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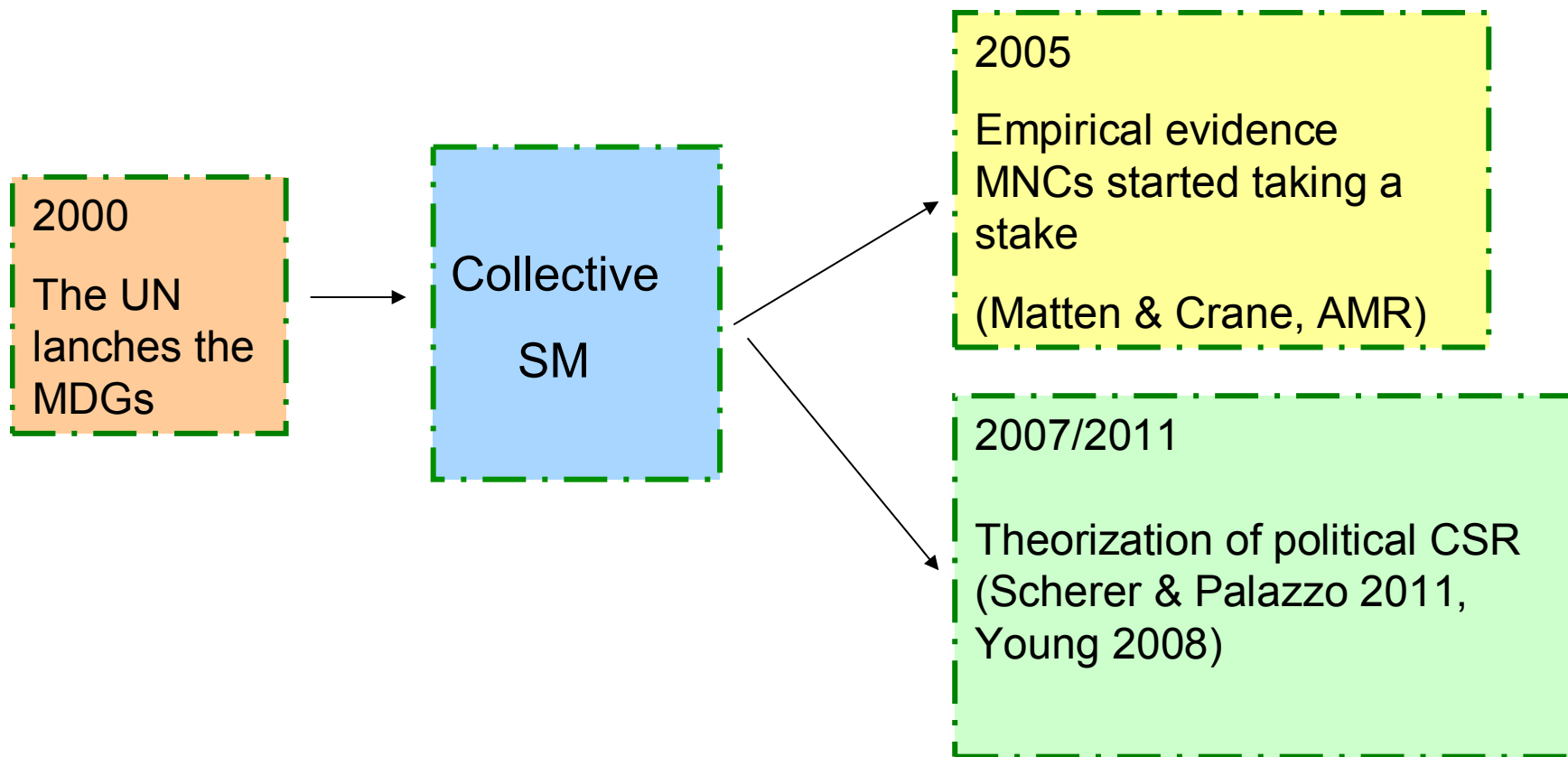
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MNCs and Human Rights: Protoinstitutionalization of Political CSR

The context...



Political CSR in a nutshell

- ❖ Globalization has eroded nation-state systems
- ❖ Responsibility beyond compliance with legal requirements: find solutions and remedies to problems the MNCs did not directly caused
- ❖ For MNCs the borders between being economic and political actor become blurred

Political CSR to MDGs

- **From Hard Law to Soft Law**

No legal mandate to engage in poverty eradication, illiteracy, infant mortality reduction etc.

- **Social Connectedness**

Grounded in *process perspective*:

- no social advancements based on separation between entities
- world conceptualized as a system made of a nexus of relationships

Institutional actors (UN, NGOs etc) solicit intervention by situating MNCs within a large interconnected and interdependent system.

- **Moral Legitimacy**

Interventions arise from a “prosocial logic” rather than self-interest calculations of costs and benefits (pragmatic legitimacy) or adhesion to more or less dominant cultural values (cognitive legitimacy)

Current state of the world & Research Question

A politicization of the firm → process of *institutional change*:

! **Beyond rate of diffusion**: symbolic meanings & weakly entrenched practices

Research question:

Where are potential loci for protoinstitutions in political CSR?

Theories used: Sensemaking & Institutional Theory

Sensemaking (Weick 1995)

It's an ongoing activity of **world enactment**

Occasions for SM in organizations

- Ambiguity: people engage in SM because they are confused by **too many** interpretations
- Uncertainty: people engage in SM because they are ignorant of **any** interpretation

Grounded in identity construction

- It occurs in the service of maintaining a consistent, positive self-conception.

Enactive of sensible environments

- People produce part of the environment they face through language.
- They act in such a way that their assumptions about realism become warranted (SM raw material for institutionalization)

2. Institutional Change: Mechanisms

It starts with an institutional entrepreneur: the UN through the MDGs

→ process of **collective sensemaking**.

“the impetus for institutional creation is the development, recognition, and naming of a recurrent *problem* to which no existing institution provides a satisfactory repertoire of responses” (Suchman 1995).

How does institutional change unfolds?

Theorization & Framing, as the ability of institutional entrepreneurs to envision and advance alternative modes of action (Beckert 1999, Kennedy and Fiss 2009, Snow 1986, Strang and Soule 1998)

Codification/Formalization of “best practices” to facilitate their spread and diffusion (Strang and Soule 1993, Zeitz et al. 1999)

Possible loci for institutional effects

Self regulation → Sensemaking → Codification

When corporations decide to self-regulate their interventions, the degree of involvement and participation increases

Sensemaking process:

- i.e. the poor are integrated in the value chain and are no longer passive recipients
- corporations gain first-hand experience with the social problem
- new discourses & development of practices arise

Problem! Self-regulation can generate ceremonial-decoupled interventions/best-practices inspired by self-celebration or myth-creation intentions, thus inhibiting the potential for shared understandings

Possible loci for institutional effects

Social Connectedness → Sensemaking → Codification

Focus of organizing collective action to reform structures (Young 2008: 156) take the form of public-private partnership in the MDGS

“even actions justified by widely myths of progress and justice might imply wide scope for conflict over the practical implications [...] in the construction of new organizational forms” (Rao 1998)

Sensemaking process:

- Ongoing dialogues and interactions with **multiple** institutional actors to find remedies and solutions
- Sharing of attributions/duties, concerted actions, more transparency, more accountability.
- Higher potential to better **combine** protection & promotion by different actors (government, NGOs, the business sector etc.)

Proposition 1: theorization of change and codification of best practices resulting from public-private partnerships are more likely to produce institutional effects (shared understandings) rather than codification of best practices originating from self-regulating interventions.

Possible loci for institutional effects

Moral legitimacy – Sensemaking – Identity construction

Legitimacy: “a condition that reflects a perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive frameworks” (Scott 2001: 59).

Moral legitimacy:

- based on the “right thing to do” (higher-level norms than cognitive legitimacy)
- derives from a prosocial logic instead of a narrow self-interest (Suchman 1995).

The engagement in MDGs is often framed along a “business case”

Possible loci for institutional effects

Collective processes of sensemaking aimed at advancing a prosocial mode of intervention can partially overcome opposing institutional logics by theorizing a new “business sector identity” centred on the following questions:

- why a view of corporations as solely interests-driven is deficient and problematical in a globalized world
- what it actually means for the business sector, in terms of who it is, to grant or refuse its involvement in global problems.

Propositions 2: theorizing at the level of organizational identity is likely to enhance a prosocial logic mode of intervention in global scourges.

Contribution and Avenue for Future Research

Contribution:

- By juxtaposing institutional theory, sensemaking and political CSR different roots and loci for institutionalization effects are distinguished for the different dimensions of political CSR
- Codification of best practices: public-private partnerships
- Identity building: moral legitimacy

Future research:

- following the evolution of the engagement of the private sector in global problems
- in case these attempts result in a failed institutional try, future research needs to investigate what actually remains of the latent institutional logics embedded in the MDGs campaign or in the conceptualization of political CSR.

Thanks for the attention!