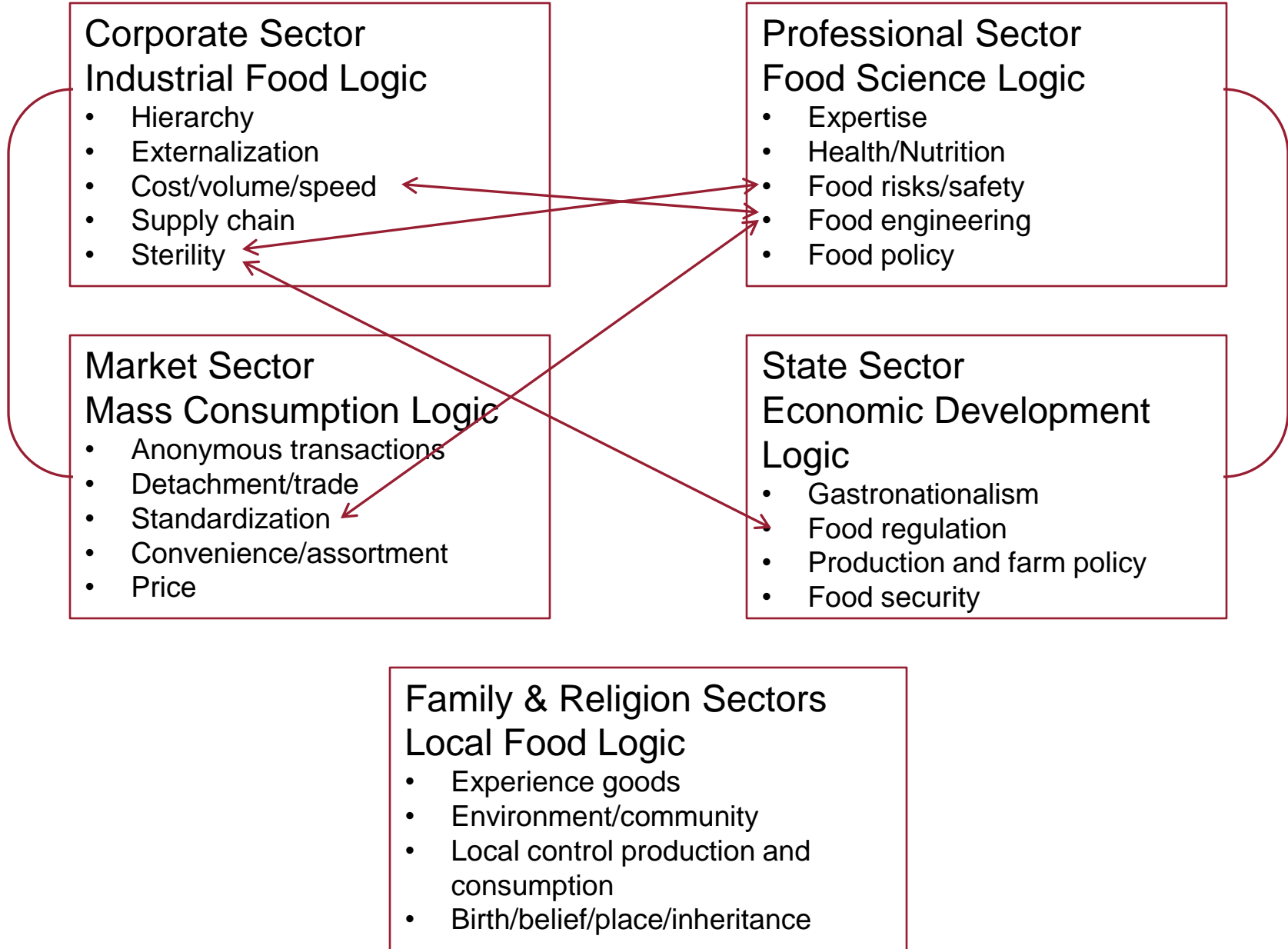
- Anonymous transactions
- Detachment/trade
- Standardization
- Convenience/assortment
- Price

**State Sector  
Economic Development  
Logic**

- Gastronationalism
- Food regulation
- Production and farm policy
- Food security

**Family & Religion Sectors  
Local Food Logic**

- Experience goods
- Environment/community
- Local control production and consumption
- Birth/belief/place/inheritance



## Further propositions

- Fragmentation ↑, discretion ↑, observer perceptions of iconic authenticity ↑.
- Formalization ↑, discretion ↓, observer perceptions of indexical authenticity ↑.
- Centralization ↑, discretion ↓, observer perceptions of indexical authenticity ↑.

## Still more propositions

- Institutional complexity ↑, symbolic action and decoupling ↑, observer perceptions of iconic authenticity ↑.
  - As formal ties between logics ↑, observer perceptions of indexical authenticity ↑.
  - As overlap between logics ↑, observer perceptions of indexical authenticity ↑.
- As isolation of a logic ↑, observer perceptions of in-authenticity ↑.