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Date of deposit	29 11 2019
Document version	Author's accepted manuscript
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Citation for published version	Ferguson, J 2019, 'Understanding power-related strategies and initiatives: the case of the European Commission green paper on CSR ', <i>Accounting, Auditing & Accountability Journal</i> . In press
Link to published version	https://doi.org/10.1108/AAAJ-06-2018-3529

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Understanding Power-related Strategies and Initiatives in an Institutional Arena: The Case of the European Commission Green Paper on CSR

Abstract

Purpose: This paper provides a theoretically informed analysis of a struggle for power over the regulation of corporate social responsibility (CSR) and Social and Environmental Accounting and Reporting (SEAR) within the European Union (EU).

Design: The paper combines insights from institutional theory (Lawrence, 2008; Lawrence and Buchanan, 2017) with Vaara et al.'s (2006) and Vaara and Tenari's (2008) discursive strategies approach in order to interrogate the dynamics of the institutional "arena" that emerged in 2001, following the European Commission's publication of a Green Paper (GP) on CSR policy and reporting. Drawing on multiple sources of data (including newspaper coverage, semi-structured interviews and written submissions to the European Commission by companies and NGOs) we analyse the institutional political strategies employed by companies and NGOs – two of the key stakeholder groupings who sought to influence the dynamics and outcome of the European initiative.

Findings: Our results show that the 2001 GP was a "triggering event" (Hoffman, 1999) that led to the formation of the institutional arena that centred on whether CSR policy and reporting should be voluntary or mandatory. Our findings highlight how two separate, but related forms of power (systemic and episodic power) were exercised much more effectively by companies compared to NGOs. More specifically, our analysis of the power initiatives and discursive strategies deployed in the arena provide a theoretically informed understanding of the ways in which companies acted in concert to reach their objective of maintaining CSR and SEAR as a voluntary activity.

Originality/value: The theoretical framework outlined in the paper highlights how the analysis of CSR and SEAR regulation can be enriched by examining the deployment of episodic and systemic power by relevant actors.

1. Introduction

The issues related to the social responsibilities of business and, in particular, of corporations have long attracted the attention of regulators, academics and practitioners. The term “corporate social responsibility” (CSR), although somewhat contested, has widely been used to refer to the social, environmental and ethical responsibilities that business and corporations hold as result of their economic, operational and commercial activities (Carroll, 1999; Garriga and Melè, 2004). Within the accounting and management literature, growing attention has been devoted to examining the several initiatives that have been proposed over time to “regulate” CSR activities - including the adoption of social and environmental accounting and reporting (SEAR)¹.

This paper provides a theoretically informed analysis of the power dynamics behind, and influence on, the regulation² of SEAR as part of the development of a European Union (EU) CSR policy initiative between the period 2001 to 2006. This policy initiative began with the European Commission’s³ “appeal to companies’ sense of social responsibility [CSR] regarding best practices on... sustainable development” (European Commission, 2000, p.5). According to Fairbrass (2011), this “policy debate began in earnest with the publication of the [European] Commission’s Green Paper [GP] on CSR in 2001 [entitled ‘Promoting a European Framework for Corporate Social Responsibility’]”. This GP launched a consultation process that attracted responses from over 250 organisations and individuals by the end of 2001.

Of particular relevance to our paper, the GP discussed, and invited further consideration of, a range of ideas including the adoption of SEAR by companies as well as the notion of third party verification. Extant corporate SEAR systems were criticised because “only a handful cover the full spectrum of corporate social responsibility issues” (European Commission, 2001, p.19). As a result, guidelines were recommended on standardised reporting and accounting metrics, reporting formats, and audit procedures. In addition, the GP suggested that its new proposals would be integrated with existing international good practice; for example, the Social Accountability 8000 standard (Social Accountability International, 1997) and Global Reporting Initiative guidelines (GRI, 2000). Assurance and verification schemes for social and eco-labels were also suggested in order to improve their effectiveness and popularity.

Consultation responses were invited from a range of stakeholders and interested individuals affected by companies’ activities in order to, amongst other matters, “build on the voluntary nature of corporate social responsibility and identify ways in which it can contribute to achieving sustainable development and a more effective

¹ In this paper we widely use the term “social and environmental accounting and reporting” (SEAR) to generally refer to practices of accounting and reporting on CSR-related initiatives.

² There are different concepts of regulation, beyond the widespread view that it is synonymous with black letter legislation. For clarity, we adopt the perspectives on normativity and regulation discussed in Bebbington et al., (2012) and Buhr’s notion (2007) whereby “[v]oluntary and mandatory [disclosure regulations] are a spectrum, not an on-off switch” (p.63).

³ The European Commission is the executive arm, and politically independent, of the EU’s institutions.

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3 way of governance.” (ibid, p.21). The GP expanded on a particular aspect of the
4 proposed governance element: more specifically, the GP considered how best to
5 encourage companies “to publish a triple bottom line in their annual reports to
6 shareholders that measures their performance against economic, environmental and
7 social criteria” (ibid, p.22). In this respect, SEAR was regarded as a CSR instrument
8 and was also mentioned as a potential action for promoting CSR (p.23).
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12 We reflexively combine Lawrence and Buchanan’s (Lawrence and Buchanan, 2017;
13 Lawrence, 2008) institutional politics framework alongside Vaara et al.’s (2006) and
14 Vaara and Tenari’s (2008) discursive strategies approach in order to analyse the
15 power-infused dynamics of the “regulatory arena” that emerged from the GP
16 (Hancher and Moran, 1989, p.153). As explained by Hancher and Moran (1989), a
17 “regulatory arena” depicts the “delineated space [whose] boundaries are defined by
18 [the] issues” that are at the centre of public and political debates for regulation (p.
19 153, emphasis added). A regulatory arena can be seen as a “contested space”, where
20 different constituents and organisations employ power-related strategies as part of
21 “ferocious struggles for [gaining] advantages” (ibid, p. 153). We argue that the
22 “struggles” over whether or not CSR and SEAR should be a voluntary or mandatory
23 activity, which emerged out of the GP, represent the centre and delineate the
24 boundaries of the regulatory arena. From the perspective of the institutional
25 (politics) theory⁴ adopted in this paper, this “regulatory arena” denoted a specific
26 example of an “institutional arena”, which was characterised by contrasting
27 “institutional politics strategies” and related “power-initiatives” (Lawrence and
28 Buchanan, 2017).
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35 In this paper we examine how different constituents – companies and NGOs⁵ –
36 deployed, or relied upon, different modes of power in order to influence the
37 “institutional arena” that emerged from the European Commission’s GP. The
38 theoretical framework allows us to consider the operation and significance of two
39 separate “modes of power” in our analysis. More specifically: (i) *systemic power*,
40 which is concerned with forms of power that operate through routines and taken for
41 granted social and economic practices, and; (ii) *episodic power*, which is concerned
42 with discrete, strategic acts of mobilization initiated by self-interested actors. The
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49 ⁴ Institutional theory scholars claim that institutions represent “enduring patterns of *social practices*”
50 (Lawrence, 2008, emphasis added). As explained by Jepperson (1991), institutions are “those
51 practices for which departures from [these] patterns are counteracted in a regulated fashion by
52 repetitively activated socially constructed controls, i.e. some sort of rewards and controls” (p. 145).
53 Institutions are associated with regulating and enforcing mechanisms that ensure their very
54 existence, resilience and applications (Phillips et al., 2004). From this perspective, it could be
55 observed that institutions innately exert some form of “power-based control” on individuals and
56 organisations. In particular, as explained by Lawrence (2008) and Scott (1995) it is the power in the
57 form of repetitively activated control mechanisms that distinguish institutions from other social
58 constructions.

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60 ⁵ We define NGOs in line with LeRoux and Feeney (2015) as non profit organisations that serve a
public mission, whilst being separate from government.

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3 theoretical framework we propose and the separate modes of power that pertain to
4 it, will be further delineated in section 3 below.
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8 Our analysis highlights how systemic and episodic power-initiatives were
9 strategically mobilised more effectively by companies compared to NGOs. More
10 specifically, our analysis provides a theoretically informed understanding of the ways
11 in which companies acted in concert with each other in order to reach their
12 objective of maintaining CSR and SEAR as voluntary activities. For example,
13 companies' responses to the GP consultation appeared to 'sing from the same song
14 sheet' in terms of the phrases used and the arguments that were deployed. In
15 addition, companies appeared to have worked more successfully in mobilising power
16 strategies 'behind the scenes' to bend the relevant European institutions to their
17 (collective) view. For example, the EU Multi-Stakeholder Forum (EMS), which
18 emerged from the GP consultation, was constituted such that companies and their
19 representative bodies retained 50% of the seats and therefore could not be out-
20 voted by other stakeholder groups. This example illustrates the unequal distribution
21 of stakeholder power in the process leading to the establishment of the EMS as well
22 as in the operation of the Forum. Company power was strengthened by the fact that
23 NGOs appeared unable to agree amongst themselves on the approach that they
24 should all adopt; thus, their efforts to challenge the proposals in the initial GP
25 document (especially around the voluntary nature of SEAR) were diffuse and
26 consequently [initially]⁶ unsuccessful. We argue that the NGOs were unable to
27 marshal either systemic or episodic power in order to effect change in the European
28 Commission's CSR and SEAR proposals, nor to counter the companies' desired view
29 that CSR be seen as a voluntary activity where reporting and assurance would be
30 decided upon by the companies themselves.
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39 In addition to the findings outlined above, our paper also provides a theoretical
40 contribution by adding empirical "flesh" (Laughlin, 1995) for understanding the
41 complex and shifting dynamics between the organisations that are at the heart of
42 any economic regulation attempt and related regulatory activities (Hancher and
43 Moran, 1989; Scott, 2004).
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47 The remainder of our paper is organised as follows. In the next section, we briefly
48 review the extant literature, which has previously focused on the issues related to
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52 ⁶ Though our analysis focuses on the period 2001-2006, we note that the EU's 2014 Accounting
53 Directive requires all entities employing over 500 people to disclose social and environmental
54 information in the management section of their annual reports (European Parliament and Council,
55 2014). We argue that our investigation of responses to the 2001 GP by two different groupings within
56 the GP arena – business and NGOs – offers insights about the context from which this 2014 reporting
57 regulation ultimately emerged. Monciardini (2017, p. 3) "identifies three professional élites - activist-
58 lawyers; financial analysts; and international accountants - as the "architects" of the current debate
59 on CSR policies, in the EU context".
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3 CSR and SEAR within the EU, so as to highlight some of the gaps that this paper seeks
4 to address. In the third section, we discuss our theoretical framework, which was
5 used to frame the analysis of our empirical findings. Following that, we describe our
6 research methods and then present our empirical analysis. Finally, we provide some
7 concluding remarks and discuss some of the key issues that emerge from our
8 empirical analysis, including theoretical reflection.
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11 **2. CSR policy and SEAR in the EU**

12 CSR policy and SEAR is a fragmented field, partly because CSR is widely seen as a
13 nebulous concept (see for example, Monciardini, 2016; Kinderman, 2013). However,
14 in seeking to understand what has affected CSR policy and SEAR at the EU level and
15 the decision to issue a GP on this topic in 2001, the literature offers several insights:
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- 18 • the key role played by the different Commissioners (e.g. Delors from 1985 to
19 1995, Prodi from 1999 to 2004 and Barroso from 2004 to 2014) before,
20 during and after the GP's launch (Monciardini, 2016; Steurer et al., 2012; de
21 Schutter, 2008; Steurer, 2010);
- 22 • the influence of the different Directorates General in the European
23 Commission with responsibility for the policy (Johansen, 2016);
- 24 • the effect of different perspectives among the EU's nation states⁷ and their
25 political actors (Knudsen et al., 2013). For example, Fairbrass (2011) observed
26 that UK and German government views were more evident than the opinions
27 of the French government after the 2001 GP. However, Bickerton (2016)
28 noted "...Delors capitalized on a convergence of views between West
29 Germany, France and the United Kingdom" in his single market vision, of
30 which CSR policy and SEAR development was a part.
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36 Other researchers have emphasized the importance of actors such as business
37 groups and civic society (e.g. NGOs) and our analysis focuses, in particular, on these
38 stakeholders. Fairbrass (2011) concluded that EU CSR policy following the 2001 GP
39 was dominated by business views, with the European Parliament and civic advocacy
40 groups side-lined (2011, p.966). According to Coen (1996, 1997, 1998; in Woll, 2006)
41 individual corporations were important "political actors" (p.459), while Kinderman
42 (2013) noted the significance of business groups and German employers in shaping
43 EU CSR policy (p.701). However, anticipating the systemic power element of our
44 analysis, Dür et al. (2015) concluded that business groups were only successful in
45 influencing EU policy if agreement on the policy proposal was reached among
46 "restricted elite circles" (see also Wisniewski and Moro, 2014; Cahan et al., 2016;
47 Archel et al., 2011).
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51 A sizeable amount of the literature in this area focuses on the effectiveness of
52 different policy instruments - and EU policy lobbying - in achieving specific
53 outcomes. According to Woll (2006), for instance, a key element of the EU lobbying
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56 ⁷ The importance of nation states is echoed by Bickerton (2016): "...the Commission's powers to
57 propose laws are restricted to those policy areas chosen by member states" (p.20) and "[w]ithout the
58 political will of member states, proposals go nowhere, even those produced by some of the most
59 powerful men [sic] in Europe." (p.29). However, Woll (2006) concludes that "national political
60 traditions continue to matter in the context of EU policy-making" (p.459).

literature⁸ has centred on “the corporatism-pluralism debate” (p.458), such that early studies in European lobbying focussed on “European federations” or “national interest groups”, which emerged and coalesced into different “patterns of interest group intermediation that developed around the European policy-making process”. Studies in this area note that such coalescing can be remarkably effective.

In particular, existing literature shows that business groups’ lobbying was successful in influencing EU policy and regulation on CSR and SEAR. For instance, in its conclusions about the process initiated by the 2001 GP, the European Commission (2006) stated: “acknowledging that enterprises are the primary actors in CSR, the Commission has decided that it can best achieve its objectives by working more closely with European business” (p.1). The subsequent establishment of the European Alliance on CSR, which only included business members clearly shows the success of one set of respondents – business groups – in having their voices heard and their views acted upon in relation to the 2001 GP⁹.

However, most of the existing literature about CSR policy and SEAR at the EU level suffers from a number of problems. It tends to view the process whereby the EU’s policy on CSR and SEAR evolved as a “black box”. Even those that do attempt to look inside this black box often fail to take account of the different levels of power exercised by the various stakeholders involved. The present paper attempts to overcome these limitations by examining, in particular, the development of EU regulation on SEAR, as part of their CSR policy from the late 1990s to 2006. We use a theoretical framework drawn from institutional politics theory, which focuses on the main business groups and NGO actors and their deployment of systemic and episodic power in the arena of the European Commission’s CSR GP.

3. The Institutional Politics of Institutional Arenas: the interplay between systemic and episodic forms of power

In this paper, insights from institutional theory are adopted to investigate the so-called “institutional politics” (Lawrence and Buchanan, 2017; Lawrence, 2008) of the arena, which emerged from the GP initiative of the European Commission in 2001 to “regulate” CSR and SEAR initiatives (hereafter the GP-arena). In particular, drawing on Lawrence and Buchanan (2017) as well as Vaara and Tienari (2008), a theoretical framework is proposed to analyse ‘what strategies’ were adopted by NGOs and companies to affect the arena’s dynamics and ‘how’ these strategies were implemented with regard to the definition, problematisation and suggestions about whether any SEAR framework should be voluntary or mandatory. The remainder of this section is organized in two subsections, which discuss respectively the concept

⁸ As evidence from the USA confirms that the share value of firms that lobby ‘significantly outperforms’ those that do not” (p.11), it is perhaps not surprising that “business spends substantially more on lobbying than any other group in society” (p.11).

⁹ At the same time, the employer organisation BusinessEurope /UNICE wrote to its members that “A few passages [in the European Commission (2006) Communication on CSR] must be interpreted as verbal concessions to other stakeholders, which will however have no real impact.” (Ungericht and Hirt, 2010, p.14).

of institutional politics (and related power-infused strategies) associated with an institutional arena and the analytical framework adopted in this paper.

Insert Table 1 here

3.1 *The institutional politics and related power-infused dynamics of institutional fields and/or arenas*

A relevant strand of research in organizational institutionalism (Greenwood et al., 2008) has considered 'how' and 'under what conditions' institutional fields emerge, develop and evolve alongside existing or emerging institutions. As Scott (1995, p.56) explains, an institutional field represents "a community of [diverse] organisations that *partakes* of a common meaning system and whose participants interact more frequently with one another than with actors outside the field" (*emphasis added*). Such a community of participations may emerge and develop around different types of "centres", which may include markets (Holm, 1995), industries (Garud et al., 2002), regulation activities (Hancher and Moran, 1989) and contested issues (Hoffman, 1999). From this perspective, therefore, fields represent "centres of debates in which competing interests negotiate over interpretation and [outcomes]" (Hoffman, 1999, p.351). According to Hoffman (1999), the process whereby fields are formed is not "static" but dynamic as new "forms of debate emerge in the wake of triggering events that cause a reconfiguration of field membership and/or interaction patterns" (*ibid*, p.351). Thus, a field becomes a centre for channels of dialogue, discussion and controversies between the different actors that participate in the field's life (Scott, 2001). In this sense, fields can be seen as "*arenas of power relations*" (Brint and Karable, 1991, *emphasis added*) where multiple constituents, with disparate purposes and (self-) interests, interact and compete over the formation of the field (Hoffman, 1999; Stryker, 2000; Smith, Haniffa and Fairbrass, 2011). As suggested by Lawrence (2008), an institutional field should be described as an issue-centred arena, i.e. as the symbolic location of discussion, dialogue, interactions and actions that characterize the collective decisions with regard to a specific issue (e.g. corporate environmentalism). Within each arena, multiple actors employ different resources (e.g. money, social influence, lobbying) to shape the arena's dynamics and pursue their goals. An arena, therefore, denotes a "complex and heterogeneous" domain (Greenwood et al., 2011) of power-infused interactions and relations between several individuals or collective actors (Georgakopolous and Thomson, 2008; Lawrence and Buchanan, 2017), who coalesce, confront and compete in order to affect the arena's life (Hoffman, 1999) in pursuit of their goals. As we have already outlined above, the space, which emerges out of the regulation activities (e.g. regulation about product stewardship), can be understood as an institutional arena that is characterized by power-infused dynamics¹⁰.

¹⁰ In this paper, an institutional field is seen as a specific form of (physical and/or symbolic) domain of institutional life and related dynamics. In particular, a field is characterized by the existence of a

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3 As Lawrence and Buchanan (2017) and Munir (2015) emphasize, the consideration of
4 these power-infused dynamics is key for understanding the logics underpinning the
5 formation, evolution and change of (institutions and) institutional arenas. In
6 particular, the multidimensional relationships between (power and) power-related
7 dynamics and institutional change describe the so-called institutional politics¹¹
8 (Lawrence and Buchanan, 2017; Lawrence, 2008; Stryker, 2000) of a specific
9 institutional arena.
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12 Institutional politics can be defined as “the strategic mobilization and counter-
13 mobilization” (Stryker, 2000, p.190) of “material and symbolic resources” through
14 which “individual, group and organisational actors” effect an arena by “influenc[ing]
15 the authoritative decision-making in accord[ance] with their perceived interests and
16 values” (ibid, pp.179-180). In particular, Lawrence and Buchanan (2017) maintain
17 that institutional politics involves two primary power-based dynamics: i) institutional
18 control; and ii) institutional agency¹². Each of these dynamics (see below for
19 definitions) describes the role that power and power-based strategies “play in
20 shaping the relationship between institutions, actors” and organisations within an
21 institutional arena (ibid, p.480).
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25 Institutional control refers to the impact that institutions exert on the beliefs and
26 behaviours of individual and/or organisational actors (Lawrence and Buchanan,
27 2017). Institutional control is concerned with the way in which institutions organize,
28 shape and influence particular forms of thought and actions in specific institutional
29 domains (Lawrence, 2008; Scott, 2001). As Lawrence and Buchanan (2017) explain,
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33 community of organizations which *frequently* and *repeatedly* interact about, and compete over, a
34 debated issue. From this perspective, therefore, an institutional field can be seen as a “power-based
35 arena” where the different constituents battle *in* and *for* (Scott, 2008).
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38 ¹¹ In more recent years, in the organizational institutionalism literature, more attention has been
39 devoted to the analysis of change, interests and conflicts in the emergence of institutions and
40 institutional arenas. As emphasized by Lawrence and Buchanan (2017), this research (e.g. institutional
41 work (Lawrence and Suddaby, 2006; Lawrence et al., 2009)), has emphasized the role of power and
42 power-related dynamics in the context of institutional change. Research on institutional politics
43 represents an attempt to bring agency and power dynamics into the analysis of institutions and
44 institutional life.

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46 ¹² The difference between institutional control and institutional agency recalls the broad parameters
47 of the structure and agency debate that has characterized much of the research in social and
48 organisational studies. Garud, Hardy and Maguire (2007, p.960-961) note that “privileging structure
49 over agency leads to causally deterministic models” whereby some features of the social world
50 structure or determine other aspects. According to Garud, Hardy and Maguire (2007, p.960-961), “in
51 the extreme” such a view renders humans as being void of agency who “are assumed to be
52 automaton-like processors”. On the other hand, on the agency side of the debate, individuals are
53 considered to possess agency and free choice with the capacity to influence their environment. At the
54 extreme, such views have a tendency to “promote heroic models of actors and have been criticized
55 for being ahistorical, decontextualized and universalistic” (ibid, p.960-961). Within the context of this
56 debate, the framework proposed by Lawrence and Buchanan (2017) has the potential to offer insights
57 into the processual dynamics linking structure and agency, which are implicated in the construction
58 and formation of organisational and individual actions. In this sense, the Lawrence and Buchanan
59 (2017) framework emphasis a somewhat more dialectical and less-deterministic relationship between
60 structure and agency.

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3 institutional control operates independently of any particular actor or the interests
4 of these actors. For instance, institutional control may derive from the intervention
5 of a specific law or regulation within an industry, market or region (e.g. the
6 regulation of product labelling) which affects the practices of the individuals or
7 organisations in that industry, market or region. On the other hand, institutional
8 agency¹³ describes the self-interested work of individual or collective actors to
9 create, transform and disrupt institutions (Lawrence and Buchanan, 2017; Lawrence,
10 2008). For example, institutional agency can refer to the initiatives that are
11 undertaken by an individual or organized group of actors within a specific arena to
12 modify and shape the institutions and institutional life of that arena (see for example
13 Holm, 1995).
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18 In their theoretical framework, Lawrence and Buchanan (2017) link institutional
19 control and institutional agency with two different “modes of power”¹⁴ (i.e. different
20 ways in which power can be exerted/exercised), which they call “systemic power”
21 and “episodic power” respectively (see Table 2). On the one hand, systemic power
22 (associated with institutional control) represents a form of power that operates
23 “through routine[s] [and] ongoing practices to advantage particular groups without
24 those groups necessarily establishing or maintaining those practices” (Lawrence and
25 Buchanan, 2017, p.480). For instance, this variety of systemic power may include tax
26 and insurance regimes as well as accreditation systems but also involves established
27 and taken for granted social and economic practices. All of these provide rules and
28 norms that divide (Russell and Thomson, 2009) what are considered to be feasible,
29 acceptable and normal forms of thought and behaviour from those which are not
30 (though see Archel et al., 2011). Lawrence and Buchanan (2017) argue that systemic
31 power can be exerted through two main modes (or forms): domination and
32 discipline. Domination indicates a form of power that supports institutional control
33 through systems, procedures and practices that “restrict” and “delimit” the range of
34 options available to actors. For instance, forms of domination include: i) physical and
35 social systems such as the layout of office and/or the format of technologies used; ii)
36 established economic and business practices that, through their underlying
37 assumptions and discourses (e.g. economic growth; the inevitability of profit-
38 maximisation as a business objective), restrict the options for what is seen as normal
39 and acceptable behaviour and thought. Discipline is a mode of power that involves
40 an ongoing and systematic engagement with the target of the power (e.g. an
41 individual) and relies on the agency of that individual to affect her/his behaviour
42 (Clegg, 1989).
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49 On the other hand, episodic power (associated with institutional agency) refers to
50 “relatively discrete, strategic acts of mobilization initiated by self-interested actors”
51 (Lawrence and Buchanan, 2017, p.480) to attend to specific objectives. From this
52 perspective, power is linked to the ability of actors to mobilize resources in order to
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55 ¹³ As emphasized by Scott (2008), agency describes the “actor ’s ability to have some effect on the
56 social world- altering the rules, the relational ties, or distribution of resources” (p.77).

57 ¹⁴ Drawing on the work of Clegg (1989), Lawrence and Buchanan (2017, p.480) see power “as a
58 property of relationships such that the beliefs or behaviours of an actor are affected by another actor
59 or system”. In this sense, power is seen as a “relational phenomenon rather than a commodity”, that
60 can be held or stored.

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3 modify and direct others' behaviours. According to Lawrence and Buchanan (2017)
4 and Lawrence (2008), episodic forms of power include force and influence. Force,
5 which can be understood in a physical or bureaucratic way, describes a mode of
6 power that works by directly and evidently overcoming another actor's intention or
7 behaviour¹⁵. The second mode of episodic power is influence. Lawrence and
8 Buchanan (2017) argue that influence denotes the ability of an individual, or
9 collective of actors, to persuade and induce another actor to do something that
10 she/he would not otherwise do. This form of power can be exerted through a variety
11 of initiatives and strategies, which may include, for example, corporate sponsorship,
12 moral and rational persuasion, lobbying for regulatory change, discursive and
13 legitimisation strategies. An analysis of the different ways in which these strategies
14 and initiatives allow multiple and self-interested actors to exert influence is essential
15 to the understanding of "how" and "why" specific institutional arenas (e.g.
16 regulatory arenas) are shaped and change over time (Holm, 1995; Stryker, 2000).
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21 *3.2 An analytical framework to investigate the institutional politics of the GP-arena*

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23 Drawing on Lawrence and Buchanan (2017), an analytical framework is employed in
24 this paper to explore in detail the competing power-infused strategies and initiatives
25 that were adopted by business groups and NGOs to affect and shape the GP-arena's
26 dynamics, including the definition, problematisation and suggested solutions for
27 SEAR in the EU. The proposed framework (see Table 1 and Table 2), which has been
28 enriched with insights from Vaara et al.,'s (2006) and Vaara and Tienari (2008)'s
29 discursive strategies, helps to illuminate the diverse modes through which
30 institutional agency, in the form of episodic power, took place.
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34 In particular, we will consider two forms of influence: i) the discursive strategies
35 adopted¹⁶; and ii) other influencing actions, such as the lobbying initiatives which
36 took place, moral suasion and relational persuasion. We contend that the intra-
37 arena dynamics, including the initiatives (and counter- initiatives) of institutional
38 agency of both constituents in our study (i.e. business groups and NGOs), were
39 strongly affected by the dominant economic discourses (and practices) of the wider
40 institutional context. In particular, the accepted and taken for granted discourses
41 and practices of the existing institutional context represented forms of domination,
42 i.e. forms of institutional control that restricted and delimited the actions in the GP-
43 arena (see Table 2 for details).
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48 ¹⁵ In the context of organizations, bureaucratic force is the most common form of force exerted. For
49 instance, bureaucratic forms of force may include the procedures and systems adopted by a
50 corporation to fire employees or by universities to expel poorly performing students.
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52 ¹⁶ While discursive strategies are highlighted as being a manifestation of episodic power, we note that
53 the Lawrence and Buchanan (2017) framework has the potential to offer insights into the processual
54 dynamics between discourses and social structures. In this sense, and in keeping with the dialectical
55 relationship between structure and agency outlined in note 12, we maintain that discourse itself also
56 shares something of this dialectic relationship. As Jorgensen and Phillips (2002, p.65) note: "discourse
57 is an important form of social practice which both reproduces and changes knowledge, identities and
58 social relations, including power relations, and at the same time, is also shaped by other social
59 practices and structures".
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Insert Table 2 here

As noted above, Lawrence and Buchanan (2017) propose that influence can be exerted through a range of approaches, including discursive strategies. With regard to discursive strategies we investigate *how* and *why* some strategies were more powerful than others and seemed to influence and shape the dynamics of the GP-arena. As Phillips et al., (2004) observe, understanding the institutional effects of discourses is essential for investigating how the dynamics of an institutional arena take place and how actions are affected (see also Archel et al., 2011; Bozanic et al., 2012). Our analysis of discursive strategies is informed by Vaara and Tienari (2008) and Vaara et al. (2006), who develop a typology of discursive strategies that can be employed in order to establish legitimacy within an institutional arena and therefore influence the dynamics of this arena (see Holm, 1995). More specifically, they identify five “discursive legitimation strategies”: (i) Rationalization; (ii) Moral Evaluation; (iii) Authorization; (iv) Normalization (as a separate category of authorization); and (v) Mythopoesis (or narrativisation).

4. Research Methods

Our analysis of the dynamics of the GP arena is undertaken in two phases (see section 5 for more detail), reflecting the “systemic power” and “episodic power” components of the analytical framework outlined above. Table 3 provides an overview of the data sources and methods associated with each phase of the analysis. A multi-method approach was adopted to capture the various conditions, factors, processes and main actors of the GP arena. In other words, the data collected through this multi-method approach helped to develop a richer and deeper understanding of the empirical *domain* of our investigation. In particular, drawing on the theoretical insights discussed above, we present a theoretically-informed analysis to interpret (Ahrens and Chapman, 2006) the socio-institutional context within which the GP arena evolved and the power-based initiatives that were adopted by business groups and NGOs to influence and shape the contours of the arena. In the following, we provide more detail about the sources of our data and the methods through which these were analysed.

Insert Table 3 here

For phase 1 of the analysis, two sources of data were utilized: newspaper coverage of the GP and semi-structured interviews. Several studies have highlighted the importance of considering newspaper coverage when analysing struggles within an institutional arena. For example, Ferns and Amaeshi (2017, p.8) argue that, “newspaper articles are often considered useful for analyzing discursive struggles because of the media’s dual role as both mirroring public debate while actively shaping the character of society by giving meaning to its institutions”. Similarly, Joutsenvirta and Vaara (2015, p.745) point out that newspapers help “defin[e]... the

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3 public agenda [and] synthesize various aspects of the discursive and ideological
4 struggles" (see also Beelitz and Merkl-Davies, 2011). Lupu and Sandu (2017, p. 534)
5 extend this viewpoint by noting "how legitimacy relies on the multiple processes ...
6 linking corporate narratives and media texts".
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9 For our analysis, a search was undertaken of the *Nexis* database¹⁷ for newspaper
10 articles related to the GP, SEAR or CSR at the EU-level during the period from July
11 2001 until March 2006. This period marked the first phase of a "regulatory cycle"
12 related to CSR within the EU (Monciardini, 2016, p.80)¹⁸. All articles containing
13 references to the GP or CSR at the EU-level were downloaded and read by two
14 members of the research team. This analysis noted the topic of the piece, the format
15 of the publication (e.g. letter, article, feature) and any affiliation of the author.
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19 In addition to the newspaper analysis, Phase 1 of our investigation was also
20 informed by semi-structured interviews that were conducted, in the first half of
21 2005, with four individuals who were knowledgeable about, and involved in, the GP.
22 Although small in number, these interviewees included one MEP and two senior civil
23 servants working in Brussels for the Commission in Directorates involved with the GP
24 proposal (see Table 3). The final interviewee was the head of an NGO that was
25 involved in the European Commission's CSR proposal. The interviews sought to
26 ascertain views about the history behind the publication of the GP. Interviewees
27 were also asked about the extent, and type, of any lobbying associated with the
28 European Commission's GP. Each interview was recorded, lasted for about one and
29 half hours, on average, and all except one were attended by two researchers.
30 Insights from the interviews were also used to inform the analysis of the second
31 phase.
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36 Phase 2 of our study involved an interpretive analysis of the discursive strategies
37 employed in the submissions on the GP made by business groups and NGOs; these
38 submissions were invited when the GP was first issued, collated by the European
39 Commission and published on their website in 2001 (see Table 4). As outlined above,
40 our analysis of discursive strategies is informed by Vaara and Tienari's (2008) and
41 Vaara et al.'s (2006) typology of legitimation strategies. In addition, insights from the
42 interviews were also used to enrich our analysis of the episodic power initiatives
43 which were mobilised by NGOs and business groups to influence the arena's
44 dynamics.
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49 ¹⁷ Nexis provides news and business information from a range of sources, including UK national and
50 regional newspapers, international newspapers and newswires, and foreign language news sources.
51 See: <https://www.nexis.com>
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53 ¹⁸ In his analysis of the development of CSR within the EU, Kinderman (2013, p.701) claims that "the
54 EU's role in EU CSR has changed from social-liberal standardsetter to neo-liberal cheerleader and
55 back". Our analysis follows the first part of this transition, beginning with the issue of the GP in July
56 2001 (the "social-liberal standardsetter" stage) to the European Commission (2006) Communication
57 that promoted a voluntary approach to CSR ("neo-liberal cheerleader" stage). A second phase to the
58 "regulatory cycle began only in 2008, immediately after the burst of the financial crisis" (Monciardini,
59 2016, p.80), which marks a return towards a social-liberal approach to CSR (Kinderman, 2013, p.701).
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Insert Table 4 here

5. Empirical Analysis: understanding the interplay between systemic and episodic power in the GP-arena

In this section, we present our analysis. Firstly, we examine the historical and institutional context, which affected the genesis of the GP in 2001, and established the systemic power within the GP-arena. Secondly, we provide an analysis of the episodic power-infused initiatives that NGOs and business groups espoused to compete for domination within the contours of the GP arena over the period up to 2006.

5.1. The background to the formation in 2001 of the GP-Arena: understanding the role of systemic power

The genesis of the GP can be traced back to the Jacques Delors presidency of the European Commission in the 1990s and, in particular, his initiative to establish a *European Declaration of Businesses against Social Exclusion* (Kinderman, 2013, p.705; Monciardini, 2016; Muhle, 2011). Concerned with rising unemployment, poverty and social exclusion, Delors developed the '*Declaration*' in 1995 as a vehicle to enlist business support to help address some of these wider social issues; 1996 saw the establishment of the European Business Network for Social Cohesion (EBNSC) (renamed '*CSR Europe*' in 2000)¹⁹. Similar considerations were reported by Interviewee B, a civil servant, who emphasizes that at that period,

“there was some unease with the closing of ... factor[ies], which ...[did not happen] in a socially responsible way. There was a major outcry about this”.

According to Interviewee A, a MEP during this period:

“You can really draw [the GP] into the Delors initiative, which certain businesses responded to very positively. They'd go and establish the agenda”.

Another factor associated with the growing awareness and demand for CSR policy and SEAR within Europe, as highlighted in media reports at the time, relates to the rise in mergers and acquisitions at the end of the 20th Century. This increase in merger and acquisitions activity brought “restructuring” and “large-scale redundancies” across (especially mainland²⁰) Europe (Spinant, 2001; see also, Staunton, 2001, p.16). At a time when “employers were increasingly fractious

¹⁹ One of the reasons attributed to this change was that “the legitimacy of the EBNSC to represent the voice of business” was being questioned by business groups, who “feared that the EBNSC was harbouring a hidden regulatory agenda” (Kinderman, 2013, p.707). CSR Europe placed less emphasis on social exclusion, stressed the importance of ‘entrepreneurship’ and did not maintain relationships with trade unions or labour organisations (unlike its predecessor, the EBNSC).

²⁰ While there had been a history of merger and acquisitions “waves” in the UK throughout the 19th century, this was a relatively recent phenomenon in mainland Europe. For example, between 1992 and 2000, these transactions grew by 250% for firms within the EU (Sudarsanam, 2003).

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3 towards the rituals of the corporatist collective bargain”, this inevitably led to
4 growing concerns for employee welfare and demands for increased employee
5 participation in corporate decision making (Monciardini, 2016, p.79).
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8 Towards the end of the 20th century, another institution of the EU, the European
9 Parliament, was “very much in touch with NGOs and campaigners about issues of
10 corporate responsibility” (Interviewee A), which led to a parliamentary resolution in
11 1999 calling for a binding European Code of Conduct to govern companies’ labour,
12 environmental and human rights practices. The contents of the European Parliament
13 resolution provide an early indication of the stark differences in approach to CSR
14 policy and SEAR that were to emerge between the European Parliament and
15 European Commission. More specifically, the European Parliament resolution took a
16 more regulatory orientation – proposing, among other things, a ‘monitoring
17 platform’ which would handle complaints about companies, and a social labelling
18 scheme (Lozano and Prandi, 2005, p.192).
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23 Further impetus for CSR within the EU context emerged through the Lisbon
24 Strategy²¹, a developmental plan that was launched in March 2000 by EU heads of
25 state and governments as well as the European Council (De Schutter, 2008;
26 Kinderman, 2013; Muhle, 2011). According to Interviewee B, “in the Lisbon
27 [Strategy] conclusions there was a paragraph about Corporate Social Responsibility
28 which did put CSR on the EU political agenda”. Similarly, Interviewee A reflected that
29 the Lisbon Strategy was “a very important point where [CSR] moves into the
30 European mainstream”.
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34 However, the Lisbon Strategy not only marks the point where CSR enters the
35 mainstream, but also the emergence of: (i) contested understandings of CSR within
36 the EU²²; and (ii) a neo-liberal orientation to CSR within the EU. According to
37 Interviewee D, a representative of a NGO, it was evident that the “European
38 Commission and Council of Ministers [gave] much stronger endorsement to the sort
39 of neo-liberal [and] trade liberalisation type agenda” than to any other context for
40 CSR. Both of these issues become strikingly visible following the release of the GP in
41 2001, and are discussed further below.
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45 Contemporaneously, other wider social forces were at play, which undoubtedly
46 contributed to a sense of urgency around CSR related issues within the EU’s
47 institutions. For example, in 2001, the Observer reported that:
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50 “The issue of corporate power has risen high up the international agenda,
51 aided by campaign groups and authors such as George Monbiot, Naomi Klein
52 and Noreena Hertz... The transformation can be traced back to Shell's calamity
53 in 1995 with the Brent Spar oil platform and the Ogoniland imbroglio” (Crowe,
54 2001, p.9).
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58 ²¹ <https://portal.cor.europa.eu/europe2020/Profiles/Pages/TheLisbonStrategyinshort.aspx>

59 ²² For example, Kinderman (2013, p.707) notes that “a statement in the Lisbon Agenda, drafted by
60 CSR Europe, on the role of CSR in achieving the Lisbon goals triggered [a] clash with BusinessEurope”

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3 The article also highlighted the so-called “Battle of Seattle” in 1999 as a relevant
4 factor in the development of CSR, when a coalition of NGOs and anti-globalization
5 “demonstrators... brought the proceedings of the World Trade Organisation to a
6 halt” (Crowe, 2001, p.9). Similarly, Interviewee B reflected that developments
7 around the GP emerged “just after the Seattle events, with the backlash against
8 globalisation. It was in the air that business as usual in the ‘90s was facing opposition
9 in society”. From the perspective of institutional theory, these events (e.g. Shell’s
10 calamity, activist campaigns, factory closures, etc.) represented “trigger” (Hoffman,
11 1999) factors that challenged institutional inertia and promoted change in the
12 existing way of understanding CSR-related issues. In other words, these events, in
13 conjunction with the existing favourable political and economic conditions (e.g.
14 Delors’ initiative), helped to give ‘visibility’ to, and to increase ‘awareness’ of, the
15 problematic issues related to business conduct and created the scope for initiatives
16 such as CSR and associated SEAR.
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21 From the analysis of our empirical data, it appears that, by the end of the 1990s and
22 before the publication of the GP in 2001, two main CSR-related discourses seemed
23 to emerge. These discourses were centred on two issues: i) the *urgency* of a CSR-
24 agenda given that the European Parliament, the European Council and the European
25 Commission were all exercised by various aspects of its dimensions; and ii) the *need*
26 for business support. In particular, business and corporations were considered key
27 actors for setting and, in the words of Interviewee A, “establish[ing] the agenda”.
28 Our analysis indicates that these discourses gradually and increasingly became the
29 “normal” and “acceptable” (Lawrence and Buchanan, 2017; Lawrence, 2008) ways of
30 understanding and dealing with the CSR issues. From the theoretical perspective
31 adopted in this paper, these discourses, thus, acted as a form of systemic power,
32 which subsequently “delimited” and “restricted” the range of options for thinking
33 and acting towards CSR and related SEAR practices.
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39 *2001: the emergence of the GP-arena*

40 The GP was issued by the Commission in July 2001, with December 2001 set as the
41 deadline for consultation responses from any interested parties. During the process
42 of its development, media reports noted that the GP was “a product of three
43 European Commission Directorates-General” – the Social Affairs Commissioner,
44 Anna Diamantopoulou; the Industry Commissioner, Erkki Liikanen; and the
45 Environment Commissioner, Margot Wallstrom (*Europolitics*, 2001, p.4,
46 *Europolitique* – initially entitled *European Report* in English). While three
47 Directorates-General (DG) were involved in the development of the GP, in these
48 early stages of CSR within the EU, the Social Affairs DG served as the “home-base”
49 (Fairbrass, 2011 p.959) and “chef de file” (*Europolitics*, 2001, p.4). In terms of our
50 analysis, the publication of the GP and the consultation process that followed,
51 represented *the* significant “triggering event” (Hoffman, 1999) that inaugurated the
52 formation of the “institutional arena” (Brint and Karable, 1991); this centred on
53 whether any CSR policy and reporting framework - including SEAR - should be
54 voluntary or mandatory. In this sense, the publication of the GP was the *first formal*
55 *act* that started a “centre of [regulatory] debate” (Lawrence, 2008; Hoffman, 1999)
56 between different interested groups, such as NGOs, business groups and other
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3 actors. In addition, by providing a formal definition of CSR, the GP delimited the
4 contours of the issue at the centre of debate and laid out the rules of engagement in
5 the arena. From this perspective, therefore, the concept of CSR in the GP
6 represented a form of “dividing construct” (Russell and Thomson, 2009), which
7 “delimits” and “restricts” (Lawrence and Buchanan, 2017; Lawrence, 2008) the
8 possible ways of understanding and debating the issue.
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12 The GP consultation document characterised the common understanding of CSR as
13 follows: “a concept whereby companies integrate social and environmental concerns
14 in their business operations and in their interaction with their stakeholders on a
15 *voluntary* basis” (Section II, emphasis added). The voluntary basis of CSR was also
16 emphasised in media coverage at the time. For example, reporting on the
17 publication of the GP, the *Financial Times* referred to CSR in general as a “voluntary
18 movement” adding somewhat ominously that, “any attempt at heavy-handed
19 intervention from the Commission would almost certainly be the *kiss of death* for
20 CSR among European companies” (Cowe, 2001, p.16, *emphasis* added). The
21 voluntary approach to CSR was presented as the normal way of understanding and
22 defining CSR. As emphasized by Interviewee B:
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26 “... the integration of social and environmental [issues] on a voluntary basis, was
27 the *credo* all the time”.
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30 Not only did the GP frame CSR as voluntary, but two of the European Commissioners
31 involved with its inception were keen to highlight the business benefits of CSR at its
32 launch. As Staunton (2001, p.16) reports:
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34 “Employment and Enterprise Commissioners, Ms Anna Diamantopoulou and Mr
35 Erkki Liikanen, said that an ethical approach was good for business... “More and
36 more firms are realising the link between profitability and best ethical and
37 environmental practice. Conscientious firms not only attract and retain the best
38 workers, they can also get ahead in the technology game, vital for that all-
39 important competitive edge” they said.”
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43 The GP “elicited responses from about 260 organizations and individuals during
44 2001... The overwhelming majority [coming] from organized interests” (Fairbrass
45 2011, p.959). According to Fairbrass’s (2011, p.960) analysis, companies were by far
46 the largest group present in the submissions – representing 42% of overall
47 submissions. More specifically, as Interviewee B noted, the majority of responses
48 were submitted by “British companies. They [were] the largest quantity or group”. He
49 added that:
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53 “I suspect that there may have been a role given to British business to make their
54 voices heard. It may have been a strategy to send many responses because they
55 tend to say more or less the same [thing]”.
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58 The analysis of our empirical findings shows that the emergence of the GP-arena, as
59 a result of the publication of the GP in 2001, was characterized and influenced by
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3 two emerging discourses related to CSR: i) the voluntary approach to CSR; ii) the
4 business benefits of CSR. These two discourses appeared to be coherent and
5 connected (Phillips et al., 2004); while the involvement of business groups was seen
6 as necessary for the success of any CSR policy and SEAR framework, this involvement
7 needed to be based on some benefits to business participants. Any CSR policy and
8 SEAR framework, therefore, should be voluntary because, as emphasized by
9 Interviewee D, “any regulation [would have been seen as] a burden”. In other words,
10 the voluntary approach discourse was *a sine qua non* for the successful involvement
11 of the business actors. As observed by Interviewee C,
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15 “once we decided that CSR is voluntary we need businesses to be on board. The
16 voluntary nature is necessary so that businesses think that it is theirs”.
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20 As we will see later, these two connected discourses, which emerged in the early
21 phase of the GP-arena, were relevant to understand the initiatives that were
22 subsequently (feasible to be) undertaken by NGOs and business groups to influence
23 and shape the dynamics of the arena.
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25 *2002-2006: the evolution of the GP-arena*

26 One of the key developments immediately after the GP consultation occurred
27 when the Commission issued its Communication concerning CSR in July 2002,
28 entitled *Communication on Corporate Social Responsibility: a business contribution*
29 *to Sustainable Development* (European Commission, 2002). It provided a very brief
30 synopsis of the responses to the GP and, in particular, noted that companies
31 “stressed the voluntary nature of CSR” while civil society organisations emphasised
32 the inadequacy of voluntary initiatives.
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36 In the lead-up to the publication of this Communication, a schism between the
37 European Parliament’s and European Commission’s approaches to CSR policy and
38 SEAR became more pronounced. For example, Europolitics (2002, April 24th,
39 Section 2678) reported that:
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42 “MEPs have expressed their disappointment at the European Commission's
43 June 2001 Green Paper on Corporate Social Responsibility (CSR), complaining
44 that it simply lists a large number of current initiatives whilst suggesting a
45 largely voluntary, rather than regulatory, approach to the issue. The non-
46 legislative report, drafted by British Socialist Richard Howitt (PSE, UK), was
47 adopted by the Committee on Employment and Social Affairs in the
48 Parliament on April 23... Mr Howitt is not happy with [the] definition, arguing
49 in his report that it undermines the very idea of global governance and
50 indicates that the only idea of CSR is a voluntary one.”
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54 Reporting on a European Parliament vote on “new rules *requiring* annual social and
55 environmental reports alongside financial accounts” (*emphasis* in original) in May
56 2002, a Financial Times article highlighted the different position taken by the
57 ‘Employment and Enterprise’ commissioner Anna Diamantopoulou and the
58 European Commission. The article states that Diamantopoulou’s “officials say
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3 binding legislation is not yet on the cards” adding that “CSR is a voluntary exercise
4 for business and it's becoming more common across Europe” (Maitland and Mann,
5 2002, p.14).
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8 There was a notable outcry within certain sections of the British press when the
9 European Parliament voted to back proposals mandating annual social and
10 environmental reports. For example, the Daily Mail reported that “The
11 Confederation of British Industry said it would be working with counterparts across
12 Europe to persuade the Commission to reject the proposals” and that, according to
13 Ruth Lea from the Institute of Directors, “this corporate governance agenda is a
14 distraction dreamt up by people who do not know how business works” (Wilson,
15 2002, p.23). Similarly, *Accountancy Age* (Zea, 2002, p.3) (a trade magazine for
16 accounting and finance professionals in the UK), denounced the proposals as “a load
17 of hot air”, reporting that the Institute of Directors and the UK's Department of
18 Trade and Industry had both “heaped criticism on a proposal from the European
19 Parliament to make [social and] environmental reporting compulsory”.
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24 Following publication of the Communication, the other key development during this
25 period was the emergence of the European Multi-Stakeholder Forum (EMS)²³ on
26 CSR, which was established in October 2002 as a result of recommendations
27 contained in the July 2002 Communication. From the analysis undertaken in this
28 paper, the Communication issued in July 2002 and the constitution of the EMS in
29 October 2002 represented relevant initiatives which “reinforced” (Contrafatto, 2014)
30 the arena by providing “resources” and “channels” (Hoffman, 1999; Lawrence, 2008)
31 for further interaction and confrontation between the arena's actors, in particular
32 NGOs and business groups. For example, Interviewee B stated that businesses
33 refused to participate in the EMS “unless they had 50% of the seats” (see also
34 Ungericht and Hirt, 2010, p.11). In addition, these “reinforcing initiatives”
35 contributed to a re-shaping of the structure, participants and dynamics of the arena.
36 As emphasized by Fairbrass (2011, p.959) “this second stage in the interactive
37 process marked the first narrowing of the actors invited to participate in the
38 deliberations”. While around 30 organizations participated, including a range of
39 public, private and voluntary bodies, the negotiations were closed to members of
40 the public.
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46 In addition, the CSR policy and SEAR process witnessed a further development that
47 proved very significant for CSR within the EU; namely the political complexion of the
48 Commission changed when the “centre left” EU President Romano Prodi was
49 replaced as president by the “centre right” Manuel Barroso in November 2004. This
50 political event marked a significant change event, which “challenged” the
51 equilibrium (Holm, 1995) of the GP-arena and “triggered” (Hoffman, 1999) some
52 institutional reconfiguration in the existing practices and discourses. As a result of
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56 ²³ While the Communication emphasized a voluntary approach to CSR, De Schutter (2008, p.208)
57 argues that aspects of this document stressed the need for: (i) “convergence” towards commonly
58 agreed criteria for CSR and SEAR, and; (ii) the identification and exploration of “areas where
59 additional action is needed at [the] European level”. According to De Schutter (p.209), “the
60 Commission... expressed its hope that the [EMS]” would consider and address these two issues.

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3 this change in the complexion of the Commission, there was a shift in the political
4 orientation, which, among other things, affected their vision and approach to the
5 CSR policy and SEAR framework.
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8 As a result of this political reconfiguration, the existing discourses about a 'voluntary
9 approach to CSR' and 'the business case for CSR' seemed to receive even wider
10 support. From the analysis of our empirical data, it appears that these two
11 discourses, which had characterized the GP-arena since its origin, increasingly
12 become more established and taken for granted, i.e. the normal and appropriate
13 way of understanding and considering any CSR policy and SEAR framework. In other
14 words, these discourses increasingly became an '*ought*'. In the words of Interviewee
15 C,
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19 "CSR *has to be* voluntary from our point of view. It is either voluntary or it is not
20 really a concept that works in [any] political context. The challenge [is] to
21 promote CSR respecting its voluntary nature without adding extra administrative
22 burdens to business" (*emphasis added*).
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25 This emphasis on a voluntary approach and in favour of business interests became
26 even more evident towards the end of this period when the Commission launched
27 the European Alliance for CSR, and issued a second policy document (European
28 Commission, 2006) entitled "New Communication on Corporate Social
29 Responsibility". The tone of this document was anticipated in coverage by the
30 *Financial Times*:
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34 "The European Commission plans to side with business in largely excluding
35 trade unions and non-governmental groups from a new European corporate
36 social responsibility initiative" (Minder et al., 2006).
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39 Minder et al., (2006) also quoted Gunter Verheugen, the Industry Commissioner as
40 follows:
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43 "Originally the Commission's plans looked very different. The department
44 responsible wanted to publish naming-and-shaming lists (of companies) and
45 to create a monitoring system for the implementation of the CSR principles. I
46 had to halt this enthusiasm for new regulations."
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49 In sum, by the end of 2006, therefore, these discourses about the 'business case for
50 CSR' and the 'voluntary approach to CSR' seemed to have become largely dominant.
51 From our theoretical perspective, these discourses represented, and acted as, forms
52 of systemic power, which "defined", "delimited" and "restricted" (Lawrence and
53 Buchanan, 2017; Lawrence, 2008) the course of actions and initiatives of available to
54 the actors in the GP-arena.
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57 5.2. Episodic Power initiatives to influence the GP-arena

58 In this subsection, we examine the episodic power initiatives which were deployed
59 by NGOs and business groups to influence the dynamics in the GP-arena. In
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3 particular, we focus on: i) the discursive strategies; and ii) other approaches such as
4 lobbying initiatives undertaken, moral suasion and coalition building. As noted
5 above, our analysis of the discursive strategies employed in the lobbying process is
6 informed by Vaara and Tienari (2008) and Vaara et al., (2006, p.797), who distinguish
7 between five “discursive legitimation strategies”; (i) Rationalization; (ii) Moral
8 Evaluation; (iii) Authorization; (iv) Normalization (as a separate category of
9 authorization); and (v) Mythopoesis (or narrativisation). Although we saw evidence
10 of each of these strategies in our analysis, we focus our discussion here on the four
11 where the evidence is strongest: rationalization, moral evaluation, authorization and
12 normalization. In addition, we highlight evidence of other episodic power initiatives
13 such as lobbying, moral suasion and coalition building.
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18 *Rationalization*

19 According to Vaara and Tienari (2008, p.988) and Vaara et al., (2006, p.800),
20 rationalization is a strategy of legitimisation that refers to the utility of an action or
21 the expected outcome. Within the context of responses to the GP, this strategy was
22 frequently employed in the submissions made by companies, who tended to
23 emphasise both a “business case” for CSR policy and SEAR and the utility of a
24 voluntary approach. In fact, companies were generally enthusiastic about their own
25 capacity to make a meaningful contribution to CSR development, but only under
26 conditions of voluntary guidelines. Many of their comments described voluntary
27 regulation as important for company motivation and responsibility. One example of
28 this was found in a submission by Lloyd’s TSB:
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32 “There is frequently a business motivation, particularly in relation to
33 social policy, and this helps explain the willingness of companies to go
34 beyond mere compliance.”
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37 For instance, Lloyd’s TSB argued that “the essential driver for business engaging in
38 CSR [reporting] practice, let alone its evaluation and verification, will be the
39 business case”. These comments were echoed by Interviewee D, who, reflecting on
40 whether there was a business case for voluntary CSR and SEAR, emphasized a
41 rationalization-based argument according to which “there is a business case...
42 [related to some] competitive advantage for those who have taken this strategy”.
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46 Many company submissions favoured voluntary regulation on the basis of its
47 “flexibility”. More specifically, it was frequently claimed that such flexibility was the
48 driving force behind the corporate adoption of CSR and SEAR practices. Companies
49 argued that the huge variety of business sectors, sizes and business environments
50 made voluntary regulation expedient. For example, Barclays suggested that CSR
51 “[i]ssues can be subjective, intangible and ... difficult to address properly through a
52 ‘one size fits all’ framework.” British Telecom’s response indicated that firms
53 “would also like to see the EU emphasise the need to build up trust relationships
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3 with suppliers in the implementation of codes, and this requires a company- or
4 industry -specific, rather than 'one size fits all', approach to implementation"²⁴.
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7 In the above examples, a rationalization strategy is being employed as a basis of
8 establishing legitimacy, through the implication that wider social welfare would
9 benefit from a voluntary approach to policy and reporting – since such an approach
10 could (more efficiently) accommodate: (i) the inherent subjectivity of CSR (see also,
11 Fairbrass, 2011) and (ii) the inherently different contexts in which companies and
12 industries operate.
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15 In contrast to the generally favorable views expressed in relation to voluntary
16 regulation, companies' submissions tended to characterize a mandatory approach as
17 both costly and as an impediment to progress in CSR policy and SEAR²⁵. There were
18 also the familiar business case arguments against the imposition of mandatory
19 regulation. In this sense, a strategy of (de)legitimation was employed. For example,
20 concerns were raised about the adverse impact on business's incentives to adopt
21 CSR that could result from forcing a compliance-based regime upon companies.
22 Cadbury-Schweppes made the following comment about this potential loss of
23 incentive:
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28 "Cadbury Schweppes supports the Commission approach of privileging
29 voluntary rather than legislative measures as legislation would result in
30 companies trading down to the lowest common denominator instead of
31 pushing industry to constantly improve its performance."
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34 These negative arguments focussed on specific CSR concepts, such as stakeholder
35 relations and social dialogue. For example, GlaxoSmithKline UK evidently felt that
36 they had already accumulated social capital through the development of their own
37 voluntary CSR policy and expressed concern about losing it: "a mandatory scheme
38 could undermine the goodwill that is currently the foundation of business's CSR
39 activities, particularly stakeholder engagement."
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42 *Moral Evaluation*

43 According to Vaara and Tienari (2008, p.998) the strategy of moral evaluation seeks
44 to establish "legitimation by reference to specific value systems that provide the
45 moral basis for legitimation". For example, one might attempt to establish legitimacy
46 by appealing to a rights-based discourse, to fairness (Vaara and Tienari, 2008) or
47 even to "national interests" (Vaara et al., 2006, p.801). In relation to the GP, the
48 most prevalent and explicit utilizations of this legitimation strategy were to be found
49 in the NGO submissions, across a range of arguments.
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56 ²⁴ Recall that interviewee B had suggested "It may have been a [British business] strategy to send
57 many responses because they tend to say more or less the same".

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59 ²⁵ Jackson et al. (2019) is a more recent exploration of the impact of mandatory disclosures on CSR in
60 a number of countries, including many from the EU.

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3 It was clear that NGOs were concerned that CSR should not be used in an
4 instrumental way as a marketing tool for financial gain. For example, The Platform of
5 European Social NGOs stated this point succinctly when they argued that:
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8 “CSR must not involve rewarding corporations for complying with legal
9 obligations ... CSR should not be promoted solely on the instrumental
10 grounds of economic benefit”.
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12
13 Relatedly, *all* NGOs were uneasy about the GP’s business case focus. For example,
14 the New Economics Foundation argued that:
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17 “The focus on the “business case” limits the EU role in ensuring that
18 organisations - including public, private and voluntary - take full
19 responsibility for their wider impacts on stakeholders and the
20 environment”.
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22
23 The moral legitimation strategy employed by NGOs in their submissions, tended to
24 implicitly view corporate responsibility as a duty or *end in itself*; such a view is
25 therefore quite distinct from, and undermined by, a moral discourse which
26 emphasises the “business case” or views corporate responsibility as a *means to an*
27 *end*. In the submissions, Friends of the Earth probably came closest to explicitly
28 articulating what they saw as a corporate moral duty, stating that “the benefits of
29 publicly-traded status are effectively a substantial subsidy from society to these
30 corporations - for which society can expect some return”.
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34 In relation to SEAR more specifically, NGO submissions also employed a legitimation
35 strategy grounded on moral evaluation. Specifically, a number of submissions
36 alluded to a potential moral conflict of interest that might arise if a commercial
37 company were to offer assurance services to another company. For example, Africa
38 Now were explicit about the inherent threat to ‘auditor independence’, stating:
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40
41 “The quality of the verification would be much improved if it were not
42 simply the preserve of companies who sold a verification exercise (*and*
43 *thus perhaps could be argued to be tempted to provide a favourable*
44 *report*) but broadened to NGOs, workers and civil society more
45 generally” (emphasis added).
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49 In this respect, a broader role for the NGO sector in acting as a stimulus to
50 responsible corporate behaviour was also envisaged:
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53 “The EU should also actively support NGOs and other groups that
54 campaign and act as watchdogs on specific issues such as human rights
55 or the environment”.
56

57
58 While, on the whole, the most *explicit* use of this legitimization strategy in the
59 submissions was from NGOs, it is worth noting that the strategy of rationalization
60 also “has a moral basis, although not always an explicit one” (Vaara et al., 2006,

p.801). For example, according to Vaara et al., (2006, p.801) “economic-financial” rationalizations that emphasise “growth, economies of scale, efficiency, etc.”, are often connected to the moral views that one might associate with “neoliberalism”. Similarly, as outlined in the rationalization section above, the companies’ submissions to the GP tended to emphasise a voluntary approach to CSR policy and SEAR, arguing that minimal government interference and an instrumental approach to CSR that would benefit “business interests”. When companies’ submissions were explicit in employing a moral evaluation strategy – they tended to refer to these points. For example, BG Group alluded to these issues in their succinct observation: “above all, the Commission must steer clear of policies that will add to costs and make European firms uncompetitive.”

Authorization

The strategy of authorization seeks to establish legitimacy by making “reference to the authority of tradition, custom, law, and persons in whom institutional authority of some kind is vested” (Vaara and Tienari, 2008, p.988). While not a prevalent strategy with the submissions, there were clearly instances of such a strategy. For example, it was employed in the negative in order to question the legitimacy, jurisdiction and authority of the EU vis-à-vis CSR. In this sense, for example, a number of submissions suggested that the EU was not an appropriate forum for dealing with global issues. Kellogg’s submission argued that CSR had to be dealt with at a higher jurisdictional level than the EU because “[t]he nature of CSR means that it needs to be seen in both a global and local context”. Morley Fund Management agreed with this view; their submission suggested that “[a]n overly prescriptive approach to CSR policy and reporting in Europe could also cause problems with integrating internationally.” In other words, some companies’ submissions framed CSR as a complex *global* issue, which was beyond the EU’s jurisdictional authority.

The most common expression of this strategy of authorization came from companies through an appeal, either explicitly or implicitly, to the authority of “the market”. This is exemplified by the submission from Telephonica who stated, “the market will decide which companies are more credible”. This appeal to the authority of the market is closely linked to another, more common, legitimation strategy; more specifically, a number of the company submissions employed a rationalization strategy that highlighted the “business case” for CSR – as discussed above. It could be argued that the authority of the market is implicit in such rationalizations.

Normalization

Vaara and Tienari (2008, p.988) designate normalization “as a separate category of authorization” or, as Vaara et al., (2006, p.797) describe it, “a fact-of-life rationalization” which “rend[ers] the case at hand as something ‘normal’”.

Many comments in the submissions highlighted the problem of defining good CSR practices across a wide range of businesses and countries. For example, General Motors (Europe) argued that “a prescriptive approach in this respect is inappropriate as CSR means a great many things to many people”. NIKE agreed arguing that it was “too early in the global debate to be able to define precisely the formal roles that

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3 each stakeholder should or could play and that it would be premature and
4 constraining to attempt to formalize roles within the framework of the social
5 dialogue.” Similarly, Innogy argued that requiring assurance on SEAR and related
6 reports would be problematic, because standard metrics would not capture the
7 complexity of CSR. They stated: “given the wide range of impacts that such
8 verification would need to cover *this may be difficult* to address through a
9 standardised set of metrics” (*emphasis added*). What is being rendered as normal in
10 these examples is that CSR is “complex” – and that such complexity is simply a “fact-
11 of-life” about CSR.
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15 By contrast, NGOs did not view CSR policy and SEAR regulation as out of the ordinary
16 and drew attention to the long tradition of regulation on related matters. For
17 example, Friends of the Earth argued that: “[f]rom the end of slavery to health and
18 safety standards, corporations have been required to act in ways deemed to be in
19 the public interest”.
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23 *Other episodic power initiatives including lobbying, moral suasion and coalition* 24 *building*

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26 As noted by Lawrence and Buchanan (2017) and Lawrence (2008), lobbying
27 represents a powerful initiative for influencing the behaviour of other individuals
28 and/or groups. From this perspective, therefore, lobbying represents a form of
29 “episodic power”, which can be strategically mobilized to affect the dynamics of the
30 GP-arena. According to Interviewee A, the EU CSR initiative was
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34 “a very heavily lobbied issue. Lobbying takes place heavily here in Brussels all the
35 time anyway, on every issue. This is one of them which business is highly sensitive
36 to...Of course lobbying has been performed by others, not least by campaigning
37 groups”.
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40 As added by another Interviewee (C) the attempts of lobbying “from different groups
41 ... in whatever form they make take [was] very *strong*” (*emphasis added*). From the
42 analysis of our empirical data, it appears that the GP arena, from its inception, was
43 the focus of *strong* lobbying activity, undertaken by different groups including
44 business groups and NGOs. As emphasized by Interviewee B,
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47 “We have the same people lobbying MEPs and European Commission officials and
48 also Commissioners. Everybody. There is a whole industry in Brussels about this.
49 The best way of [doing] it is through [multiple] initiatives”.
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52 In the context of our analysis, these multiple lobbying initiatives included: requests
53 for formal and informal meetings; sending letters and reports; written responses to
54 the GP; invitations to specific thematic conferences and forms of moral suasion
55 through Public Relations offices. However, not all of these were considered to be
56 equally effective in shaping the GP-arena. For example, according to Interviewee B,
57 an effective form of lobbying is through
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3 “meetings. We receive so many papers. Opinions that are submitted in writing are
4 easier to dismiss. If you have one hour with someone, you are forced to have a
5 dialogue with them. If they [lobbyists] want information they call you on the
6 phone, but when they want to make their point they ask for an appointment”.

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9 Similar considerations are reported by Interviewee C, who explained that:

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12 “written documents are not as effective as face to face meetings. I think you are
13 likely to remember in a face to face meeting what was said in it, more than in a
14 written document”.

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17 Our analysis suggests that several face-to-face meetings were requested and
18 organized by business groups and NGOs to seek to influence the decisions of the
19 EU’s institutions, and therefore the dynamics of the GP-arena. These meetings were
20 relevant because they created alternative “channels of dialogue” (Scott, 1995)
21 between actors in the GP-arena through which to persuade and exert moral suasion.
22 In addition to the face-to-face meetings, two other initiatives seemed to play a
23 pivotal role in the GP-arena: a) conferences and workshops; b) coalition building.

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26 Several conferences and workshops were organized to discuss the EU CSR policy.
27 Some of these conferences, which were organized by interested groups or their
28 representatives (e.g. Confederation of British Industry), were also used as platforms
29 to express criticisms of EU institutional actors or to create wider consensus. As
30 reported by Interviewee A, who took part in one of these specific conferences,

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34 “the EU Committee for the US Chamber of Commerce, for example, held a special
35 conference following the [CSR] White Paper where they invited me. They wrote
36 some very critical things about our [Directorate’s] position and my own position,
37 but I was very happy to go up there and have tomatoes thrown at myself”.

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40 From the theoretical perspective of this paper, these thematic conferences on the
41 EU CSR policy and reporting framework represented other ‘*alternative*’ forms and
42 centres of dialogue and discussion, through which to influence the dynamics in the
43 GP-arena.

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46 With regard to point b) coalition building, the emergence and evolution of the GP-
47 arena were also characterized by attempts to build alliances between members
48 within each interested group, such as business groups and NGOs. For example, CSR
49 Europe (i.e. the lobbying organisation for CSR) played an important role in
50 influencing the GP-arena because it promoted a stronger pro-business stance for CSR
51 policy and SEAR. In particular, it was seen, and acted, as an influential representative
52 of business in the context of the GP-arena. According to Interviewee D

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56 “The business organisations were represented by this CSR Europe construct... This
57 was an interesting *beast*. They were very much pushing the business case
58 argument. CSR Europe coordinated the group” (emphasis added).

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4 Our analysis shows that business groups adopted coalition building as a specific
5 strategy to mobilize resources to influence the dynamics in the GP-arena. Similar
6 attempts were also undertaken by NGOs. However, such attempts, we argue, at
7 coalition-building between NGOs and other non-business constituents (e.g.
8 European Trade Unions) were not as effective as those taken by business (see also
9 Fairbrass, 2011). Interviewee D, who was actively involved in these NGO attempts,
10 noted:
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13 “We did engage with the formal process of the [GP], but we also engaged
14 informally, through the G8 in terms of producing papers circulated to MEPs and
15 Commissioners and so forth at different stages in the process. We actually spent
16 most of the latter part of the formal process trying to persuade most of the NGOs
17 to gather around to pull out of it...So the dynamic was that, there were two or
18 three NGOs that were prepared to be stropy; six or seven wanting to engage or
19 be annoyed depending on what was on the agenda. The European Trade Union
20 Confederation prepared to talk as a means to negotiate something: [but was
21 clearly too dependent on maintaining a good relationship with the Commission
22 and] in the end never prepared to back out”.

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26 Therefore, from our empirical analysis, it appears that, unlike business groups, there
27 was lack of consensus between NGOs, and between NGOs and other civil society
28 groups, about the *vision, strategy and approach* to adopt with regard to the
29 consultation processes, which started with the publication of the GP. In particular,
30 while business groups seemed more united about the need to support the business
31 case for CSR through a voluntary reporting and verification framework, NGOs and
32 other civil society groups appeared fragmented and divergent.
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35 36 **6. Conclusions**

37 This paper examines the institutional politics associated with the regulatory arena
38 that emerged out of the European Commission’s GP on CSR, which was issued in
39 2001 as an attempt to “regulate” CSR and SEAR activities. As already outlined, this
40 regulatory arena denoted a specific example of an institutional arena, i.e. the
41 symbolic location of discussions, interactions and actions that characterize the
42 several actors involved in the arena’s debated issue. Our analysis, in particular,
43 explores the competing power-infused strategies and initiatives employed by two
44 key actors in the arena (business groups and NGOs) which sought to influence the
45 outcome of the debate in terms of the definition, problematisation and suggested
46 solutions for the issue related to whether any CSR framework and associated SEAR
47 should be voluntary or mandatory. Drawing on Lawrence and Buchanan’s (2017) and
48 Lawrence’s (2008) notions of systemic power (exerted through domination or
49 discipline) and episodic power (where actors mobilise resources to affect the
50 behaviours of others through force and influence), the present paper investigates
51 the strategies of business groups and NGOs in the arena, which emerged from the
52 GP which was published in 2001 (GP-arena). Newspaper articles and other related
53 literature about this issue (from 2001 to 2006) were analysed using a themes-based
54 protocol to study the forms of systemic power, which characterised the arena: the
55 institutional context in which the GP-arena emerged/evolved; how the actors
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3 responded; and the ongoing practices that delimited the options available to the
4 actors. A discourse-informed content analysis of companies and NGO submissions on
5 the GP as well as a protocol analysis of transcripts from a small number of interviews
6 were employed to examine instances of episodic power.
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10 Our empirical analysis shows that the GP issued by the Commission in July 2001 was
11 *the* “triggering event” (Hoffman, 1999), i.e. the catalyst that led to the formation of
12 the institutional arena. Our findings reveal that this triggering event was
13 characterised and supplemented by two emerging discourses related to CSR and
14 SEAR; one prioritised the voluntary nature of CSR while the other highlighted the
15 benefits to business of CSR. These two connected – and dominant (Archel et al.,
16 2011) - discourses emerged early on in the process and formed the background
17 against which subsequent NGOs’ and companies’ initiatives attempted to shape the
18 dynamics of the GP-arena. Such framing of the debate reflects successful
19 ‘endogenization’ (Bozanic et al., 2012) of the regulatory process by those who were
20 to be regulated.
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24 During the period from 2002 to 2004, the GP-arena went through a process of
25 restructuring which was affected by three main factors: the publication of the
26 *Communication on CSR: A Business Contribution to Sustainable Development* in July
27 2002; the emergence of the EU Multi-Stakeholder Forum in October 2002; and the
28 change in the complexion of the Commission. These three events modified the
29 structure and contours of the GP-arena, by re-defining who could take part in the
30 debate and re-enforcing the voluntary focus of the CSR and SEAR proposals. As a
31 result, the existing discourse about a voluntary approach to CSR and SEAR, which
32 revolved around the interests of business, seemed to attract more support and
33 became more established and taken-for-granted with other views being crowded
34 out or excluded. From our theoretical perspective, these discourses represented
35 forms of systemic power, which “defined”, “delimited” and “restricted” (Lawrence
36 and Buchanan, 2017; Lawrence, 2008) the course of actions and initiatives of the
37 actors in the GP-arena.
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43 We also found evidence for different examples of episodic power among initiatives
44 adopted by NGOs and business groups to influence the dynamics of the GP-arena. In
45 particular, the discursive strategy of rationalization was frequently employed in
46 companies’ submissions on the GP where the business case and the merits as well as
47 the flexibility of a voluntary approach to SEAR were often mentioned. By contrast,
48 NGOs tended to use a strategy of moral evaluation by appealing to notions of
49 fairness and the national interest when promoting the case for regulations
50 mandating CSR and SEAR among corporations. There was also a greater degree of
51 convergence among the discourses supplied by business groups. This was apparent
52 in the explanations provided, the language used and the rationales supplied for the
53 business case for SEAR and CSR. The same level of consensus and coherence was not
54 present among the discourses of the NGOs. Further, companies were more
55 successful at building coalitions to support their discourse than the NGOs. From our
56 theoretical perspective, this fragmentation and divergence of views among the
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3 NGOs did not seem to provide the necessary institutional resources to challenge the
4 initiatives undertaken by business groups and influence this aspect of the GP-arena.
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7 The success of business groups in advancing their collective view can be inferred
8 from the following perspective of one of the participants²⁶ in the wider debate
9 within the EU which ensued after the initial GP proposals appeared.
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12 “The Commission ultimately decided to opt-out from the debate, producing a
13 Communication firmly backing an anti-regulation approach. Commissioners
14 held a series of private meetings with selected company representatives to
15 negotiate on the text of the Communication, then described it as "agreed" by
16 business, and only met personally with interested NGOs to discuss its contents
17 following on from publication. The key Commission official responsible for CSR
18 appears to have been moved from his job, perhaps to make way for this new
19 ‘consensus’. A leaked memo from the European employers’ organisation
20 UNICE described the Communication as a "true success" because "concessions
21 to other stakeholders... will have no real impact".” (Howitt, 2006, p.12).
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25 Our paper provides three main contributions. First, our analysis adds to the existing
26 literature on CSR policy and SEAR regulation at the EU level by shedding light on the
27 power-related dynamics through which these CSR policy and SEAR frameworks
28 emerge and develop. In particular, our analysis provides a more detailed account of
29 the different levels of power and strategies (e.g. lobbying, discursive strategies),
30 which can be mobilised by the various interested stakeholders to shape and
31 influence the processes and outcome of CSR and SEAR-related regulative
32 interventions. Hence, our empirical analysis helps to illuminate some of the often-
33 opaque mechanisms that drive and influence the regulation of accounting, and in
34 particular, of SEAR practices. Second, our paper provides a theoretical contribution
35 by enhancing the understanding of the institutional politics dynamics involved in a
36 specific arena. In particular, our analysis enriches the theoretical framework
37 proposed by Lawrence and Buchanan (2017) by adding empirical “flesh” to the
38 understanding of “how” and “why” specific institutional arenas are shaped and
39 change over time (Holm, 1995; Stryker, 2000). In particular, our analysis highlights
40 the relevance of the different “discursive strategies” (e.g. rationalization) in driving
41 changes in specific institutional arenas (Phillips et al., 2004). Finally, our paper
42 provides a contribution to the literature that focuses on the “emergence”, “design”
43 and “organizing” of economic regulation and related activities (Hancher and Moran,
44 1989; Scott, 2004). In particular, our findings reveal how these processes related to
45 the economic regulation activities are influenced by several institutional/contextual
46 factors (e.g. changes in the political complexion of the European Commission; the
47 emergence and taken-for-grantedness of specific business oriented discourses)
48 which provide the institutional resources and opportunities for the formation of a
49 specific issue-centred regulatory space. The analysis of these factors help us to
50 understand ‘how’ and ‘why’ certain dynamics that characterise the organisations’
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59 ²⁶ Richard Howitt MEP was the European Parliament’s spokesperson on Corporate Social
60 Responsibility.

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activities in a regulatory space occur. It is through an understanding of these complex dynamics that it is possible to enhance the process of rule-making and regulation by ensuring that this is made more visible, transparent and oriented to society's needs.

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Table 1. An institutional politics framework for examining the GP-Arena: Concepts and definitions

<i>CONCEPTS AND ELEMENTS</i>	<i>DEFINITIONS</i>	<i>AS APPLIED TO THIS PAPER</i>
<i>INSTITUTIONS</i>	“Enduring patterns of social practices, which are characterized by power-based control mechanisms, that regulate, influence and shape individual/organisational behaviours and thoughts. Institutions emerge from social constructed mechanisms and debates” (Lawrence 2008; Phillips et al., 2004)	<i>EU CSR & SEAR (REGULATORY) FRAMEWORK (Green Paper 2001)</i>
<i>INSTITUTIONAL FIELDS</i>	“A community of several organisations that partakes of the definition and understanding of institutions. Institutional fields emerge around different types of centre: markets, industries, regulation activities and contested issues” (Hoffman, 1999).	<i>CENTRE OF DEBATE WHETHER CSR & SEAR FRAMEWORK SHOULD BE VOLUNTARY OR MANDATORY</i>
	“Fields represent <i>arenas of power</i> relations where multiple constituents, with disparate	

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<i>INSTITUTIONAL FIELDS AS ARENAS</i>	purposes and interests, interact and compete over the formation of the field. These power-infused dynamics represent the institutional politics of an arena” (<i>Lawrence & Buchanan, 2017</i>).	<i>INSTITUTIONAL POLITICS OF THE GP-ARENA</i>
<i>INSTITUTIONAL POLITICS</i>	They represent the strategic mobilization of material and symbolic resources through which individual, group and organisational actors affect arenas’ dynamics. Institutional politics involves two power-based dynamics: i) institutional control; and ii) institutional agency (<i>Stryker, 2000; Lawrence & Buchanan, 2017</i>).	<i>POWER-INFUSED DYNAMICS OF THE GP-ARENA</i>
<i>POWER-BASED DYNAMICS OF AN ARENA</i>	A) <i>INSTITUTIONAL CONTROL</i> B) <i>INSTITUTIONAL AGENCY</i>	A) <i>INSTITUTIONAL CONTROL:</i> The established socio-economic discourses of the existing institutional

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		<p>context which affected GP-arena dynamics;</p> <p>B) INSTITUTIONAL AGENCY: discursive strategies and lobbying initiatives</p>
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The Table provides a summary of the theoretical concepts which have been used in this paper. In particular, the Table provides a definition (in the second column) of: i) institutions; ii) institutional field; iii) institutional arena; iv) institutional politics and related power-infused dynamics. In the third column we clarify how these concepts have been applied to the present paper.

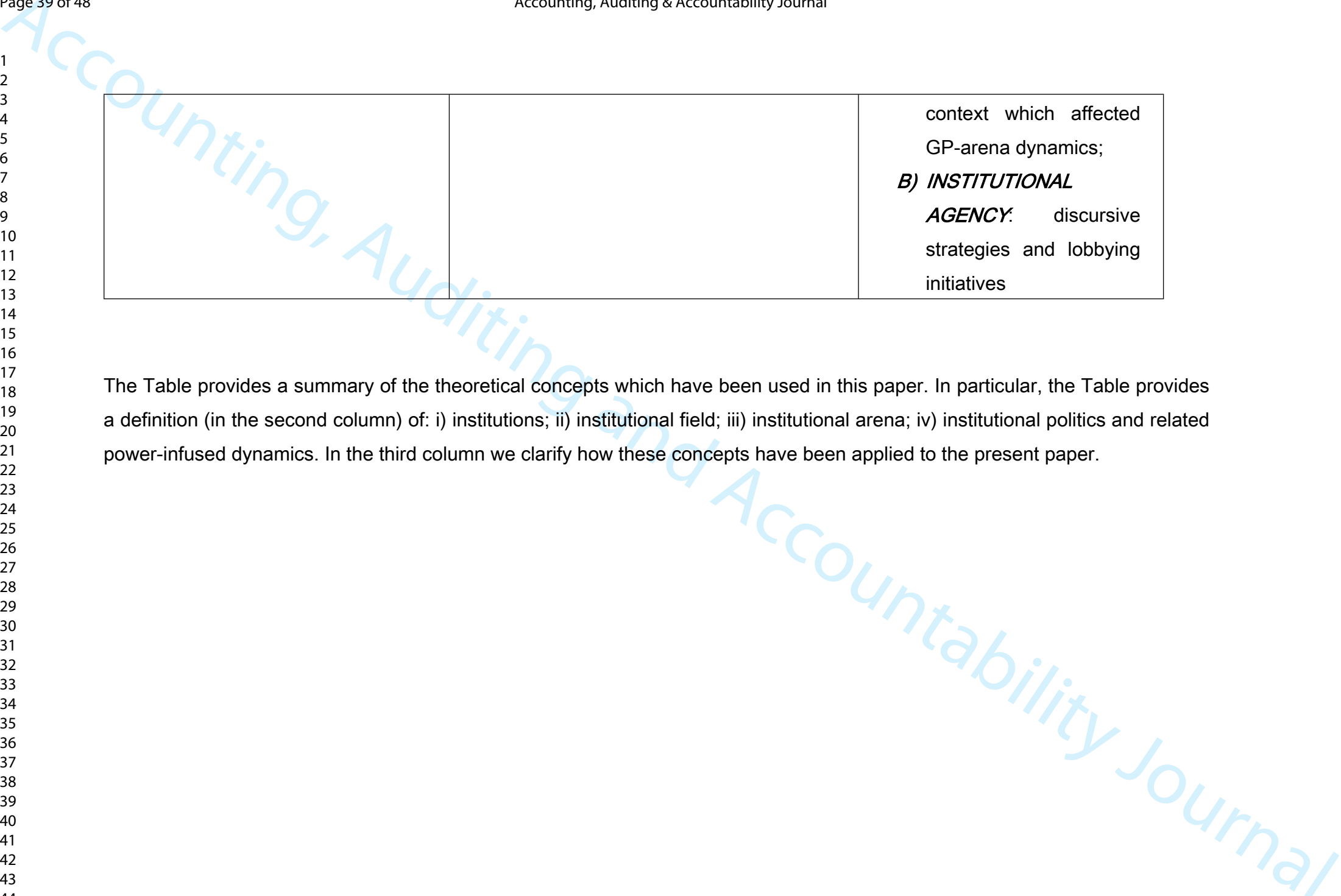


Table 2. The institutional politics of an institutional arena: the interplay between systemic and episodic forms of power

<i>INSTITUTIONAL POLITICS: DYNAMICS, MODES, FORMS AND STRATEGIES OF POWER</i>				
INSTITUTIONAL DYNAMICS	<i>INSTITUTIONAL CONTROL</i>		<i>INSTITUTIONAL AGENCY</i>	
MODE OF POWER	<i>SYSTEMIC POWER</i>		<i>EPISODIC POWER</i>	
FORMS OF POWER	<i>DISCIPLINE</i>	<i>DOMINATION</i>	<i>INFLUENCE</i>	<i>FORCE</i>
POWER-INFUSED STRATEGIES	Disciplinary systems and techniques (e.g. voluntary profit-sharing plan)	<ul style="list-style-type: none"> • Physical and social systems; • Technology; • Established economic and social practices and discourses (e.g. economic growth). 	<ul style="list-style-type: none"> • Corporate sponsorship • Moral and rational persuasion • Legitimation initiatives • Lobbying for regulatory change • Discursive strategies 	<ul style="list-style-type: none"> • Physical forms of force (e.g. prison) • Bureaucratic forms of force (e.g. procedures for firing employees)
POWER-INFUSED		The established socio-economic discourses of the existing	<ul style="list-style-type: none"> • Discursive strategies: authorization, rationalisation, 	<i>Out of the scope of this paper</i>

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<p>INITIATIVES IN THE GP-ARENA</p>	<p><i>Out of the scope of this paper</i></p>	<p>institutional context, e.g. the essential social role of corporations and the urgency for a CSR-related agenda.</p>	<p>moral evaluation, normalization.</p> <ul style="list-style-type: none"> • Lobbying initiatives by business groups and NGOs • Influencing through for example the European Multi-Stakeholder Forum 	
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Developed from Lawrence and Buchanan (2017)

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Table 3. Data sources for the study

Phase	Data source																				
1	<p data-bbox="284 371 1043 405">All English Language Newspapers in Nexis database</p> <p data-bbox="284 562 1150 595">4 Interviews with key participants during the first half of 2005</p> <table border="1" data-bbox="284 633 1469 1223"> <thead> <tr> <th data-bbox="284 633 480 719">Interviewee</th> <th data-bbox="485 633 810 719">Perspective</th> <th data-bbox="815 633 1139 719">Gender</th> <th data-bbox="1144 633 1469 719">Location</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 725 480 801">A</td> <td data-bbox="485 725 810 801">MEP</td> <td data-bbox="815 725 1139 801">M</td> <td data-bbox="1144 725 1469 801">Brussels</td> </tr> <tr> <td data-bbox="284 808 480 969">B</td> <td data-bbox="485 808 810 969">European Commission</td> <td data-bbox="815 808 1139 969">M</td> <td data-bbox="1144 808 1469 969">Brussels</td> </tr> <tr> <td data-bbox="284 976 480 1137">C</td> <td data-bbox="485 976 810 1137">European Commission</td> <td data-bbox="815 976 1139 1137">M</td> <td data-bbox="1144 976 1469 1137">Brussels</td> </tr> <tr> <td data-bbox="284 1144 480 1223">D</td> <td data-bbox="485 1144 810 1223">NGO</td> <td data-bbox="815 1144 1139 1223">M</td> <td data-bbox="1144 1144 1469 1223">UK</td> </tr> </tbody> </table>	Interviewee	Perspective	Gender	Location	A	MEP	M	Brussels	B	European Commission	M	Brussels	C	European Commission	M	Brussels	D	NGO	M	UK
Interviewee	Perspective	Gender	Location																		
A	MEP	M	Brussels																		
B	European Commission	M	Brussels																		
C	European Commission	M	Brussels																		
D	NGO	M	UK																		
2	<p data-bbox="284 1408 1422 1442">Business and NGO submissions on Green Paper (see Table 3 for further detail)</p> <p data-bbox="284 1576 600 1610">4 Interviews as above</p>																				

Table 4. GP submissions

PANEL A: ALL GP SUBMISSIONS				
Language of submission	REVIEWED		NOT REVIEWED	TOTAL
	Companies	NGOs	Other	
Dutch	1	1	1	3
English	40	25	138	203
French	6	6	16	28
German	0	1	9	10
Italian	1	0	7	8
Portuguese	0	0	1	1
Spanish	2	2	9	13
TOTAL	50	35	181	266

PANEL B: FREQUENCY OF RELEVANT COMMENTS IN REVIEWED SUBMISSIONS			
	Companies	NGOs	TOTAL
Number (%) of submissions commenting on 'reporting'	43 (82)	27 (77)	70 (82)

Number (%) of submissions commenting on 'assurance'	34 (68)	25 (71)	59 (69)
Number (%) of submissions commenting on regulation	50 (100)	32 (91)	82 (96)