© Academy of Management Journal
2012, Vol. 55, No. 6, 1429–1448.
http://dx.doi.org/10.5465/amj.2010.0697

FAKING IT OR MUDDLING THROUGH? UNDERSTANDING DECOUPLING IN RESPONSE TO STAKEHOLDER PRESSURES

DONAL CRILLY
London Business School

MAURIZIO ZOLLO
Università Bocconi

MORTEN T. HANSEN
University of California, Berkeley

We advance a multilevel argument that challenges and qualifies existing explanations of firms' responses to institutional pressures. In an in-depth study of 17 multinational corporations involving 359 interviews with internal and external actors, we find that firms facing identical pressures decouple policy from practice in different ways and for different reasons. When firms' responses are generated locally, without firmwide coordination, these responses can be either intentional or emergent. In the presence of information asymmetry between firms and their stakeholders, we find that managers' responses are intentional ("faking it") and depend on how they perceive their interests. In the presence of competing stakeholder expectations, responses are emergent ("muddling through") and depend on the degree of consensus among managers in their readings of the environment. These findings suggest that theories of decoupling need to be broadened to include the role of "muddling through" and the interplay of internal managerial and external stakeholder dynamics.

> Our industry operates in a diverse environment. The schizophrenia makes business difficult. Diverse opinions build conflicting values, and we can't manage everything from the center.
>
> -Multinational chemicals company executive

Why do many firms not implement the policies that they adopt? Existing theories of decoupling paint a cynical picture of corporate life. Macrolevel theories posit that environmental circumstances—for example, conflicting stakeholder expectations—lead firms to adopt inconsistent standards that they cannot implement simultaneously (Meyer & Rowan, 1977). The emphasis in this literature is on decoupling as a convenient arrangement between firms and stakeholders, who turn a blind eye to the state of practice inside firms (Meyer & Rowan, 1977: 359). Of course, not all firms necessarily respond identically to the same environmental pressures (Fiss & Zajac, 2006). Recognizing this, strategy scholars have used firm-level variables to explain why some firms decouple policy from practice even when their peers in the same environment do not (Westphal & Zajac, 1994). The emphasis in this literature is on decoupling as a form of calculated deception. For example, firms deceive stakeholders about their plans when powerful CEOs stand to lose from implementing policy (Westphal & Zajac, 2001).

Although the focus on firm-level variables has been an important development in explaining why firms respond to stakeholder pressures in different ways, the variables emphasized in current theory, such as the power and interests of CEOs, are most relevant when single actors direct firms' responses. Firms, however, are composed of individuals with their own perceptions and interests. Their executives do not always act in unison (Pratt & Foreman, 2000), calling into question the dominant understanding of decoupling as a well-coordinated response. As individual decision makers have to make sense of the environmental pressures that their firms face (George, Chattopadhyay, Sitkin, & Barden, 2006), there is no guarantee that their per-

This research was funded by a grant provided by the 6th Framework Program of the European Commission (Directorate-General for Research) for a project entitled "Understanding and Responding to Social Demands on Corporate Responsibility (RESPONSE)." We thank Lourdes Casanova, Kai Hockerts, Mario Minoja, Peter Neergaard, Esben Pedersen, Francesco Perrini, Susan Schneider, Pamela Sloan, and Antonio Tencati for contributing to the data collection. We are indebted to Associate Editor Tima Bansal and three anonymous reviewers, whose valuable feedback and suggestions helped to improve the article significantly.

ceptions will converge when external constituencies push for different policies (see, e.g., Fiss & Zajac, 2004). Thus, a robust explanation of decoupling needs to open up a black box to take into account how both the internal organization and external environment of firms interact in shaping their responses to stakeholder pressures.

In this study, we seek to answer the question, *Why do firms respond differently to the same institutional pressures*? In posing this question, we aim to explain variance both in a single context (that is, why some firms decouple whereas their peers implement policy) and across different contexts (that is, whether the factors explaining decoupling differ according to the external pressures facing a firm). We are thus interested in "causal recipes" (Ragin, 2008: 23): how intrafirm and institutional level forces combine to shape responses that cannot be adequately explained by factors at any single level of analysis in isolation.

To explore this question, we designed a field study to investigate 17 firms, matched in pairs and triads by industry and geography but differing in their implementation of corporate social responsibility (CSR) practices. To understand external pressures, we conducted 190 interviews with stakeholders. To understand managerial perspectives, we conducted 169 interviews with company executives.

Our contribution is a multilevel framework that highlights that responses to institutional pressures depend on both the internal organization and external environment. By combining these levels of analysis, we show that decoupling does not necessarily involve intent on the part of managers. Rather, decoupling can be the outcome of organizational learning efforts that are fraught with complexity under conditions of inconsistent, and rapidly changing, stakeholder pressures.

DIVERGENT RESPONSES TO EXTERNAL STAKEHOLDER PRESSURES

We discuss two characteristics of environments that play a central role in existing theories of decoupling: how consistent diverse stakeholders are in their expectations about firms (stakeholder consensus) and how aware stakeholders are of the state of practice inside firms (information asymmetry). Neither characteristic by itself is likely to predict firms' responses to stakeholder pressures. As we argue below, simultaneous attention to the external environment and firms' internal organization promises to provide more robust explanations and to generate new theoretical insight (Thornton & Ocasio, 2008).

Stakeholder Consensus and Managerial Consensus

In their seminal work, Meyer and Rowan (1977) explained decoupling as a function of inconsistent stakeholder expectations. When diverse stakeholders press for mutually incompatible policies, decoupling allows executives to mitigate conflict with stakeholders (George et al., 2006). Competing stakeholder expectations also weaken the pressures on firms to comply with policy and thus increase their discretion over how to respond (Purdy & Gray, 2009). Evidence confirms that, when unsure of their reading of the environment, executives initiate responses aimed at accommodating distinct factions in that environment. For example, even after espousing the Java software technology, Sun Microsystems sponsored the development of alternative standards (Garud, Jain, & Kumaraswamy, 2002).

Yet firms do not have to reflect the diversity of their environments because understandings of legitimacy are also constructed *internally* (Basu & Palazzo, 2008; Battilana & Dorado, 2010). Novo Nordisk, for example, singles out patients as its ultimate stakeholders (Novo Nordisk, 2011), resolving uncertainty for managers confronted by competing expectations from patients, health care providers, regulators, suppliers, and communities. Executives can forge common understandings by means of formal policies and sanctions. By restricting subordinates' influence over resource allocation, they limit managerial discretion and potentially produce a tighter coupling between policy and practice (Gamoran & Dreeben, 1986). Even in the absence of formal controls, use of shared values and strong leadership to channel organizational attention can unify organizations (Pratt & Foreman, 2000). Such unity implies that decoupling is not an inevitable response to inconsistent stakeholder expectations.

If firms, when faced with competing stakeholder expectations, do decouple policy from practice, there are also grounds for attending to their internal organization. Most accounts depict decoupling as an intentional response by executives. However, a plethora of standards to choose from creates confusion for executives, and delegating authority to middle managers appears to be a sensible solution (World Bank, 2003). The discretion of managers at various levels of an organizational hierarchy may lead to the inconsistent implementation of headquarters policy. In the absence of certainty about how best to respond, organizations engage in problem-focused search (Cyert & March, 1963), which increases variety within a firm as individual units seek distinctive local solutions (Leifer, 1988). Further, even if units discover solutions that are appropriate for elsewhere in their firm, imperfect learning can impede their replication (Winter & Szulanski, 2001). From this perspective, decoupling might result from variation *within* a firm rather than from coordinated decision making at the top.

Information Asymmetry and Organizational Interests

Though the seminal studies of decoupling assert that stakeholders are often complicit in firms' decoupling and purposely keep their monitoring of firms to a minimum (Meyer & Rowan, 1977: 359), information asymmetry—discrepancy in the information levels of managers and stakeholders, wherein the managers are better informed about their firms' practices (Akerlof, 1970; Kulkarni, 2000)—is central to the more recent strategic accounts of decoupling. It can be difficult for stakeholders to observe firms' internal practices (Christmann & Taylor, 2001). Under such conditions, executives can deceive stakeholders about the state of practice inside their firms to gain legitimacy whilst pursuing their personal or organizational interests. For example, the contradiction between British American Tobacco's formal health and safety policies and the lack of protective clothing worn by its laborers in Brazil and Kenya occurs because stakeholder access to local information is restricted (Christian Aid, 2004).

However, this depiction of firms' responding opportunistically to institutional pressures potentially underplays their need for ongoing, productive relationships with external stakeholders. Firms' self-interest is seldom as unambiguous as the interest of individual CEOs in maintaining their own compensation and can go beyond minimizing the costs of compliance with social expectations. Rather, executives can internalize pressures for compliance in different ways (Sonenshein, 2006), perceiving these as sources of opportunity or threat for their firm (George et al., 2006). Threats include risks to the firm's legitimacy and resources, whereas opportunities include increased access to material resources.

How executives perceive institutional pressures matters because these perceptions are likely to influence the responses that they formulate. Though firms exploit information asymmetry to conceal noncompliance and can sometimes engage in symbolic behavior without apparent sanction, asymmetry is not an unmitigated blessing (Nayyar, 1990). By impeding stakeholders from identifying trustworthy corporate partners, asymmetry dissuades them from collaborating with firms (Axelrod, 1984). Decision makers who perceive opportunities in compliance with institutional pressures may have an interest in reducing asymmetry with their stakeholders to encourage closer collaboration, potentially benefiting the firm (Jones, 1995).

Explanations of responses to institutional pressures thus have to take account of firms' requirements for ongoing relations with their stakeholders. Firms' regular public disclosure may be ineffective (Leland, 1979) because stakeholders may be unable to interpret or trust data released by firms and discount their reliability. An alternative approach is to engage in close collaboration with stakeholders that allows their participation in, and direct observation of, internal operations (Sivaramakrishnan, 1994). Close collaboration is likely to involve the exchange of private information and "new collaborative opportunities" (Uzzi & Gillespie, 1999: 33). An alternative approach is to adopt meaningful third-party certification to communicate compliance (King, Lenox, & Terlaak, 2005). Thus, the assumption that firms will always try to exploit stakeholder ignorance is open to debate.

In summary, dominant theories of decoupling largely overlook the potentially complex interplay between external environment and internal organization. Our contention is that forces at both levels of analysis combine to shape firms' responses to institutional pressures.

EMPIRICAL ANALYSIS

Drawing on our theoretical development, we designed an investigation to understand why firms in similar environments respond differently to institutional pressures. We focused on institutional pressures for corporate social responsibility (CSR), which we define as a firm's "considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits" (Davis, 1973: 312). Following the approach of recent scholars, we extend "social" considerations to include environmental ones (Aguilera, Rupp, Williams, & Ganapathi, 2007).

CSR provides a suitable context for understanding divergence in responses. Some firms adopt CSR policy but decouple it from their activities (Weaver, Treviño, & Cochran, 1999), diverting resources to public relations and political efforts (David, Bloom, & Hillman, 2007). Conversely, others comply substantively by adapting their operating processes and integrating social and environmental dimensions into their line management (Greening & Gray, 1994).

On the basis of an analysis of social rating data, we selected 17 corporations in seven sectors as defined by type of industrial activity. This mid-sized sample allowed us to combine in-depth knowledge of individual cases and variation across contexts (Cress & Snow, 1996). Our cases are summarized in Table 1. We grouped the firms into pairs and triads, in each of which the firms had the same industry, size, and level of geographic expansion but different implementations of policy. Each pair or triad consists of at least one integrator firm, characterized by high substantive action (espousal and implementation of CSR policy), and a decoupler firm, characterized by high symbolic action (espousal of CSR policy but limited and inconsistent implementation).[1]

Data

We relied on four data sources: (1) social performance data provided by three rating agencies, (2) 169 interviews with executives in the 17 firms, (3) 190 interviews with external stakeholders in seven sectors, and (4) archival data.

Social performance data. To guide our sample selection, we accessed data from three social rating agencies: Innovest, e-Capital Partners, and Vigeo.[2] The agencies assess behaviors relevant to policy adoption (e.g., the visibility of CSR in documents, and the adoption of environmental and social standards) as well as substantive activities (e.g., compliance with standards). We used 2005 ratings. After our study, we checked these for consistency with the ratings valid at the end of 2006. To confirm firms' state of practice, we triangulated by comparing the ratings with information derived from executive interviews and archival evidence.

Executive interviews. Senior managers formulate responses to issues arising in their sociopolitical environments and translate environmental pressures into organizational actions (Kaplan, 2008a). From late 2005 to early 2007, we conducted 169 semistructured interviews. Our entry to firms was via the executives overseeing CSR. At each firm, we interviewed the CEO or chairperson of the board and the executives responsible for the principal business functions (finance, marketing, human resources). We also inter-

[1] The firms were also matched as to headquarters location (Northern Europe, Southern Europe, Anglo-Saxon countries), except in the pharmaceutical pair and the high-technology triad, in each of which one firm was from Northern Europe and its peer or peers were from the Anglo-Saxon regions. If we drop the pharmaceutical pair and the Northern European high-technology firm from the sample, our findings remain substantially the same, and the measures of fit (consistency, coverage) are within 5 percent of the measures reported for the entire sample.

[2] KLD ratings were inappropriate as they excluded firms headquartered outside of North America.

TABLE 1
Description of 17 Cases Studied

Company	Industry	Degree of Implementation	Headquarters[a]	Interviews with Executives	Interviews with Non-Headquarters Executives	Interviews with Stakeholders
SMART	High-tech	High	Anglo-Saxon	12	6	8
TECHNIC	High-tech	Low/medium	N. Europe	8	2	10
SILICON	High-tech	Low	Anglo-Saxon	7	4	16
NUCLEUS	Chemicals	High	N. Europe	10	2	8
FUSION	Chemicals	Low/medium	N. Europe	15	5	8
SCIENTIFIC	Chemicals	Low	N. Europe	10	2	11
EXCAVATION	Extractive	High	Anglo-Saxon	10	2	18
RESOURCE	Extractive	Low	Anglo-Saxon	9	4	13
MINER	Extractive	Low	Anglo-Saxon	7	2	9
POWER	Energy	High	S. Europe	12	0	9
ENERGETIC	Energy	Low/medium	S. Europe	7	0	12
HIGHFINANCE	Banking	High	S. Europe	8	0	11
CAPITAL	Banking	Low/medium	S. Europe	7	0	11
EDIBLE	Food & drink	High	N. Europe	13	4	12
CONSUMPTION	Food & drink	Low	N. Europe	14	5	17
DRUG	Pharmaceutical	High	Anglo-Saxon	7	2	7
MEDICAL	Pharmaceutical	Low/medium	N. Europe	13	1	10

[a] "Anglo-Saxon" refers to the United Kingdom and North America. "Northern Europe" denotes Scandinavia, the Benelux countries, and the German-speaking countries. "Southern Europe" refers to Italy and Spain.

viewed regional heads in most firms; the exceptions were the four domestically focused firms in the energy and finance sectors. Table 1 provides a breakdown of the interviewees. We conducted 110 interviews on site and the remainder by telephone. Interviews lasted between 50 and 125 minutes (78 minutes on average). Most of the interviews (141) were recorded and transcribed. Detailed notes were made in the remaining interviews.

Interviews addressed understandings of CSR and rationales for responding in different ways. We then narrowed in on CSR-related practices, including investment decisions, operations, incentives, and learning.

Stakeholder interviews. We conducted 190 interviews, either on-site or by telephone, with stakeholders. Interviews were conducted from late 2005 to early 2007 and lasted between 35 and 120 minutes (60 minutes on average). As with the executive interviews, most of the stakeholder interviews (152) were recorded and transcribed. Detailed notes were taken in the remaining interviews. We used the typology of Post, Preston, and Sachs (2002) to categorize stakeholders as follows: 58 percent of our interviewees represented sociopolitical stakeholders (e.g., nongovernmental organizations [NGOs], activist groups, and community entities); 18 percent represented resource-based stakeholders (e.g., customer associations, and socially responsible investment funds); and 24 percent represented industry structure stakeholders (e.g., regulators and unions). The focus on sociopolitical stakeholders and interest groups, rather than specific transactional stakeholders, is appropriate given their function of monitoring corporate practice (Fedderson & Gilligan, 2001) and influencing policy adoption (den Hond & de Bakker, 2007). Managers helped to identify stakeholders by making lists and informing us whether interactions had been positive or negative. However, the final selection was ours, and we ensured, as far as possible, consistency in terms of numbers and types of stakeholders across firms and sectors.

Our interviews with stakeholders addressed their understanding of CSR in a particular sector and their expectations regarding the kinds of CSR activities in which corporations in that sector should engage. Each interview was structured around a focal firm. Stakeholders described the history of interaction, and we probed for knowledge about the firm's operating practices.

Documentary evidence. We collected extensive documentary evidence, including public reports as well as internal strategy documents and HR handbooks. We used this evidence to triangulate the social rating data and to confirm the extent of implementation in the 17 firms.

METHODS

We built 17 case histories, combining evidence from interviews and archival data to build accounts of CSR-related policy and practice and the rationales that executives used to explain responses. Building on these cases, we turned to fuzzy set qualitative comparative analysis (fsQCA) to identify the conditions associated with implementation and decoupling. The premise of set-theoretic methods such as fsQCA is that causality in the social sciences is often conjunctural (Ragin, 2008): multiple conditions combine to produce outcomes. This view of causality is distinct from that in variable-oriented research, which identifies general patterns of association and seeks causes that apply in all contexts. Using Boolean algebra, fsQCA identifies the configurations of conditions associated with an outcome of interest. Intuitively, we treated a firm as a member of multiple sets (for example, the set of firms with high managerial consensus about CSR) and employed fsQCA techniques to identify consistent patterns between set memberships and firms' responses.

This type of analysis had a number of advantages for the present study. Though some recent fsQCA studies follow a deductive approach (e.g., Fiss, 2011), the method lends itself to the use of smaller data sets for the purpose of theory elaboration (Redding & Viterna, 1999). By identifying how effects combine to produce outcomes, fsQCA is particularly appropriate for advancing multilevel theory (Lacey & Fiss, 2009). Its usage is thus consistent with our aim of understanding the interplay between factors at the intrafirm and institutional levels in shaping responses. Lastly, fsQCA allows for asymmetry (Fiss, 2011) between the drivers of decoupling and the drivers of implementation. This enables a more nuanced analysis than conventional quantitative techniques that would use the same regression function to explain both implementation and decoupling.

Set membership does not have to be binary (0/1). Rather, in fsQCA the aim is to calibrate set membership in such a way that levels of membership represent meaningful groupings (Ragin, 2008). Levels can be 0, 0.33, 0.66, and 1, where 0 represents nonmembership, 1 represents complete membership, and 0.33 and 0.66 represent intermediate levels; a value of 0.33 implies that a case is more out of, rather than in, the set, and a value of 0.66 implies that the case is more in, rather than out of, the set. For instance, if only well-informed stakeholders accurately identify the state of practice inside a firm, this firm might be considered more in, rather than out of, the set of firms with potential to conceal their nonimplementation of policy. In contrast, if more—but not all—stakeholders accurately identify a firm's state of practice, the firm might be considered more out of, rather than in, the set of firms with potential to conceal their nonimplementation. Levels can be based on theoretical wisdom or in-depth knowledge of the cases (Rihoux & Ragin, 2008). We discuss below our calibration of the outcome and explanatory conditions.

Responses to Institutional Pressures

Drawing on social rating data, our executive interviews, and archival evidence to achieve triangulation of sources, we distinguished firms characterized by a high and consistent degree of taking substantive action to implement CSR policy from those characterized by a low degree of substantive action.

We relied on social rating data for the initial selection of firms. Within each pair or triad, one firm was more consistent in its implementation across numerous dimensions than its peer(s).

All firms in our sample had adopted CSR-related policy. We attended to four instances of CSR policy adoption: the mention of societal benefit in mission statements, the publication of ethical codes, reporting social and environmental performance according to Global Reporting Initiative (GRI) guidelines, and membership in the UN Global Compact (www.unglobalcompact.org). Stakeholders identified these practices as easily adopted without necessitating implementation. As Weaver et al. (1999) suggested, codes and policy communications do not necessarily imply changes to internal behaviors. Although GRI guidelines stipulate that firms report performance on 24 social and environmental criteria, firms monitor their own performance (GRI, 2000). Likewise, though Global Compact signatories agree to implement a range of responsible practices, "This does not mean that the Global Compact recognizes or certifies that these companies have fulfilled the Compact's principles" (Global Compact, 2000). All firms in our sample mentioned social benefit in their mission statements, all published ethical codes, and all reported social and environmental performance following GRI guidelines (at least, in part). Sixteen firms were members of Global Compact; the one firm that was not a member (SMART) scored high on the implementation of CSR policy.

In assessing substantive action, we attended to the influence of CSR on firms' priorities, structure of authority, decision making, and operations. We selected these dimensions because they are components of the core of an organization (Hannan & Freeman, 1977). Specifically, we assessed the extent to which firm-level performance targets included social responsibility–related criteria (and progress toward these targets in the 2005-06); the inclusion of social responsibility–related criteria in the performance appraisal of individual managers (targets and appraisal systems potentially reflect organizational goals more accurately than public mission statements); and the integration of CSR in strategic decision making and in operating processes.

Table 2 outlines the influence of social responsibility along these dimensions in the 17 firms. Better social performers show greater evidence of making adaptations to their core than decouplers. Integrators have more stringent social responsibility–related firm-level targets than decouplers. The use of responsibility-related management appraisal criteria is more extensive in the integrators.

We allocated full membership (1) to firms that were consistent in their implementation and that, on average, had high scores on the dimensions we examined. In particular, all of these firms had high scores for their integration of CSR in their operations. We allocated nonmembership (0) to organizations that did not implement policy consistently and had, on average, low scores on the dimensions. However, decoupling is not necessarily binary (Yoshikawa, Tsui-Auch, & McGuire, 2007), and five firms were partially consistent in their implementation, typically integrating CSR unevenly in their operations. We allocated partial membership (0.5) to these firms.

Explanatory Conditions

Drawing on our theoretical development, we considered four conditions that might influence firms' responses. Two conditions—information asymmetry and stakeholder consensus—reflect the environment facing a firm and were measured at the industry level. Two conditions—managerial consensus and perceived interests in implementing policy—relate to attributes of the firm.

Potential information asymmetry. We measured the potential for firms to conceal nonimplementation. Reporting differs across sectors as defined by industrial activity (Global Reporting Initiative, 2000), and we wished to understand which sectors offered firms the greatest latitude to conceal noncompliance.

Stakeholders identified corporations in the sector they were familiar with and rated their social

TABLE 2
Evidence of Substantive Actions

Company	CSR-Related Performance Targets	CSR-Related Criteria in Performance Appraisals	Integration of CSR into Strategic Decision Making	Integration of CSR into Operating Processes
SMART	High: Environmental, social targets; progress tracked.	Medium: Applied according to domain.	High: Highly integrated in functions (e.g., innovation, procurement).	High: Extensive integration in functions (e.g., HR, supplier relations).
TECHNIC	Medium: Environmental, social targets; few indicators.	Medium: Applied only to units with specific CSR remit.	Medium: Influence on product market strategies (development, branding).	Medium: Integration in some functions (e.g., HR, environment, procurement).
SILICON	Low: Few performance targets (only at country level).	Medium: CSR criteria used to evaluate country managers only.	Low: Limited influence of CSR unit, as part of legal affairs, on strategy.	Low: Low integration but developing as a result of the efforts by legal affairs.
NUCLEUS	High: Sustainability targets; progress tracked and audited.	Medium: Some link (extent varies by function).	High: Strategies developed in line with social and environmental criteria.	High: Extensive integration in procurement and manufacturing.
FUSION	High: Environment, health, and safety targets.	Medium: At least one CSR-related target for line managers.	Medium: Influence of environmental and social issues on major decisions.	Medium: Some, but uneven, integration in finance and purchasing.
SCIENTIFIC	Medium: Health, environment, and safety targets.	Low: None at present.	Low: Limited integration.	Medium: Narrow scope of integration (pollution and emissions monitoring).
EXCAVATION	Medium: Some targets; progress tracked.	Medium: Environment, health, and safety criteria (extent varies).	High: Strong influence on competitive and corporate strategy.	High: Standardized social and environmental approaches across firm.
RESOURCE	Low: Some targets (judged lax by stakeholders).	Low: Only environmental criteria for few employees.	Medium: Ad hoc integration; some influence on product market strategies.	Medium: Efforts (uneven across firm) to integrate environment and safety policy.
MINER	Medium: Environment and social targets.	Low: Only for few employees.	Low: Limited integration of CSR in strategic decisions.	Medium: Varying implementation across sites.
POWER	High: Performance goals (environment and social).	High: Most employees' salaries linked to social performance.	High: Focus on renewable energies; early commitment and follow-through.	High: Sustainability-related responsibilities in each function.
ENERGETIC	High: Performance goals (especially environment and social).	Medium: Some salaries linked to social performance.	Medium: Some influence on product market strategies.	Low: Centralized CSR office; limited integration in business functions.
HIGHFINANCE	Medium: Environmental and social targets; partial reporting.	Medium: Some influence on performance appraisals.	High: Integration via local committees to tailor practice to stakeholder needs	High: Social impacts of customers' activities taken into account in lending.
CAPITAL	Medium: Range of targets; progress not reported.	Low: None at present.	Medium: Limited role for CSR function; CSR representatives in business units.	High: Social impacts of customers' activities taken into account in lending.
EDIBLE	Medium: Wide range of goals; progress tracked.	Low: No ties to CSR in most managers' bonus.	High: Integration into product development, sourcing, partnering.	High: Integration into procurement, HR, etc.; same standards across all units.
CONSUMPTION	Low: No environment, health, or safety targets.	Low: No link between social performance and compensation.	Medium: Role when forming strategy, but largely limited to branding.	Medium: Environment, health and safety system in 50 percent of units; few audits.
DRUG	Medium: Health, hygiene, environment targets; progress reported.	High: Links to managers' bonuses.	High: Influence on R&D, investments, product and geographic expansion.	High: Extensive integration of CSR into clinical trials, operations, marketing.
MEDICAL	Medium: Targets for health and safety; some tracking.	Medium: No general link (exceptions for specific roles).	Low: Low payback period criterion (two years) for investments acts as barrier.	Medium: Inconsistent across locations.

performance on a 1–10 scale. We obtained 420 evaluations, 302 of which were of firms also rated by Innovest. We converted the Innovest social performance scores to the same 1–10 scale. We measured the discrepancy by subtracting the transformed Innovest scores for firms in each sector from the stakeholder evaluations of the same firms. Large, positive gaps imply that stakeholders are more generous than a rating agency with access to more objective data.

Firms in the banking and food sectors consistently received higher evaluations from stakeholders than their substantive performance, as measured by social ratings, warranted. In explaining their evaluations, stakeholders drew attention to standards and frameworks, such as Global Compact, whose signatories monitored their own compliance. Firms in these sectors can easily build smokescreens around their internal practices. Their sustainability reports contain few quantitative data, impeding comparisons. Correspondingly, we argue that these sectors offer high potential for information asymmetry, and we allocated full membership (1) to firms in these sectors.

At the other extreme, stakeholders had the most information about firms in the chemicals and high-technology sectors. The data most relevant to social performance in the chemicals sector, which concern environmental emissions, are publicly accessible and enable comparisons among firms. In the high-technology sector, stakeholders are well informed, using technology to access data and to exchange information. Both sectors have agencies to monitor social performance, restricting firms' latitude to engage in impression management. Correspondingly, the potential for information asymmetry is low, and we allocated nonmembership (0) to firms in these sectors.

In the remaining sectors, stakeholders used both objective and subjective criteria in evaluating organizations. In the pharmaceuticals sector, reporting requirements are high, and the gap between stakeholder evaluations and the Innovest ratings is small. We thus allocated a low degree of membership (0.33) to the pharmaceutical sector, reflecting a positive, but marginal, potential for information asymmetry. In contrast, the larger gap between stakeholder evaluations and Innovest scores in the natural resources and energy sectors implies greater information asymmetry. In both sectors, interviewees were largely unaware of practices outside of their home countries. On average, stakeholders here did *not* distinguish between firms with high and low social performance. We attributed partial membership (0.66) to the firms in these sectors, representing a comparatively high potential to confuse stakeholders.

Stakeholder consensus. We assessed stakeholder consensus in expectations about firms' social engagement across the sectors in our study.

We derived three distinct perspectives on social responsibility from our coding of stakeholders' answers to the interview question, "What is the corporate responsibility of firms within sector X?" Stakeholders differed in the scope of engagement expected from firms, from one premised on narrow engagement focused on fulfilling fiduciary duties and legal obligations to one premised on broad engagement focused on the solution of societal problems such as health and poverty. Between these extremes, there was support for moderate engagement to create wealth for, or minimize damage to, the constituencies that firms directly affect. We display an overview of these perspectives in Table 3 and link them to perspectives in the extant CSR literature.

We developed a detailed coding lexicon, an extract of which is provided in Table 3. Two researchers independently coded statements emphasizing fiduciary duties to shareholders and compliance with legal requirements as legal-economic (e.g., "The main responsibility is the duty to shareholders"). Statements focused on responsibility towards stakeholders affected by firms' activities were coded as *counterpart-centric* (e.g., "Firms should pay attention to the well-being of customers, employees, communities and others impacted by their activities"). Statements emphasizing broader responsibilities, such as the solution of societal problems around the environment, poverty, and education, were coded as *citizenship-centric* (e.g., "Firms have a role to contribute to the betterment of society by driving environmental improvements"). Where a stakeholder voiced multiple perspectives, we focused on the perspective that the stakeholder prioritized. We assessed interrater reliability using Krippendorff's alpha, which controls for chance coincidences (Krippendorff, 2004). The alpha coefficient was 0.81, which is above Krippendorff's most conservative threshold for reliability. We resolved discrepancies through discussion.

We scored the extent of social engagement considered appropriate for each industry by its stakeholders before measuring the variance across the stakeholders in each sector. Economic-legal statements, reflective of the narrowest form of corporate engagement, were scored 1. Counterpart-centric statements were scored 2. Citizenship-centric statements reflective of the most extensive corporate engagement were scored 3. We then measured the variance across stakeholders in each sector.

Variance was lowest in the extraction (0.40) and energy (0.42) sectors, reflecting consensus around broad engagement, and we coded organizations in these sectors as fully in the set of organizations facing high stakeholder consensus (1). According to our interviewees, negative externalities in resource-intensive sectors enable stakeholders to coordinate initiatives to set the corporate agenda, reinforcing collective frames of action. Variance was highest in the high technology (0.73), banking (0.73), and food (0.72) sectors, implying ambiguity surrounding social responsibilities here. We coded firms in these sectors

TABLE 3
Competing Perspectives on Corporate Social Engagement

Characteristic and Examples	Jensen and Meckling (1976)	Freeman (1984)	Margolis and Walsh (2003)
Logic of corporate social responsibility	*Legal-economic*: Responsibility defined in terms of legal and economic constraints on behavior	*Counterpart-centric*: Responsibility defined in terms of obligations towards stakeholders directly affected by the firm's activities	*Citizenship-centric*: Responsibility defined in terms of social impact, touching those who have no economic or legal rights over the firm
Aim	Maximize shareholder value under social and environmental constraints	Expands to encompass network of different actors with ties to the corporation	Extends responsibility further, potentially encroaching into spaces where governments are active
Manager statements	"Our responsibility is to have an open and transparent relation with the tax authorities." "A company's responsibility is to generate wealth, and not to promote social welfare. Its responsibility is to survive."	"We should meet all stakeholder expectations while satisfying shareholder expectations at the same time." "Companies are required to respond to the demands of internal and external stakeholders."	"Our responsibility is to use our knowledge and skills for the improvement of human life. We want to impact the world." "Take a framework like the Millennium Development Goals. I see the contributions we have to complete projects serving society."
Stakeholder statements	"Responsibility is to maximize shareholder wealth and live up to national regulation." "It's about compliance, obeying the laws and being transparent."	"Corporations have responsibilities to communities where they operate, to their shareholders, to their employees and to the public in terms of product liability." "The firm is an organization with responsibilities towards multiple stakeholders."	"Companies should try to leave the world a better place—by restoring the environment and providing livelihoods." "Firms have a political responsibility. Social problems have to be managed by companies, NGOs, and governments."
Statements coded (extracts)	Optimizing tax payments Legal compliance Competitiveness/growth Not to promote social welfare Maximize/create shareholder value Make money Conduct business/deliver products Transparency	Meet all stakeholder expectations Dialogue with stakeholders Reduce environment impacts/manage ecological risk Minimize impacts on immediate stakeholders Provide secure employment Fair wages for employees	Improve life/well-being/social value Reduce poverty Serve society Improve environment (beyond restricting damage by own firm) Improve health Contribute to education Meet needs of developing countries

as fully out of the set of firms facing stakeholder consensus (0). Stakeholders active in these sectors often identified positive externalities—for example, facilitating access to education and health services. There was less consensus on firms' responsibility to "do good" than there was on their responsibility to minimize harm. Variance lay between these two extremes in the remaining sectors, and we calibrated firms in these sectors as facing neither high nor low stakeholder consensus (0.5).

Organizational interests. Some firms express commitment to socially approved policies to secure legitimacy, which can involve impression management (Bansal & Clelland, 2004). Others perceive engaging in socially approved behaviors as competitiveness-enhancing (Bansal & Roth, 2000). These motivations could shape how executives represent the returns from actions to satisfy stakeholders. In the interviews, executives explained their rationales for social engagement and distributed ten points between four statements. Two statements involved risk reduction and cost cutting ("It reduces firm risks" and "It reduces costs"), whereas two statements involved opportunity maximization ("It helps to sell more" and "It is a source of new opportunities").

We calculated the ratio of opportunity maximization to risk reduction in rationales by aggregating the responses of the executives in each firm. Executives in five firms predominantly perceived CSR as a tool for generating business opportunities. These firms were coded as fully in (1) the set of organizations with a focus on opportunity maximization in driving CSR. Four firms clustered at the other end of the spectrum, emphasizing risk reduction approximately twice as prominently as opportunity maximization, and were coded as fully outside (0) the set. Of the remaining firms, two were just short of prioritizing opportunity maximization and were coded as predominantly in (0.66) the set. Six emphasized risk reduction and were coded as predominantly outside (0.33) the set.

Managerial consensus. We measured the consensus of managers on how they represented the social responsibility of their firms. To do so, we used answers to the same question that we asked stakeholders (described above) and an identical coding procedure. Krippendorff's alpha was 0.80. Firms clustered into three groups. Seven firms had variance lower than 0.3 and were coded as members (1) of the high-consensus set. Executives at NUCLEUS, the firm just below this threshold of 0.3, expressed fairly consistent definitions of their firm's responsibility. Despite prioritizing different foci of CSR policy (e.g., health and safety, environment, or education), together they emphasized the importance of a shared understanding of the corporate purpose (e.g., "Agreeing what is important cannot be done in a decentralized way. You do it centrally close to the top. Once you have that agreed, you can roll it into the organization."). At the other extreme, six firms had variance higher than 0.6 and were coded as nonmembers (0). Executives at DRUG, the firm just above this threshold of 0.6, emphasized the lack of common understanding (e.g., "All our units are very decentralized. All of a sudden we're realizing that stakeholder relations need to be in better harmony because the world doesn't see us as these separate functions"). The remaining firms were coded as partial members (0.5). Neither consensus nor dissension around the fundamental responsibility of the firm emerged as an important theme in our interviews with their executives.

In Table 4 we display the calibration of all 17 cases across the outcome and explanatory conditions.

Analysis

The second step in performing an fsQCA involves the construction of a truth table to identify configurations of conditions associated with an outcome. The truth table lists all two-to-the-fourth (2^4) logically possible configurations. We deleted configurations not associated with any of the 17 firms. We then specified a consistency threshold to select the configurations reliably associated with one of the outcomes. Consistency, which can range from 0 to 1, measures "the degree to which instances of an outcome agree in displaying the causal condition" (Ragin, 2008: 44). One guideline is to select a threshold that corresponds to a break observed in the distribution of consistency scores (Schneider, Schulze-Bentrop, & Paunescu, 2010). Following this approach, we applied a threshold of 0.748.

The next step involves an algorithm to simplify the configurations and to arrive at a more parsimonious understanding. We employed the truth table

TABLE 4
Calibration Table for Fuzzy Set Qualitative Analysis[a]

Firm	Potential for Asymmetry	Stakeholder Consensus	Organizational Interest	Managerial Consensus	Substantive Action
SMART	0	0	1	1	1
TECHNIC	0	0	1	0.5	0.5
SILICON	0	0	0.66	0	0
NUCLEUS	0	0.5	0.33	1	1
FUSION	0	0.5	0.33	1	0.5
SCIENTIFIC	0	0.5	0.33	0	0
EXCAVATION	0.66	1	0.33	1	1
RESOURCE	0.66	1	0.33	1	0
MINER	0.66	1	0	0.5	0
POWER	0.66	1	1	0.5	1
ENERGETIC	0.66	1	0.33	0	0.5
HIGHFINANCE	1	0	0.33	1	1
CAPITAL	1	0	0.66	0.5	0.5
EDIBLE	1	0	1	0	1
CONSUMPTION	1	0	0	0	0
DRUG	0.33	0.5	1	0	1
MEDICAL	0.33	0.5	0	1	0.5

[a] We input values of 0.5 as 0.499 in the fs/QCA software program (Ragin, Drass, & Davey, 2006). This is necessary because cases with condition values of 0.5 are automatically dropped during the analysis.

algorithm (Ragin, 2008), which uses counterfactual analysis to speculate about the plausible outcomes of the logically possible combinations that do not exist in the data set.[3] The most parsimonious solution contains only core conditions that have the strongest evidence linking them to the outcome. This parsimonious solution is contained within an intermediate solution. The intermediate solution is more conservative because it only takes advantage of the most plausible simplifying assumptions (Ragin, 2008). In addition to core conditions, it contains conditions that are considered peripheral.

RESULTS

In Table 5 we display the configurations of conditions associated with the decoupling of CSR policy from practice as well as those that predict consistent implementation. Each column represents a distinct configuration. Our table follows the approach of Ragin and Fiss (2008) by displaying the intermediate solutions consisting of core conditions and peripheral conditions. The peripheral conditions are represented by smaller symbols than the core conditions.

The table shows evidence of set-theoretic relationships. The overall solution that explains decoupling has a consistency of 0.87, and the solution that explains implementation has a consistency of 1. Prior research considers consistency scores of at least 0.8 acceptable (Fiss, 2011). Coverage, which ranges from 0 to 1 (Ragin, 2008), measures the extent to which the solutions explain all cases of decoupling and implementation. The coverage of the solution explaining decoupling (0.58) is lower than that of the solution explaining implementation (0.67), implying that our implementation solution is empirically more powerful. We also report measures of consistency and coverage for each individual configuration.

We found two configurations associated with decoupling and two configurations associated with implementation. To shed light on the nature of responses, we identified the firms that most consistently exhibit the characteristics of each configuration and provide evidence in Table 6 from our interviews with executives and stakeholders. We selected firms with a membership of at least 0.5 in the respective configuration. Membership in a configuration is equal to the minimum degree of membership in any condition that contributes to the configuration. Generally, no case can have a membership score greater than 0.5 in more than one configuration (Ragin, 2008).

We discuss first the configurations associated with decoupling before turning our attention to implementation.

Explaining Decoupling

Our analysis reveals two pathways to decoupling. Each configuration's total and unique coverage scores are identical (Table 5), implying the uniqueness of each pathway.

[3] For more information on counterfactual analysis, please consult Ragin (2008) or Fiss (2011).

TABLE 5
Configurations of Causal Conditions Leading to Decoupling and Implementation[a]

	Configurations for Decoupling		Configurations for Implementation		
Causal Conditions	**1**	**2**	**3**	**4a**	**4b**
External environment					
Potential for asymmetry	⊕	❍	⌽	○	
Stakeholder consensus		○		❍	❍
Firm					
Organizational interest	❍		⌽		○
Managerial consensus	❍	❍	○	⌽	⌽
Consistency	0.94	0.80	1.00	1.00	1.00
Raw coverage	0.31	0.27	0.28	0.32	0.26
Unique coverage	0.31	0.27	0.24	0.16	0.07
Overall solution consistency	0.87			1.00	
Overall solution coverage	0.58			0.67	

[a] Key: ⊕ = core causal condition (present). ⌽ = peripheral causal condition (present). ❍ = core causal condition (absent). ○ = peripheral causal condition (absent). This format of presenting the results from the QCA is based on Ragin and Fiss (2008).

TABLE 6
Qualitative Evidence[a]

Organization	Managerial Evidence	Stakeholder Evidence
Configuration 1: Evasive decoupling		
CONSUMPTION	There's an opportunistic way of looking at it. We have a good communications department. We have received reputation awards but need to change our internal behavior.	It would be wise if they could separate themselves from the pack, not just for the purposes of public relations, but for real.
MINER	We give little weight to health, safety and environment considerations. The pendulum is shifting but it's slow because we are not encouraged by the markets to be proactive in our change process.	They are doing a lot of horrible things and a few somewhat good things. Yet they're making a great fuss about these small things that they do good. It's just a lot of blah-blah.
ENERGETIC	It's exploitation in the line of "I do things well and I tell them even better."	For them, CSR has been a communication choice. There hasn't been engagement with these issues within the firm, but ENERGETIC's communication is very effective.
Configuration 2: Emergent decoupling		
SILICON	There are different motivations and understandings from different employees. . . . You have to keep testing internally and externally to know when you're doing enough or too much.	It really depends on the individual you're dealing with. SILICON is limited by their own managers. I encounter variance in how richly they understand what their responsibilities are.
TECHNIC	You will never hear anyone within TECHNIC say that we're there. Society changes, norms change. Companies have to constantly evolve and see what the demands of society are.	We don't know if they're applying their business principles overseas. I visited a couple of their factories in China. Even they don't have enough information about the circumstances there.
SCIENTIFIC	The big issue is consensus: people being clear about what they want. Should our activity be society- or business-focused? It is a conceptual challenge. The supply-side stuff becomes easier if you are clear what the demand side is.	SCIENTIFIC does not walk the talk. Decision makers have no consequences for their behavior, and the feedback mechanisms are poor due to the high mobility of individuals. There is no chain of responsibility.
Configuration 3: Strategic implementation		
EDIBLE	You need to build into your processes the certainty that you can carry on in the long term—developing the next generation, securing materials, or managing your footprint. Those things are better managed when it's in the company's self-interest [to do so].	They really think about what they are doing. It is not an afterthought. They have a close relationship to clients. This is what CSR is about.
POWER	In addition to complying with the law, you have to take care of the interests of other groups such as clients, shareholders, the environment, employees, suppliers, public administration, society.	We interact with many firms in the energy sector. POWER is the one that has tried most to deepen the relationship. It also provides us with the most information. We are further in our relationship with them than with other energy providers.
Configuration 4: Routine implementation		
SMART	It was ingrained in our culture from the day I joined. It is not something we questioned. There have always been programs here for providing assistance to the community, for providing talent and people to work in the community.	In SMART, like most companies who really do CSR, the general manager believes in this. It cannot be a task of the director of communication. You need power to influence. When you join, you have to sign the conduct guidelines and behave accordingly.
HIGHFINANCE	CSR is a crucial element to create homogeneity, to keep the group together in spite of the many differences within it. So there is an identity-based motivation for engaging in CSR.	The firm is highly committed to CSR as a way to do business. It has a long history on CSR. There's direction from the top, and there is also a shared code of conduct.
NUCLEUS	Agreeing what is important cannot be done in a decentralized way. You do it centrally close to the top. Once you have that agreed, you can roll it into the organization.	They lack a strategic mandate. [But] looking at their processes, they're good. The way they deal with supply chains is good. They have a proactive culture in addressing relevant issues.

[a] Cases are assigned to configurations on the basis of their membership of at least 0.5 in the configuration.

Evasive decoupling. Configuration 1 implies that, when firms can conceal a lack of implementation, and when their managers frame the rationale for CSR in terms of risk reduction, they do not implement policy consistently. Further, these cases of decoupling occur in conditions of low consensus among managers, but not necessarily low consensus among stakeholders.

Three cases belong to this configuration: CONSUMPTION, ENERGETIC, and MINER. Our interview evidence overwhelmingly points to their nonimplementation of CSR policy as a deliberate choice. Stakeholders accused these firms of "playing the CSR game" and intentionally trying to conceal nonimplementation.

> It's a part of [CONSUMPTION's] marketing strategy to have a good social image as a company. [The aim is] to have liberal laws on sale, on trade, on marketing and to keep those liberal laws.

> One of the key criticisms against MINER is that they use the typical "divide and rule" tactic of working with certain people within a community, cleverly generating their support. They find support from one part of the community rather than the other part. . . . They use initial agreement to wear down resistance from others.

This intentional adoption of policy to convince external constituencies is consistent with the outward-facing roles that the CSR units occupy in the three firms. In ENERGETIC, the CSR unit forms part of the communications department. In CONSUMPTION and MINER, the CSR units fall under the remit of corporate relations.

We note that managerial consensus is low even though different stakeholders share similar expectations about corporations. Individual managers who wish to drive implementation are constrained by the lack of resources allocated to CSR implementation because it is perceived as an unnecessary cost. The executive in charge of compliance at MINER explains the restrictions he faces because the management team as a whole views investing in CSR as deleterious to financial performance: "I have to encourage colleagues to be more responsive to safety and the environment. I would love to see that, but because the bottom line is strictly financial, those concerns are out of scope."

Emergent decoupling. Configuration 2 predicts decoupling when managers disagree in their understanding of CSR and face stakeholders with conflicting expectations. Because this decoupling can occur even when firms are unable to conceal their nonimplementation, it is at odds with the feigned compliance traditionally associated with decoupling as a strategic choice. Low stakeholder consensus—for example, in the high-technology and food sectors—creates uncertainty for managers in evaluating alternative responses. However, this uncertainty is insufficient to explain decoupling. Rather, these cases of decoupling also involve low consensus among managers. Conflicting stakeholder demands become reflected in dissension within management teams, and this *internal* dissension facilitates resistance to implementation and a search for local solutions.

Three cases, SILICON, TECHNIC, and SCIENTIFIC, belong to this second configuration. We note that these firms have arranged their CSR functions in different units. In SILICON, CSR is the remit of each regional unit. In TECHNIC, product units, businesses, and regions have their own remit. In SCIENTIFIC, individual business units have substantial autonomy, and the primary function of the CSR department is to report on social and environmental performance. A consequence is that, despite corporation-wide policy in each firm, implementation is often left to the discretion of business unit and line managers.

Despite these structural arrangements, we find little evidence of decoupling as an intentional response in these firms. As Table 6 suggests, the corporate headquarters do not purposely set out to avoid implementation or to deceive stakeholders. Rather than the result of intent, the decoupling in these cases is the result of the emergence of local behaviors that are sometimes at odds with official policy. A SCIENTIFIC stakeholder contrasted the "nice, long-haired development people" with "those people on the ground." Similarly, TECHNIC stakeholders are often better informed than headquarter managers about the state of implementation outside of Europe. One representative of an environmental group, who had visited TECHNIC's factories in China, remarked, "Even they (the headquarter staff) don't have enough information about the manufacturing circumstances there."

Although all three firms fit the same configuration, we note one distinction. In SILICION, where regional executives oversaw implementation, inconsistencies in implementation appeared to emerge from local discretion to interpret policy. Inconsistent stakeholder expectations in the information technology sector allowed executives to highlight contextual pressures. For example, a regional head of SILICON, who emphasized "different understandings and different expectations on companies, depending on the market in which they operate," was able to withdraw a project to collaborate with a ministry of education, justifying the decision by a lack of local acceptance. In contrast, in SCIENTIFIC and TECHNIC, inconsistencies in implementation emerge from the imperfect replication of CSR practices across fragmented environments. The executive in charge of CSR at SCIENTIFIC emphasized the intent to secure uniform compliance: "I can't have two sets of standards in a multinational company, and therefore my task is to provide increased awareness of standards across the business models." Yet implementing policy consistently becomes challenging as corporations expand and face new stakeholders. A TECHNIC stakeholder described key challenges facing middle managers, who were often excluded from policy discussions and training:

> TECHNIC has awareness of CSR issues, but managerial skills are more relevant—not for top management because they establish policies, but for middle managers who implement them. The ones in charge of daily operations need to be made aware and need more managerial skills to understand how to measure performance on these issues.

Explaining Implementation

We performed a second analysis to identify the conditions associated with the consistent implementation of policy. Our analysis, shown in Table 5, reveals two pathways.

Strategic implementation. Configuration 3 highlights organizational interests related to CSR. Managers implement CSR policy consistently when they link CSR to potential business opportunities and when information asymmetry would otherwise impede the establishment of close stakeholder relationships. EDIBLE and POWER belong to this configuration. Both firms emphasize CSR as a source of potential opportunity, premised on securing access to resources from stakeholders, including know-how from suppliers and licenses to operate from communities and governments. As an EDIBLE executive stated, "There are compelling reasons to engage in CSR, like attracting and retaining the kind of people that you want to be working for you and with you, and the ability of business to share expertise with the NGO sector." Though the potential for asymmetry sometimes prompts gaming, as firms can conceal their lack of implementation, asymmetry also raises distrust among stakeholders. Under these conditions, stakeholders are reluctant to engage with corporations because they are less able to tell the good from the bad and might lend legitimacy to corporations with poor implementation.

The evidence in Table 6 underscores the trust that EDIBLE and POWER had gained from their external stakeholders. This trust appears to be crucial for the maintenance of productive firm-stakeholder relationships. In the food and energy sectors, organizations can easily conceal their true states of practice. Stakeholders are thus wary of lending legitimacy to corporations that, they suspect, have adopted CSR policy as a marketing device. The representative of a community group commented on the difficulty of evaluating the state of practice in CONSUMPTION, EDIBLE's competitor:

> We are not auditors. I talk to companies about the policies they have at the headquarter level, but I don't dare to think about the implementation. . . . When dialoging with some companies, I have to be careful. It is always sort of a strategic game.

Routine implementation. Our second pathway to implementation (configurations 4a and 4b) does not depend on a strategic interest in implementing policy. Instead, it rests on managerial consensus about corporations' social responsibility. Internal consensus matters when stakeholders disagree about the appropriate extent of corporate social engagement and, hence, may be less able to coordinate action against firms' noncompliance. This implies that the impetus for policy implementation in these cases comes from *within* a firm rather than from external pressure and that organizational values or identity resolve uncertainty about the environment. Though configuration 4a includes the absence of information asymmetry as a peripheral condition, implying it is difficult for firms to conceal noncompliance, configuration 4b includes the absence of organizational interest linked to implementing CSR policy as a peripheral condition. Peripheral conditions show weaker evidence for a causal relationship with the outcome (implementation), but the absence of organizational interest is particularly revealing as it contrasts with its presence in configuration 3.

SMART, HIGHFINANCE, and NUCLEUS belong to this configuration. SMART executives referred consistently to an internal impetus for implementation. Managers described implementation as driven by internal rules of behavior that appeared appropriate irrespective of their direct consequences for financial performance. A manager of SMART, similarly facing weak stakeholder expectations for corporate social engagement, described how implementation was not merely the result of compliance with external pressures:

> It [CSR] was ingrained in our culture from the beginning. [Our founder] tried to ingrain social values and to demonstrate to employees how important it was not just to have a job but to try to influence the social agenda. . . . From the first day I was with SMART we were instructed in this, and this is not something we questioned.

Similarly, a NUCLEUS executive emphasized that institutional pressures led to the articulation of CSR policy that was based on practices that had already been commonplace in the firm for many years:

> We came up through a company with a strong reputation in many of these areas. As long as I remember, we were known as a company where people internally were treated well, and they behaved decently in society. This has been a value for many

> years. At some stage it was decided to formalize this into a triple bottom line because we were forced to report.

All three firms internally resolved the uncertainty inherent in their external environments. The units responsible for CSR had an integrative function, formalizing policy across each of these firms. HIGHFINANCE had a single unit responsible for CSR that maintained links to all core business functions. SMART had a single council combining representatives from the CSR unit and its core business functions. CSR programs were budgeted centrally. NUCLEUS had a cross-functional group for CSR including executives from different functions and geographies that set "global guidelines and global standards and minimum requirements that count for all."

In explaining implementation, we note the discrepancy between the configurations' unique coverage (0.28, 0.32, 0.26) and their total coverage (0.24, 0.16, 0.07). This discrepancy implies that our explanations for implementation are not mutually exclusive. The same firm could implement policy consistently *both* because its managers identified a strategic rationale for doing so and because strong internal norms favored implementation.

Finally, the firm CAPITAL is an interesting anomaly. At the time of our interviews, CAPITAL had a mediocre record of implementation, as evidenced by poor social performance ratings, but it possessed the characteristics of the strategic implementation configuration (Table 4). We note that CAPITAL did not formally adopt CSR policy until 2004, substantially later than the other firms in our sample. Though implementation was, according to a stakeholder, "not yet completely integrated in the organization and its operations," later social performance data suggest increased compliance. This implies that even intentional moves to articulate and implement policy can take time to bear fruit, with implementation potentially requiring ongoing efforts to change organizational processes.

DISCUSSION

The purpose of this study was to understand why firms in the same environment respond differently to institutional pressures for CSR. Not all cases of decoupling and implementation are identical. Firms decouple their behavior from stated commitments not only for intentional, exploitative reasons, but also as a result of uncoordinated, exploratory attempts to respond to diverse and conflicting demands in a generally well intended "muddling through" process. Firms implement policy either when executives collectively perceive instrumental benefits from doing so or when they resolve the uncertainty in their external environment by developing an organizational view of the global set of issues that they face and coordinating policy implementation.

Multilevel Explanation of Institutional Response

Our first contribution to institutional theory is a multilevel explanation of response to stakeholder pressures that challenges and refines existing theoretical accounts. Factors external and internal to a firm combine to influence when different responses occur and when they are emergent rather than strategic attempts to exploit stakeholder ignorance or to win stakeholder favor.

Most explanations of decoupling prioritize either a firm's external environment or the internal organization. Many investigations have addressed factors that are exogenous to firms, such as divergent stakeholder expectations (Meyer & Rowan, 1977) and the degree to which sectors are dominated by beliefs and values rather than market forces (Scott & Meyer, 1983). Other investigations have addressed the interests of executives inside firms (e.g., Westphal & Zajac, 1994). However, our results suggest that it is problematic to view forces at any single level of analysis as sufficient for decoupling to occur. For instance, the inability of stakeholders to identify the state of practice in firms only predicts decoupling if executives have unambiguous interests against implementation. This is evidenced by CONSUMPTION and EDIBLE, two firms that responded differently to similar external stakeholder pressures.

The interplay between external environment and internal organization matters for whether firms implement or decouple policy as well as how they go about doing so. Decoupling may be more subtle than a choice between implementation and evasion (Fiss & Zajac, 2006). Though existing theories of decoupling are largely silent on organizational learning, under conditions of inconsistent stakeholder expectations, some firms engage in problemistic search (Cyert & March, 1963), and decoupling appears to emerge through variation in their practices. Emergence does not imply that these practices are entirely unintended (i.e., local managers might deliberately choose these practices), but rather that they are unintended by leadership and at odds with official policy (Mintzberg & Waters, 1985). Inconsistencies in implementation can follow from different understandings of institutional pressures and also from the difficulty of replicating practices throughout a firm (Winter & Szulanski, 2001). From this perspective, decoupling might allow firms not only to reconcile competing forces in their environment, but also to accommodate internal factions (Li & Hambrick, 2005; March, 1962). The emergence of distinct practices as a truce among members with incongruent perceptions and beliefs fits the evidence observed in firms such as SILICON, TECHNIC, and SCIENTIFIC.

We also find an explanation for implementation in similarly fragmented environments. Consistent implementation of CSR policy is associated with managerial consensus about the social responsibilities of business. Conceivably, decoupling does not happen when the dynamics of identity overtake the dynamics of problemistic search and imperfect learning, because shared beliefs resolve uncertainty and facilitate coordination and the replication of practices (Hardin & Higgins, 1996). Shared beliefs can sustain behaviors that are not motivated by apparent self-interest (Labianca, Gray, & Brass, 2000), leading to convergence in behaviors within a firm.

Our identification of an emergent form of decoupling and of an internally driven form of implementation does not supersede strategic explanations. Rather, it specifies information asymmetry as a condition under which responses are likely to be strategically motivated. Further, our behavioral interpretation contrasts with the depiction of decoupling in Meyer and Rowan's (1977) seminal article because our finding does not depend on complicit stakeholders who turn a blind eye to firms' actual practices. However, the coverage score of our solution (0.58) implies that our framework does not explain all instances of decoupling. Other forms and drivers of decoupling may exist.

Microfoundations of Institutional Response

Our second contribution is to the emerging literature on the microfoundations of institutional response (George et al., 2006; Tilcsik, 2010) and, in particular, on the interaction of institutional pressures and cognition (Kennedy & Fiss, 2009). Attention to individual executives and stakeholders complements research that recognizes a sociopolitical dimension to decoupling centered on power and objective interests (Westphal & Zajac, 1998).

Identifying the microfoundations of response to institutional pressures is crucial to explain firm heterogeneity. We looked at two attributes of firms: how managers perceive their interests around CSR, and whether they agree in their understandings of CSR. The firms in our study are complex corporations, and their responses to institutional pressures are not mechanistic (Delmas & Toffel, 2008; Hambrick, Finkelstein, Cho, & Jackson, 2005); however, ultimately individual actors exercise firms' discretion (Crilly, Schneider, & Zollo, 2008). As institutional theory and the behavioral theory of the firm share some similar assumptions about actors' bounded rationality (Argote & Greve, 2007), opportunities remain to link these research streams to identify the microfoundations of institutional response.

An important link between institutional theory and the behavioral theory of the firm concerns the role of coalitions (March, 1962) within and between organizations in shaping responses. Prior research assesses the influence of internal actors on responses (Westphal & Zajac, 1994) and the role of executives in framing the environment for their subordinates (cf. Kaplan, 2008b). Our routine implementation configuration, exemplified by firms such as HIGHFINANCE and NUCLEUS, underscores the importance of internal consensus for responses. Our emergent-decoupling configuration, exemplified by SILICON, TECHNIC, and SCIENTIFIC, shifts attention to the role of stakeholders in driving implementation by communicating unambiguous expectations. Conceivably, a lack of stakeholder consensus impedes coordination between stakeholders and risks, sending confusing signals to managers.

We would welcome studies that investigate the causal dynamics underlying the patterns we observed. Though our method, fsQCA, can identify "causal recipes" (Ragin, 2008: 23) for conditions associated with decoupling and implementation, it does not easily accommodate longitudinal data (Lacey & Fiss, 2009). Longitudinal and experimental data would be necessary to ascertain whether the patterns we identified are truly causal. In particular, longitudinal studies could illuminate the interactions between strong stakeholder consensus, pressure on firms, and firm-level consensus or dissension over time. For example, though managerial consensus predicts implementation in the absence of stakeholder consensus, the relationship between managerial consensus and implementation is less consistent when stakeholders are united as to what they expect from firms. Our data from the firm RESOURCE reveal that its executives have consensus around a narrow view of the firm's social responsibility and allocate only limited resources toward implementing CSR policy. Though our explanation is tentative, we note that RESOURCE has been a prominent target of activist campaign groups. The unanimity within the management team is consistent with the cohesiveness that emerges when individuals face a common enemy (Allport, 1958) and the activation of in-group identities in response to external threats (Sherif, 1966).

Implications for Research into CSR

Our study also has implications for research into CSR, much of which investigates executives' intentions, linking these to support for practices and policies. Yet intentions can be divorced from localized practice (Orlikowski, 2000), especially when the means for implementing policy are unclear (Goodrick & Salancik, 1996).

Two of our configurations suggest that some instances of decoupling and implementation result from ongoing processes in a firm rather than strategic decisions. Even if these responses are not necessarily intended, this finding does not mean that there is no role for active management or organization design. Our finding of common structures across firms fitting the same configuration underlines the importance of formal control to influence resource allocation across dispersed organizations (Gamoran & Dreeben, 1986). Informal organization also plays a role. The cognitions and motivations of managers represent a barrier to implementation (Labianca et al., 2000). A tentative conclusion from our study is that efforts to build internal norms and identity can facilitate the replication of practices in diverse units. This is consistent with evidence that shared beliefs about the core purpose of a firm enable coordination among managers representing different functions and geographies, allowing firms to attend simultaneously to competing stakeholders (Crilly & Sloan, 2012).

Our study has implications for our understanding of managers' rationales for CSR. Though our two pathways to decoupling—the strategic and the emergent—are mutually exclusive, our two pathways to implementation are not. By implication, implementation does not have to be only about perceived strategic interest or about organizational identity and values. Rather, in some cases, these separate drivers of implementation appear to operate simultaneously. The CSR literature distinguishes instrumental motives from moral and relational motives (Aguilera et al., 2007) and frequently views noninstrumental motives as purer (Quinn & Jones, 1995). Our finding provides tentative evidence that self-interest can coexist alongside other motives. As firms implement CSR policy, their executives may become sensitized to related business opportunities.

Finally, we note that implementation is not solely a concern for executives. As evidenced by firms such as SCIENTIFIC, which lack an organizational view of the CSR issues that they face, low levels of stakeholder coordination conceivably reinforce executives' uncertainty about the appropriate policies to adopt and implement. This uncertainty is associated with pockets of local improvisation as lower-level managers enjoy greater discretion over implementation. Though implementation is less consistent in these firms than in their peers that forge a single organizational view, their local improvisation may be welcome to specific stakeholders. Conversely, though stakeholder coordination can constrain firms' attempts to decouple, our findings also urge caution. If aggressive campaigning causes executives to attend to risk reduction as a guideline for behavior, they may comply with the letter of the law and allocate resources to political activities rather than undertake substantive change (David et al., 2007). The recognition that executives sometimes muddle through, rather than set out with the intent to exploit their stakeholders, is a useful starting point for firm-stakeholder dialogue.

REFERENCES

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. 2007. Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. ***Academy of Management Review,*** 32: 836–863.

Akerlof, G. 1970. The market for "lemons": Quality uncertainty and the market mechanism. ***Quarterly Journal of Economics,*** 84: 488–500.

Allport, G. W. 1958. ***The nature of prejudice.*** Garden City, NY: Doubleday.

Argote, L., & Greve, H. R. 2007. A behavioral theory of the firm—40 years and counting: Introduction and impact. ***Organization Science,*** 18: 337–349.

Axelrod, R. 1984. ***The evolution of cooperation.*** New York: Basic Books.

Bansal, P., & Clelland, I. 2004. Talking trash: Legitimacy, impression management, and unsystematic risk in the context of the natural environment. ***Academy of Management Journal,*** 47: 93–103.

Bansal, P., & Roth, K. 2000. Why companies go green: A model of ecological responsiveness. ***Academy of Management Journal,*** 43: 717–736.

Basu, K., & Palazzo, G. 2008. Corporate social responsibility: A process model of sensemaking. ***Academy of Management Review,*** 33: 122–136.

Battilana, J., & Dorado, S. 2010. Building sustainable hybrid organizations: The case of commercial microfinance organizations. ***Academy of Management Journal,*** 53: 1419–1440.

Christian Aid. 2004. ***Behind the mask: The real face of corporate social responsibility.*** London: Christian Aid.

Christmann, P., & Taylor, G. 2001. Globalization and the environment: Determinants of firm self-regulation in China. ***Journal of International Business Studies,*** 32: 439–458.

Cress, D. M., & Snow, D. A. 1996. Mobilization at the margins: Resources, benefactors, and the viability of homeless social movement organizations. ***American Sociological Review,*** 61: 1089–1109.

Crilly, D., Schneider, S. C., & Zollo, M. 2008. The psychological antecedents to socially responsible behavior. ***European Management Review,*** 5: 175–190.

Crilly, D., & Sloan, P. 2012. Corporate attention to stakeholders: Enterprise logic and an inside-out explanation. ***Strategic Management Journal,*** 33: 1174–1193.

Cyert, R. M., & March, J. G. 1963. ***A behavioral theory of the firm.*** Englewood Cliffs, NJ: Prentice Hall.

David, P., Bloom, M., & Hillman, A. J. 2007. Investor activism, managerial responsiveness, and corporate social performance. ***Strategic Management Journal,*** 28: 91–100.

Davis, K. 1973. The case for and against business assumption of social responsibilities. ***Academy of Management Journal,*** 16: 312–323.

Delmas, M., & Toffel, M. 2008. Organizational responses to environmental demands: Opening the black box. ***Strategic Management Journal,*** 29: 1027–1055.

Den Hond, F., & de Bakker, F. G. A. 2007. Ideologically motivated activism: How activist groups influence corporate social change activities. ***Academy of Management Review,*** 32: 901–924.

Fedderson, T., & Gilligan, T. 2001. Saints and markets: Activists and the supply of credence goods. ***Journal of Economics and Management Strategy,*** 10: 149–171.

Fiss, P. C. 2011. Building better causal theories: A fuzzy set approach to typologies in organization research. ***Academy of Management Journal,*** 54: 393–420.

Fiss, P. C., & Zajac, E. J. 2004. The diffusion of ideas over contested terrain: The (non)adoption of a shareholder value orientation among German firms. ***Administrative Science Quarterly,*** 49: 501–534.

Fiss, P. S., & Zajac, E. J. 2006. The symbolic management of strategic change: Sensegiving via framing and decoupling. ***Academy of Management Journal,*** 49: 1173–1193.

Freeman, R. E. 1984. ***Strategic management: A stakeholder approach.*** Boston: Pitman.

Gamoran, A., & Dreeben, R. 1986. Coupling and control in educational organizations: An explication and illustrative comparative test. ***Administrative Science Quarterly,*** 31: 612–632.

Garud, R., Jain, S., & Kumaraswamy, A. 2002. Institutional entrepreneurship in the sponsorship of common technological standards: The case of Sun Microsystems and Java. ***Academy of Management Journal,*** 45: 196–214.

George, E., Chattopadhyay, P., Sitkin, S., & Barden, J. 2006. Cognitive underpinnings of institutional persistence and change: A framing perspective. ***Academy of Management Review,*** 31: 347–365.

Global Reporting Initiative. 2000. ***A common framework for sustainability reporting.*** www.globalreporting.org.

Goodrick, E., & Salancik, G. R. 1996. Organizational discretion in responding to institutional practices: Hospitals and Cesarean births. ***Administrative Science Quarterly,*** 41: 1–28.

Greening, D. W., & Gray, B. 1994. Testing a model of organizational response to social and political issues. ***Academy of Management Journal,*** 37: 467–498.

Hambrick, D. C., Finkelstein, S., Cho, T. S., & Jackson, E. M. 2005. Isomorphism in reverse: Institutional theory as an explanation for recent increases in intraindustry heterogeneity and managerial discretion. In B. Staw & R. M. Kramer (Eds), ***Research in organizational behavior,*** vol. 26: 307–350. Greenwich, CT: JAI.

Hannan, M. T., & Freeman, J. H. 1977. The population ecology of organizations. ***American Journal of Sociology,*** 82: 929–964.

Hardin, C. D., & Higgins, E. T. 1996. Shared reality: How social verification makes the subjective objective. In E. T. Higgins & R. M. Sorrentino (Eds.), ***Handbook of motivation and cognition: The interpersonal context,*** vol. 3: 28–84). New York: Guilford.

Jensen, M. C., & Meckling, W. H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. ***Journal of Financial Economics,*** 3: 305–360.

Jones, T. M. 1995. Instrumental stakeholder theory: A synthesis of ethics and economics. ***Academy of Management Review,*** 20: 404–437.

Kaplan, S. 2008a. Cognition, capabilities, and incentives: Assessing firm response to the fiber-optic revolution. ***Academy of Management Journal,*** 51: 672–695.

Kaplan, S. 2008b. Framing contests: Strategy making under uncertainty. ***Organization Science,*** 19: 729–752.

Kennedy, M. T., & Fiss, P. C. 2009. Institutionalization, framing, and diffusion: The logic of TQM adoption and implementation decisions among U.S. hospitals. ***Academy of Management Journal,*** 52: 897–918.

King, A. A., Lenox, M. J., & Terlaak, A. 2005. The strategic use of decentralized institutions: Exploring certification with the ISO 14001 management standards. ***Academy of Management Journal,*** 48: 1091–1106.

Krippendorff, K. 2004. ***Content analysis: An introduction to its methodology.*** Thousand Oaks, CA: Sage.

Kulkarni, S. P. 2000. Information asymmetry among organizational stakeholders. ***Journal of Business Ethics,*** 27: 215–228.

Labianca, G., Gray, B., & Brass, D. J. 2000. A grounded model of organizational change during empowerment. ***Organization Science,*** 11: 235–257.

Lacey, R., & Fiss, P. C. 2009. Comparative organizational analysis across multiple levels: A set-theoretic approach. In B. King, T. Felin, & D. Whetten (Eds.), ***Research in the sociology of organizations,*** vol. 26 (Studying differences between organizations: Comparative approaches to organizational research): 91–116. Bingley, U.K.: Emerald.

Leifer, E. M.. 1988. Interaction preludes to role setting: Exploratory local action. ***American Sociological Review,*** 53: 865–878.

Leland, H. E. 1979. Quacks, lemons, and licensing: A theory of minimum quality standards. ***Journal of Political Economy,*** 87: 1328–1346.

Li, J. T., & Hambrick, D. C. 2005. Factional groups: A new vantage on demographic faultiness, conflict and disintegration in work teams. ***Academy of Management Journal,*** 48: 794–813.

March, J. G. 1962. The business firm as a political coalition. ***Journal of Politics,*** 24: 662–678.

Margolis, J. D., & Walsh, J. P. 2003. Misery loves companies: Rethinking social initiatives by business. ***Administrative Science Quarterly,*** 48: 268–305.

Meyer, J. W., & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. ***American Journal of Sociology,*** 83: 340–363.

Mintzberg, H., & Waters, J. A. 1985. Of strategies, deliberate and emergent. ***Strategic Management Journal,*** 6: 257–272.

Nayyar, P. R. 1990. Information asymmetries: A source of competitive advantage for diversified service firms. ***Strategic Management Journal,*** 11: 513–519.

Novo Nordisk. 2011. ***Novo Nordisk annual report 2010.*** http://annualreport.novonordisk.com/. Accessed January 1.

Orlikowski, W. J. 2000. Using technology and constituting structures: A practice lens for studying technology in organizations. ***Organization Science,*** 11: 404–428.

Post, J. E., Preston, L. E., & Sachs, S. 2002. Managing the extended enterprise: The new stakeholder view. ***California Management Review,*** 45(1): 6–28.

Pratt, M. G., & Foreman, P. O. 2000. Classifying managerial responses to multiple organizational identities. ***Academy of Management Review,*** 25: 18–42.

Purdy, J. M., & Gray, B. 2009. Conflicting logics, mechanisms of diffusion, and multilevel dynamics in emerging institutional fields. ***Academy of Management Journal,*** 52: 355–380.

Quinn, D. P., & Jones, T. M. 1995. An agent morality view of business policy. ***Academy of Management Review,*** 20: 22–42.

Ragin, C. C. 2008. ***Redesigning social inquiry: Fuzzy sets and beyond.*** Chicago: University of Chicago Press.

Ragin, C. C., Drass, K. A., & Davey, S. 2006. ***Fuzzy-set/qualitative comparative analysis 2.0.*** Tucson: Department of Sociology, University of Arizona.

Ragin, C. C., & Fiss, P. 2008. Net effects versus configurations: An empirical demonstration. In C. C. Ragin (Ed.), ***Redesigning social inquiry: Fuzzy sets and beyond:*** 190–212. Chicago: University of Chicago Press.

Redding, K., & Viterna, J. S. 1999. Political demands, political opportunities: Explaining the differential success of left-libertarian parties. ***Social Forces,*** 78: 491–510.

Rihoux, B., & Ragin, C. C. (Eds.). 2008. ***Configurational comparative methods. Qualitative comparative analysis (QCA) and related techniques.*** Thousand Oaks and London: Sage.

Schneider, M., Schulze-Bentrop, C., & Paunescu, M. 2010. Mapping the institutional capital of high-tech firms: A fuzzy-set analysis of capitalist variety and export performance. ***Journal of International Business Studies,*** 41: 246–266.

Scott, W. R., & Meyer, J. W. 1983. The organization of societal sectors. In J. W. Meyer & W. R. Scott (Eds.), ***Organizational environments: Ritual and rationality:*** 129–154. Newbury Park, CA: Sage.

Sherif, M. 1966. ***In common predicament: Social psychology of intergroup conflict and cooperation.*** Boston: Houghton-Mifflin.

Sivaramakrishnan, K. 1994. Information asymmetry, participation, and long-term contracts. ***Management Science,*** 40: 1228–1244.

Sonenshein, S. 2006. The role of construction, intuition, and justification in responding to ethical issues at work: The sensemaking-intuition model. ***Academy of Management Review,*** 32: 1022–1040.

Tilcsik, A. 2010. From ritual to reality: Demography, ideology, and decoupling in a post-communist government agency. ***Academy of Management Journal,*** 53: 1474–1498.

Thornton, P. H., & Ocasio, W. 2008. Institutional logics. In R. Greenwood, C. Oliver, S. K. Andersen, & R. Suddaby (Eds.), ***Handbook of organizational institutionalism:*** 99–129. Newbury Park, CA: Sage.

Uzzi, B., & Gillespie, J. 1999. Corporate social capital and the cost of financial capital: An embeddedness approach. In R. Leenders & S. Gabbay (Eds.), ***Corporate social capital and liability:*** 446–459. Boston: Kluwer.

Weaver, G. R., Treviño, L. K., & Cochran, P. L. 1999. Integrated and decoupled corporate social performance: Management commitments, external pressures, and corporate ethics practices. ***Academy of Management Journal,*** 42: 539–552.

Westphal, J. D., & Zajac, E. J. 1994. Substance and symbolism in CEOs' long-term incentive plans. ***Administrative Science Quarterly,*** 39: 367–390.

Westphal, J. D., & Zajac, E. J. 1998. The symbolic management of stockholders: Corporate governance reforms and shareholder reactions. ***Administrative Science Quarterly,*** 43: 127–153.

Westphal, J. D., & Zajac, E. J. 2001. Decoupling policy from practice: The case of stock repurchase programs. ***Administrative Science Quarterly,*** 46: 202–228.

Winter, S. G., & Szulanski, G. 2001. Replication as strategy. ***Organization Science,*** 12: 730–743.

World Bank. 2003. ***Strengthening implementation of corporate social responsibility in global supply chains.*** Washington, DC: World Bank Group.

Yoshikawa, T., Tsui-Auch, L. S., & McGuire, J. 2007. Corporate governance reform as institutional innovation: The case of Japan. ***Organization Science,*** 18: 885–897.

Donal Crilly (dcrilly@london.edu) is an assistant professor of strategy and entrepreneurship at the London Business School. His research focuses on the role of managerial cognition and attention in explaining how firms respond to stakeholder concerns and on the application of linguistic analysis to understand how managers devise strategy under uncertainty. He received his Ph.D. in strategy from INSEAD.

Maurizio Zollo (maurizio.zollo@unibocconi.it) is the Dean's Professor of Corporate Strategy and Sustainability at Bocconi University and director of the Center for Research in Organization and Management (CROMA). He received his Ph.D. from the Wharton School of the University of Pennsylvania. His research focuses on the study of organizational evolution through the combined use of strategic initiatives, socialization processes, and knowledge management techniques.

Morten T. Hansen (hansen@ischool.berkeley.edu) is a professor at the University of California, Berkeley (School of Information) and at INSEAD. He holds a Ph.D. from the Graduate School of Business at Stanford University. His research has focused on intraorganizational social networks, knowledge sharing, and innovation.