ABSTRACT

Title of Document: CONSTRUCTING PRIVATE SOCIAL RESPONSIBILITY STANDARDS: A SOCIAL MOVEMENT'S STRUGGLE TO REGULATE GLOBAL CAPITALISM

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In the last several decades, increasing corporate abuses against labor, human rights, and the environment have sparked an explosion in the discourse around what corporations' responsibilities are to society. One form of this discourse has been the production of specific sets of standards by the social responsibility movement to hold businesses accountable to society. While many in the movement continue to target the state to advocate for laws and regulations, the movement has also increasingly targeted corporations directly in an effort to create private standards to which they expect businesses to adhere. Relying on contentious outsider pressure against corporations, advocates work through institutional channels and with corporations to promote social change in a way that traditional social movement theories have largely ignored.

This study examines socially responsible investing and social certifications as two particularly important sites for the development of private standards that function outside of the state. Each of these sites are conceptualized as social movement fields in which

actors compete to define standards, and which have their own unique rules, opportunities, and constraints. Specifically, I ask: how are private social responsibility standards constructed? Within each field, I draw upon qualitative, in-depth interviews to examine multiple cases, or sets of standards, to understand how advocates translate their expectations into specific standards and what field-level mechanisms shape the standard-setting process. I compare standards across time, and within and across fields to identify causal mechanisms that shape standards in similarly patterned ways. My findings show how power, culture, and institutions shape standards by including or excluding certain criteria and raising or lowering thresholds of socially responsible practices. By examining standard-setting within these fields, we can better understand how meanings are assigned to the different claims of social responsibility, the opportunities and constraints of these fields for the global governance of capitalism, and the relationship between outsider and insider strategies within social movement theory.

# CONSTRUCTING PRIVATE SOCIAL RESPONSIBILITY STANDARDS: A SOCIAL MOVEMENT'S STRUGGLE TO REGULATE GLOBAL CAPITALISM

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# Dedication

I dedicate this doctoral dissertation to my wife, Tia Shields Dean. She has always been very supportive and tremendously patient with me throughout graduate school and the development of this dissertation. Like many things, I could not imagine having completed this project, or it being nearly as fun, without her. Furthermore, her strength, passion, and commitment to social justice are huge inspirations for me and ones that I sincerely hope I can match in my own research, teaching, and life.

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# Chapter 1: The Social Responsibility Movement

In the late 1980s and early 1990s, NGOs expressed growing concern about the treatment of workers at Nike, one of the world's largest and most well-known apparel manufacturers. Evidence was mounting that Nike was using a variety of unfair labor practices, including child labor, in its factories. By that time, none of Nike's shoes were being made in the United States any more. Nike had long since moved their factories, or contracted with factories, in Vietnam, China, Indonesia, and other Southeast Asian nations. Shoes that cost over $125 in the US were made by workers earning less than $2/day, a fraction of the labor costs in other parts of the world. Furthermore, enforcement of local laws, labor rights, and human rights was either inconsistent or nonexistent. Throughout the 1990s, activists identified an increasing number of abuses at these factories. Workers in Nike factories were often paid less than the legal minimum wage, forced to work over time, threatened when attempting to join unions, were not paid back wages, encouraged to take amphetamines to work through the night, exposed to dangerous chemicals, denied bathroom breaks and benefits, and coached to lie to company representatives (Oxfam 2002). Clearly, these practices were inconsistent with the company's own voluntary code of conduct, a 1992 policy to portray themselves as a socially responsible corporation that sought to improve the lives of workers in developing countries (Soule 2009).

As these practices made their way into media reports, public attention grew and an anti-sweatshop movement began to take shape. Labor rights groups and human rights NGOs applied pressure on Nike by publicizing its misdeeds and organizing boycotts against Nike. A student group, United Students Against Sweatshops (USAS), was formed in 1998 (Featherstone 2002) and staged protests and occupied university administrative offices (for up to 225 hours!). USAS, labor rights groups, and human rights NGOs used these contentious outsider strategies to raise awareness about the issues and discourage consumers from purchasing sweatshop products, including Nike shoes and apparel.

Other organizations used strategies that were best pursued by corporate insiders to work with Nike and promote reforms from within the company (Galvin 1996). For example, through its ownership of shares of Nike stock, socially responsible investors with the United Methodist Church filed a shareholder resolution with the company in 1996. Shareholder resolutions are a formal proposal presented to management, and voted upon by all shareholders, to make nonbinding recommendations to the company. The resolution stated "the image of Nike Incorporated is an extremely important corporate asset—recently valued at between $1.3 and 1.7 billion" dollars and that Nike's own practices were putting the value of their brand at risk. They then proposed several specific policies for Nike that would institute more socially responsible practices to improve their brand image. Socially responsible investors also used social ratings, or indices, to evaluate Nike (and other corporations) based on social and environmental standards. In 1997, Nike became the first company to be get kicked off the Domini Social Index for poor labor standards, giving them more bad press and incentivizing their adherence to the standards (Donovan 2008). Finally, through the newly formed Fair Labor Association, other movement organizations worked with Nike to develop new social standards for their labor practices. Through each of these insider strategies, movement actors worked through institutional channels and directly with Nike to embed their business practices within social and environmental standards.

In response to this diverse and unrelenting pressure, Nike took a number of unprecedented steps. For the first time, the company began identifying their factory locations and acknowledged problems within them. They opened themselves up to independent monitoring and were able to meet the minimum standards created by the Fair Labor Association. At the same time, socially responsible investors continued to work with Nike and the company later passed their ratings. As a result, by 2010, Nike stock was part of the portfolios of many socially responsible investors. By many accounts, both the contentious outsider strategies and the market-friendly insider strategies were proclaimed a success of the growing social responsibility movement.

In some ways, the Nike example can be placed within the long history of social movements seeking to regulate economic activity (Marx 1848/1967; Polanyi 1944/2001). Like earlier collective action, this movement attempts to change how business operates in order to meet certain social and environmental objectives. But whereas earlier advocacy efforts targeted state actors and regulatory law, contemporary advocacy increasingly directly target corporations (and other non-state actors) and seeks to embed business practices in private sets of standards. States have been reluctant or politically unable to regulate transnational corporations, so many movement actors have increasingly worked through and within markets to make economic activity more socially responsible and sustainable (Rowe 2005; Vogel 2008). Thus, recent efforts like those against Nike are qualitatively different than these earlier efforts.

This shift in the target of social movements, for example, targeting Nike as opposed to petitioning the government, as well as the combination of outsider and insider strategies used by social movement actors in the Nike example, has become a challenge for scholars of social movements, which have traditionally emphasized the state as the primary rulemaker of significance (Armstrong and Bernstein 2008; Polletta 2006). Contemporary social movement scholarship must take into account the fact that newer movements, such as the social responsibility movement, target a broader array of actors, institutions, and targets than ever before (King and Pearce 2010). To address these new modes of collective action, several scholars (e.g. Armstrong and Bernstein 2008) have called upon the field to broaden its conceptualization of social movements (Snow 2004: 19). Proposing an alternative model of social movements focusing on fields and institutions, this social movement scholarship stresses how power is organized across these multiple arenas throughout society (Crossley 2002a; Armstrong and Bernstein 2008).

This broad movement, which I refer to as the *social responsibility movement*, has adopted a variety of tactics to regulate businesses and get them to operate in a more socially responsible and sustainable manner. I use the term “social responsibility movement” in a very broad and inclusive sense here. Others (e.g. Carroll 1999) have used the term “corporate social responsibility movement,” but such a label focuses exclusively on corporations, whereas I am interested in businesses of all sizes. Still others have used the term “corporate accountability movement” to refer explicitly to the promotion of legal mechanisms in regulating corporations (McBarnet et al 2009). While legal mechanisms continue to be important, the movement is increasingly working with companies to develop private social responsibility standards to which they expect companies to adhere (Bartley 2003, 2005, 2007a; Cashore et al 2004). These new standards reflect a new form of governance that is developed through multi-stakeholder processes in the construction of both social and environmental codes (Shamir 2010; Vogel 2008; Bernstein 2011). This "governance without governments" seeks to bypass regular political processes that are often closed to civil society actors. The social responsibility movement, therefore, includes movement efforts to regulate companies of all sizes, but which go beyond voluntary self-regulation, to include both legally binding mechanisms and private standards systems.

This study focuses on private standards to better understand how the movement develops social responsibility standards to regulate economic activity. Standards are private in the sense that they are not enacted or controlled by the state but are regulatory in the sense that they promote adherence to a set of social and environmental expectations. My analysis focuses on standard-setting processes within two social movement fields: socially responsible investing (SRI) and social certifications. Within these fields, I draw upon qualitative interviews to examine two SRI cases and three social certification cases. The interviews are utilized to identify the range of standards within each case and to explain the social forces that shape the standard-setting processes.

I focus on two fields within the social responsibility movement, socially responsible investing and social certifications, because these two fields are useful for seeing how movement advocates struggle to shape business practices via insider strategies such as the shareholder resolutions, Domini's social ratings, and Fair Labor Association standards used in the Nike campaign. I examine each field by asking: *how are standards for social responsibility constructed? Within the standard-setting process, what field-level mechanisms shape how standards are constructed? How are standards embedded within processes of engagement?* I am specifically interested in three aspects of this standard setting process, namely, 1) how standards shape, and are shaped by, engagement with companies; 2) the content and thresholds of actual standards; and 3) and the mediating mechanisms that influence the criteria and thresholds for social responsibility standards.

By investigating patterns in how standards are constructed, I seek to uncover the mechanisms that alter standard-setting in systematic ways across organizations within each field and across the fields more broadly (McAdam et al 2008: 331). This examination of socially responsible investment and social certifications serves as a window into the larger processes of movement politics in an era of global capitalism. It can, for example, help us to understand the struggle with Nike, including how it came to be labeled socially responsible and what that label means for its workers and the environment. It can shed light on the strategies, opportunities, and constraints of private regulation and non-state (or hybrid) forms of governance (Shamir 2010). Furthermore, it helps us make sense of the various claims about social responsibility and the various contexts in which they are constructed.

In the remainder of this chapter, I begin by examining the social context in which the social responsibility movement emerged and how they came to target corporations directly. I outline the rise of the transnational corporation, which is fundamental for understanding the organization and operation of economic activity today. My discussion focuses on the dispersion of economic activity into global commodity chains, which allow corporations to capitalize on cheap labor and lower environmental standards across different national contexts. This is important for understanding the role of globalization or more specifically, attempts at global regulatory efforts, in shaping business practices.

The rise of transnational corporations and a weak regulatory environment provide the context for social movements seeking to improve social and environmental practices of this business activity, with a focus on socially responsible investment and social certifications.

Next, I review relevant literature that sets the stage for the theoretical framework used in this dissertation. I review recent developments and remaining gaps in alternative models of social movement theory, including a field-based approach to social movements, drawing upon literature from social movements and economic sociology (Armstrong and Bernstein 2008). I outline how the field-based approach to social movements can be applied to studies of socially responsible investing and social certifications, which will be the focus of my empirical research.

Finally, I offer an overview of this dissertation project and the chapters that follow. I summarize my methods, which draw upon qualitative interviews and comparative methods to examine how private social responsibility standards are constructed. I then outline my results chapters, which cover standard-setting in SRI, standard-setting in social certifications, and comparisons across the two fields, respectively.

## The Rise of Transnational Corporations and the Social Responsibility Movement

Private social responsibility standards are a global phenomenon that has emerged in response to increasingly powerful transnational corporations and the social movements that have sought to address their social and environmental effects. In this section, I trace the rise of the transnational corporation, attempts to legally regulate them, and the emergence of the social responsibility movement. I then discuss socially responsible investing and social certifications, two of the most important sites for developing private social responsibility standards to shape business activity.

The rise of the transnational corporation has coincided with the emergence of an increasingly global economy. While there have been economic exchanges across national borders for thousands of years, the notion of a truly global economy is a relatively recent phenomenon (Sklair 2007). Earlier economic transactions emphasized trade between nations and companies within their respective nations, and were considered part of an international economy. More recently, and especially since the 1960s, there has been a dramatic rise in truly global economic institutions (e.g. WTO, World Bank, IMF) and corporations whose production networks are dispersed throughout the world (Harvey 2007). In this context, the world has seen much higher levels of international trade, the rise of outsourcing, increasing eradication of trade barriers, more intense integration and circulation of goods and services, instantaneous global communication of digital information, and accelerated flows of money across borders (Ritzer 2007; Tonkiss 2012).

Transnational corporations (TNCs) are at the heart of this global economy. They operate in many different nations simultaneously through different branches and subsidiaries. Driven by the pursuit of greater profits and competitive advantages in a fierce global market, these globalizing corporations have increasingly expanded their operations into global networks of production, distribution, and consumption (Dicken 2007). Through strategic relationships with contractors, sub-contractors, and other firms, they have sought to capitalize on local competitive advantages, whether that includes access to natural resources, cheaper labor costs, or a more lax regulatory environment.

Taken together, these inter-firm linkages constitute global commodity chains, where different parts of the production and distribution of goods are divided and coordinated across geographically dispersed networks (Gereffi et al 2005; Gereffi 2012).

In this trend toward increasing globalization, corporations have grown dramatically in size and many corporations have become larger than the economies of most countries. For example, out of the largest 100 economies in the world, 51 of them are corporations. By 2008, the world's largest 500 corporations had revenues of more than $18 billion, but only 99 countries had GNPs that exceeded that amount (Sklair 2010). Many of these companies also earn greater than half their revenues from outside of their "home" country. With increasingly concentrated economic resources, corporations have also exercised an increasing degree of political influence as well (Kellner 2002). Working with governments (Robinson 2004) and promoted by governments (Harvey 2007), corporations dramatically shape the face of globalization processes.

As these global corporations have grown in size and power, academic researchers and activists alike have taken notice. Theorists began to grapple with the rapidly globalizing world, increasingly turning their attention to the role of TNCs in spreading capitalist globalization (Wallerstein 1974). For example, Sklair (2002) theorizes capitalist globalization as having three types of transnational practices. First, economic practices of transnational corporations (TNC) include their cross-border linkages within systems of production and circulation. Second, there exists a transnational capitalist class (including corporate executives) who act on common interests in expanding global capitalism and whose political practices seek to control and govern globalization through political parties and international associations. Finally, Sklair outlines the culture-ideology practices of consumerism, which uses global media to create artificial desires to be satisfied through commodity consumption. These transnational practices constitute the new global economy. While other theorists dispute the role of a transnational capitalist class, it is clear that corporations are fundamental in promoting and coordinating the global economy (Ritzer 2007; Harvey 2007; McMichael 2008).

Activists concerned with labor issues, human rights, child labor, and the environment have also been increasingly concerned with the reach of global capital. In the 1960s, protestors began mobilizing against companies profiting from the war in Vietnam. A rapidly growing environmental movement adopted a range of strategies to shape corporate impacts on the environment (Carmin and Balser 2002; McMichael 2008). In the 1990s, a far-reaching anti-sweatshop movement took shape (Featherstone 2002). As I show below, these examples reflect a wide variety of responses by social movements that have struggled against corporate power and sought to reshape and/or resist capitalist globalization (Kellner 2002; Pleyers 2010). Together, they form a broad-based social responsibility movement that seeks to construct a global economy that is more responsive to issues of equality, social justice, and the environment.

## The Social Responsibility Movement Emerges

As corporate wrongdoings increasingly surfaced in the 1960s and 1970s both in the US and abroad, the movement against corporate globalization also grew. The mobilization quickly led to a variety of domestic regulations that sought to rein in corporate power. In the US, organized labor, students, and NGOs assisted in the passing of twenty new regulatory laws between 1965 and 1977 (Rowe 2005: 136). Outside the US, post-colonial nations increasingly nationalized industries and regulated foreign capital, peaking in the mid-1970s. At the global level, a coalition of these developing countries, known as the G-77, pressured the United Nations for a new global economic order. Then, in 1974, the UN Economic and Social Council (ECOSOC) created the UN Commission on Transnational Corporations (UNCTC) and after two years of work, they "made the formulation, adoption, and implementation of a draft for a comprehensive and legally binding UN Code of Conduct on Transnational Corporations one of its top priorities" (Rowe 2005: 137). These movements represented a powerful push for the state regulation of corporations at the global level.

Transnational corporations (TNCs) became increasingly organized in this environment (Rowe 2005: 139; Sklair 2001, 2002). They joined together in global business planning agencies such as the World Economic Forum (WEF), Trilateral Commission (TLC), and International Chamber of Commerce (ICC), and worked closely with governments in the global economic institutions like the International Monetary Fund (IMF), World Trade Organization (WTO), World Bank (WB), and Organization for Economic Cooperation and Development (OECD). They moved swiftly to influence the political process at domestic and global (i.e. UN) levels. Aided by a changing global economy during the 1970s, TNCs were successful in thwarting global regulations (Rowe 2005). The push for a legally binding UN Code of Conduct on Transnational Corporations was defeated, and replaced by voluntary self-regulation.

The global level was not the only stage where TNCs sought to transform their economic power into political power. Over the following decades, they became increasingly involved in domestic politics throughout the world, regardless of where the TNC was headquartered. By giving millions of dollars to presidential candidates and financing other political campaigns, corporations have been able to assert considerable influence over the political process (Domhoff 2010). Through "revolving doors," individuals have moved back and forth between governmental regulatory positions and the industries they regulate, reflecting the capture of regulatory powers by corporate interests (Stigler 1971). Global economic institutions have forced more business-friendly policies on member nations (Sklair 2002). This facilitated the decades of deregulation during the late 1970s and 1980s, and which continues today with high degrees of interaction between TNCs and state governments (Robinson 2004; Harvey 2007).

In some states, national governments have been central in promoting deregulation and furthering corporate interests (Harvey 2007) while in others, states have been weakened by globalization processes and unable to promote effective regulation in the face of powerful corporations (Strange 1996). Both pathways have meant that effective domestic regulation has become increasingly difficult to attain and that civil society efforts for global regulation have failed. Social movements responded by expanding their strategies and tactics in their struggle for social justice and environmental sustainability. In particular, since the 1960s, and especially since the 1990s, groups have increasingly targeted corporations directly (Soule 2009; Conroy 2007; King 2008; Manheim 2001). While they have traditionally targeted corporations indirectly by advocating government regulations and union activity (Vogel 1978), this new trend marks an important change in how social movement actors seek to influence the global economy.

The central shift in these strategies is a new emphasis on working directly with, and often inside, corporations and other businesses to change their practices. Rather than operating through the state, they operate through the market to promote change. In particular, the social responsibility movement works in multi-stakeholder networks to develop private standards to which they expect companies to adhere. This "governance beyond the state" bypasses traditional state apparatuses that are often closed to civil society actors (Rosenau and Czempiel 1992; Hale and Held 2011).

There are many reasons why activists have adopted such strategies. First, they often believe that working with governments, which are strongly influenced by these powerful corporate interests, is too time-consuming and less effective (Baron 2003). Second, because of globalization processes, many nation-states are much weaker in the globalized economy (Strange 1996) and there is no comparable transnational regulatory body with which social movements may make their grievances. To the degree that such organizations exist (e.g. WTO, IMF, WB), they function in the interests of business, are not democratic organizations, and are almost entirely closed off to access from social movement organizations (Kellner 2002). Third, technological changes in the Internet and social media have made it easier for transnational advocacy networks (Keck and Sikkink 1998) to exchange information regarding corporate practices in different parts of the world and to target corporations in their campaigns. Finally, activists are less likely to experience state repression when directly targeting corporations (Soule 2009).

Regulating the Economy through Private Social Responsibility Standards

Social movements have used a variety of strategies when directly targeting businesses and setting standards for social and environmental practices. One useful distinction we can make is between "outsider" and "insider" strategies, although the distinctions between these strategies can be fairly blurry (Tarrow and della Porta 2005). Through outsider strategies, social movements work outside of institutional channels to apply pressure to an industry or company to alter their practices (Soule 2009). Movements adopt insider strategies by working through institutional channels to promote change from within. While outsider strategies are highly confrontational, insider strategies are much more focused on cooperation and engagement.

The most recognized outsider strategy is the boycott, which entails organized refusal to purchase products and services from a particular company (Putnam 1993). Boycotts are meant to express grievances about a company and promote change by hurting the company's revenues (King 2011). Similarly, corporate campaigns entail sustained attacks against a corporation's brand (Mannheim 2001; Conroy 2007). These campaigns may include protest demonstrations, where protestors make their appeals to broad audiences to shift public sentiment away from a company. They may unfurl large banners at strategic locations, organize outside shareholder meetings, or protest on the lawns of company executives. Using advocacy science, movements may commission scientific studies of a company's practices to alert the public to health and environmental risks. In each of these strategies, movements seek to present a negative image of a company, thereby tarnishing their brand and perhaps affecting a company's revenue.

In contrast to outsider strategies, insider strategies denote actions taken within and through institutional channels to affect social change. Within the global economy, some activists have used transnational legal actions by working through courts in one nation to shape corporate practices in a different nation (Dale 2011). For example, movement actors have sued US companies operating in Burma and other nations through US tort law (Holzmeyer 2009; Shamir 2004; Dale 2011). Movements have also adopted insider strategies by working directly with businesses themselves, and have even operated as partial owners (i.e. as shareholders, or investors) of a corporation to influence a company from the inside. This includes the use of shareholder resolutions, social ratings, and multi-stakeholder codes as a means to engage businesses and work within market-based institutions. In these insider strategies, movement activists work through institutional channels and directly with companies to promote more socially responsible and environmentally sustainable practices. But unlike other insiders, they also exhibit some level of contention to promote change, therefore blurring boundaries between insider and outsider strategies. Two of these strategies, socially responsible investing (SRI) and social certifications, are examined in-depth below.

*Socially Responsible Investing (SRI)*

The use of socially responsible investing (SRI) as a social movement strategy has its roots within the activism of the tumultuous 1960s (Soule 2009), making socially responsible investment organizations some of the most established groups attempting to redefine the role of business within society through a discourse of social responsibility (Sparkes and Cowton 2004; A. O’Rourke 2003). In those earlier years, activists began using investing to target a variety of corporations doing business in, and profiting from, the war in Vietnam and apartheid South Africa. For example, the Medical Committee on Human Rights used their members' ownership of stock in Dow Chemical to craft a shareholder resolution demanding that the company cease its production of napalm, a deadly chemical used in the war. Student activists also began pressuring their universities to divest from companies operating in South Africa (Paul and Aquila 1988). Activists used the market, through the institution of investing, to achieve movement outcomes and pressure companies to adopt more socially responsible practices.

These early examples reflect the two most important strategies adopted by SRI activists. The first strategy entails using shares in a company to create shareholder resolutions seeking to change corporate policy. This "strategy of engagement" seeks to bring activist shareholders into dialogue with a company through formal resolutions proposed by institutional investors and activist organizations. For example, shareholder proposals may seek to get a company to produce a sustainability report, disclose the company's policies and procedures for political contributions, require a corporation's board of directors to seek input from stockholders on executive compensation, and so on. The proposals then go to a general vote among all shareholders within the company. While socially responsible proposals rarely get a majority vote, their positive impacts tend to come by generating publicity and developing a dialogue between movement organizations and the companies themselves (A. O'Rourke 2003).

The second mechanism through which social movements use SRI to influence companies is through social indices, or social ratings, used to screen companies into or out of socially responsible mutual funds. By collecting quantifiable social and environmental performance data on corporations, socially responsible investors set standards for determining whether or not companies pass the ratings and would be eligible for investment in a fund. Companies may fail a ratings system or be screened out of a fund because of negative criteria (e.g. a poor environmental record or the production of unsafe products) or pass the ratings and be screened into a fund because of positive criteria (e.g. demonstrating best practices in environmental or labor practices). If a company fails a rating and is not considered socially responsible, they are not considered for investment potential.

This strategy of using social ratings has been described as an attempt at “private regulation” (King and Pearce 2010). In social ratings, image-conscious corporations became interested in how they are evaluated, what the funds’ social and environmental standards entailed, and how the company could meet them (Clarke and de la Rama 2004). Furthermore, one recent quantitative study found this rating system to be effective, arguing that “ratings are particularly likely to spur responses from firms that receive poor ratings,” therefore documenting an indirect regulatory effect (Chatterji and Toffel 2010: 917; see also Slager 2010). As such, SRI can therefore be used as a strategy to discipline corporations by measuring, quantifying, and publicizing acceptable and unacceptable (i.e. socially responsible and irresponsible) practices (Déjean et al 2004).

SRI has grown dramatically in recent decades and by the early 2000’s, it had become a widely used tool to shape corporate activity (Schueth 2003; Sparkes and Cowton 2004). According to the Social Investment Forum (2010), there are $3.07 trillion in total assets that are invested under some type of socially responsible investment in the United States. They also note that since 2005, the growth of professionally-managed SRI assets has outpaced the growth of total assets by a margin of thirty-four percent to only three percent. As a result, some commentators have suggested that SRI has "matured" and become an "investment philosophy adopted by a growing proportion of large investment institutions" (Sparkes and Cowton 2004: 52).

With the dramatic rise of SRI (Sparkes and Cowton 2004), and its newfound legitimacy in engaging companies around social and environmental issues, a vast network of organizations has emerged and institutionalized. This new field includes more than just social movement activists, but non-profit and for-profit data collection agencies, producers of socially responsible mutual funds, and SRI research organizations and trade associations. Movement activists, including institutional investors and organizations promoting SRI, operate within this social movement field by recruiting and mobilizing new investors, and engaging companies. They make public claims about socially responsible practices and develop explicit standards that measure these behaviors.

However, despite SRI's dramatic growth, it remains a highly contentious site of struggle, waged in academic journals, shareholder meetings, and other outlets. For example, in his article "The Myth of Social Investing," Entine (2003) attacks SRI data and the movement itself. He argues it is a form of "propaganda" and a "pseudosceince on a par with astrological research." Many corporate managers, conservative think tanks, and a variety of traditional investors also continue to criticize SRI. Arguing that social and environmental criteria have no place in the business world (Friedman 1970), they have pushed back against SRI to maintain the traditionally narrow focus on financial performance. They draw upon the institutional logic of investing, known as fiduciary responsibility, which requires that money managers pursue the best financial interests of their clients (Markowitz et al 2012). In short, SRI is a highly politicized field where agents struggle for legitimacy, seeking to promote or retard social change in business practices.

One important dimension of understanding standard-setting within this context is first identifying the range of standards and criteria used to construct social and environmental standards. Research on this issue has remained at a very narrow focus. For example, scholars have examined what issues investors focus on in shareholder resolutions concerning the environment (Monks et al 2004) and more general global issues (Proffitt and Spicer 2006). Others have examined how well social ratings measured environmental performance (Chatterji et al 2009; Delmas and Blass 2010; Rahmin and Post 2012). This research tends to focus on environmental criteria and it has largely ignored how socially responsible investors construct the thresholds for both social and environmental performance.

Beyond the measurement itself, the literature largely ignores the broader context of how those criteria and thresholds are constructed in a particular way. Instead, researchers have particularly dwelled on whether or not SRI funds are as profitable as conventional funds (Orlitzsky et al 2003; Shröder 2007). This issue has received more attention than any other issue within the literature on SRI. Researchers have also examined when companies ultimately engage socially responsible investors (Hockerts and Moir 2004), and if SRI has an impact on company practices (Chatterji and Toffel 2010; Hellsten and Mallin 2006). Yet they have not examined how these interactions, or other social factors, may have shaped the standard-setting process itself. Some initial research has examined how movements construct frames to legitimate socially responsible mutual funds (Markowitz et al 2012) and the institutional processes that shape shareholder resolutions (A. O'Rourke 2003), but there remains a dearth of research on broader SRI processes. How are standards embedded within processes of engagement? How are the standards for social responsibility constructed? These questions are fundamental for understanding what social responsibility means within the context of SRI and how struggles over its meaning reflect broader movement politics.

*Social Certifications*

A second strategy to privately regulate corporations is through social certifications (Bartley 2010b, 2011). While non-governmental and trade industry certification systems have been around since the 1890s, their use by social movements to regulate economic activity is fairly recent (Conroy 2007). It started in the late 1980s when environmental advocacy groups and other social movement organizations seeking to address tropical deforestation, and dissatisfied with boycott campaigns, began exploring a certification system that would develop verifiable criteria for sustainable forestry. These groups came together with forest products companies to create the Forest Stewardship Council (FSC) and their FSC certified label. Around the same time, social movement organizations became concerned about the concentration of global food supply chains and the challenges small-scale agricultural (e.g. coffee) producers faced in increasingly volatile global commodity markets. They explored ways to shield small farmers from market fluctuations and ultimately constructed the Fair Trade certification system, which has become one of the most well-known set of standards today (Taylor 2005a, 2005b). The FSC and Fair Trade labels are two of the most prominent examples of the "certification revolution" (Conroy 2007), and which has become institutionalized as an important social movement field in the regulation of global capitalism (Bartley 2007a; Jaffee and Howard 2010).

Social certification systems have several key components. The most fundamental component is the social and environmental standards that a product must meet (while SRI focuses on companies, social certifications focus on products). The second component is the certification logo that signals that standards have been met to consumers and others within the field. Finally, there are auditing procedures that ensure compliance with certification standards and verify that the certification logo has been used appropriately. In globalized commodity chains, they function as a "chain of demands and assurances" that products are produced and sourced in a socially and environmentally responsible manner throughout the supply chain (Bartley 2010b).

Certification systems can be internal to a firm (e.g. Starbucks' CAFÉ standards), created and controlled by trade associations (e.g. the Sustainable Forestry Initiative), or be controlled by an independent, third party (e.g. FSC, Fair Trade). The latter form of certifications is perceived to be the most legitimate form of certification because they are constructed with a more diverse set of stakeholders and monitored by an independent third-party (Conroy 2007; Dean 2009). The certification systems are made up of a variety of stakeholders including a network of social movement organizations, advocacy groups, monitors and auditors, participating corporations and small-scale producer communities, research organizations, and in some cases, governmental actors (Bartley, 2010b; Boström and Hallström 2010). Because these third-party certifications achieve the highest support and involvement from movement actors, they will therefore be the focus of this study. Certification systems are most effective when paired with shaming campaigns and other anti-corporate campaigns to entice companies, who are often initially resistant, into involvement (Conroy 2007).

Social movements, therefore, use these standards to engage producers and shape economic practices throughout a company and its supply chains (Cashore et al 2004; Haufler 2003; Lipschutz and Fogel 2002; D. O'Rourke 2003). The producers, who receive greater legitimacy with diverse stakeholder involvement, must divulge information about their production processes and supply chains, and allow inspections at their facilities. It provides new information to movement actors while facilitating direct involvement in corporate governance and policy, marking a shift in strategies from castigation to cooperation (Elgert 2012). Companies benefit by improving their brand image and gain access to these markets when they comply with the binding standards (Haufler 2003; Conroy 2007). Movements then use certifications to educate and mobilize consumers around production and consumption issues (Nicholls and Opal 2005), build markets for socially responsible alternatives (Gulbrandsen 2006), and in doing so, further pressure companies to submit to regulatory certification. Movement advocates do not see these certification systems as replacing state regulation, but see it as a powerful supplement in the absence of transnational state regulatory apparatuses (D. O'Rourke 2003; Bernstein and Cashore 2004) or a "layering" of rules that strengthen the regulatory environment (Bartley 2011).

Like SRI, the institutionalization of social certification systems marks an important new site for political struggle and field for social movement activity (Bartley 2005, 2007a; Jaffee 2010). Within this field, movement actors make explicit claims about what constitutes social responsibility through certification standards, but not explicitly (or at least, exclusively) through protest or state-level policy change. They endeavor to implement their preferred standard privately, seeking to continuously "ratchet up" standards as more producers comply over time (Sabel et al 2000). However, movement activity and their successes within social certifications have led to a "countermovement" by corporations, seeking to steer the certification movement in their favor (Fridell et al 2008). In addition to making their own abstract claims about social responsibility, they have continued expanding firm-driven and industry-driven certifications, and have become increasingly involved in the development of third-party certifications as well (Bartley 2010b). Corporations have relentlessly worked to coopt standard-setting processes and sought to weaken standards in Fair Trade, the Forest Stewardship Council, Organic agriculture, and Responsible Soy, amongst others (Jaffee and Howard 2010; Jaffee 2010; Bartley 2003, 2007a; Moore 2010; Elgert 2012). Certifications, therefore, are highly politicized environments and increasingly important sites for regulating (and in many ways, sustaining) global capitalism.

While this field has recently caught the attention of scholars, empirical studies of movement efforts to regulate capital through certification have generally focused on an individual certification (Cashore et al 2004; Haufler 2003) or documented different classifications of standards (Conroy 2007; Raynolds et al 2007; D. O'Rourke 2003). By one estimate, there are more studies conducted on the Forest Stewardship Council than all other certifications combined (Vogel 2008). Studies in the area have proliferated dramatically, with particular focus on the spread of certifications (Conroy 2007; Bartley 2007a) and the effects or implications of certification systems (Bartley 2010a; Seidman 2007). They have contextualized these standards in terms of their role in consumption

(Gulbrandsen 2006; Nicholls and Opal 2005) and the legitimacy of private standard-setting bodies (Bernstein and Cashore 2004; Bernstein 2011; Wilkinson 2007).

Some scholars have also noted the value of comparing different standards, especially to comprehend the range of standards within certification systems. But while some work has compared standards across sectors (e.g. Bartley 2003, 2007a, 2010a), most comparative studies have focused on forestry standards as well. For example, these studies have described the structure and procedures of competing certifications (Meridian Institute 2001). They have examined the perceptions of various stakeholders regarding different certification standards (Mater et al 2002) and the relative ease or difficulty in meeting certain standards as compared to others (Gale 2004). In some studies, they have extended these analyses to the role of monitoring and information reporting in different standards (Hickey et al 2006), and evaluation of different criteria across standard systems (Holvoet and Muys 2004). One of the few existing studies that seeks to develop a more systematic approach to comparing certifications (McDermott et al 2008) focuses only on a single dimension of forestry standards (i.e. riparian buffer zones). By evaluating regional FSC standards, the Canadian Standards Association (CSA), and Sustainable Forestry Initiative (SFI), McDermott et al (2008) provided descriptive differences on policy approach, level of prescriptiveness, and threshold requirements. However, like the studies above, their "comparison focuses on written standards and policies, and [did] not address standards development" (McDermott et al 2008: 48).

There are a very small number of studies that have looked at standards development, or how the standards themselves are constructed. For example, Tim Bartley has examined differences in constructing labor and environmental standards based on the efficacy of movement networks (Bartley 2007a) and funding foundations (Bartley 2007b). Several studies have examined the role of "mainstreaming" Fair Trade or the effects of scaling up Fair Trade to large corporate producers, and how this process, has diluted standards (Jaffee and Howard 2010; Jaffee 2010; Moore 2010). These studies show that as corporations have become involved in the process, they have mobilized their disproportionate levels of power to gain concessions and lower certification standards. Elgert (2012) has documented similar political effects in the development of Responsible Soy standards. Factors such as level of economic development and enforcement capacity can also play a role in "setting the bar" for certification (McDermott et al 2009).

With the exceptions above, there are few studies that compare certifications across sectors or that focus on the development of social and environmental certifications. Almost no studies combine these research designs to adopt a comparative perspective in understanding the standard-setting process. This gap is striking given that several scholars have noted the benefits of such research (Bartley 2010a; McDermott et al 2009), including the ability to explain different mechanisms and causal pathways in standards development. With little known about the political and cultural factors shaping the processes of engagement and standard-setting in social certifications, I examine how standards are developed within social certifications. How are standards embedded within processes of engagement? How are standards for social responsibility constructed?

Furthermore, no studies that I am aware of compare multiple fields within the social responsibility movement. By looking at both SRI and social certifications, we can draw upon more powerful comparisons that might highlight more nuanced mechanisms that are not apparent when focusing on individual fields. More extensive research, I argue, would shed light on how power is distributed throughout the social responsibility movement; how non-state institutions and cultural processes mediate movement outcomes; and how actors negotiate these fields of power. What do these practices and the construction of these standards tell us about the organization of power between corporations and the movements seeking to regulate them? How is standard-setting shaped across the two different arenas (SRI and social certifications) discussed here?

## Theoretical Framework: Social Movement Fields

The theoretical framework I use for analyzing these fields draws upon the intersection of social movement theory and neo-institutional theory. In this section, I review this literature and I begin by defining social movements. Next, I describe the dominant models of social movement theory, political process and contentious politics, noting how scholars have taken these approaches in new directions to account for more recent movement activity. I then outline a field-based approach to social movements, which integrates contentious politics with neo-institutional theory, and which guides my empirical research of the social responsibility movement.

### Defining and Theorizing Social Movements

There is no single definition or theory of social movements (Jasper 2007). Some authors define them vaguely as "collective attempts to promote or resist change in a society or group" (Benford et al 2000: 2712), while others provide a very narrow definition of movements as exclusively operating outside of institutional channels through a highly disruptive nature to promote change. Despite the broad variation in definitions, there are key similarities and important distinctions in contemporary movements that provide a useful basis for building a definition of social movements (Soule 2009). First, social movements are forms of collective action that have some kind of common goal. Second, movements seek to promote or resist change (although theorists debate how much change is necessary to be considered a movement). Third, movements have some level of organization and coordination. Many theorists note that too much organization in movements result in short-lived efforts, but there must be some degree of formal and informal networks within movements (Della Porta and Diani 2006). Fourth, there is some level of temporal continuity with movements being sustained over time. This dimension excludes things like mobs or spontaneous group behavior. One additional dimension of movements—the degree to which they operate outside of institutional channels—is a particular point of debate and requires more extensive discussion here.

Some scholars of social movements have argued that social movements explicitly operate outside of institutional channels and target the state. The rationale for viewing them as operating outside of institutional channels is that it excludes things like political parties and interest group activity. Furthermore, many scholars operating within the political process and contentious politics models have emphasized the state (Armstrong and Bernstein 2008; Polletta 2006). These scholars (McAdam et al 2001: 5; see also Tilly 2004) assume that in social movement activity, "at least one government is a claimant, an object of claims, or a party to the claims," and are the only rulemakers of significance (Armstrong and Bernstein 2008). Like the fight for civil rights in the US, these movements sought new benefits for marginalized groups and inclusion in the state. Working outside of conventional political channels, they seek policy change. With their focus on governments, scholars have produced a wealth of knowledge about social movements and political processes in the formal political arena, including the state regulation of economic activity (Schneiberg and Bartley 2001; Schneiberg 2002; Campbell and Lindberg 1990; Rowe 2005) and state sovereignty within the political process (Carruthers 1994).

Indeed, all such movements operate at least partly outside of institutions and normal political channels. For example, the social responsibility movement wages a variety of campaigns against corporations. These include protest demonstrations, boycotts, the use of advocacy science, and legal suits. But these social movement efforts also encompass a broader array of actors, institutions, and targets than ever before, with an increasing emphasis on targeting corporations, investors, and consumers across multiple arenas throughout society. These social movements have increasingly targeted non-state actors in an effort to make economic activity more socially responsible and sustainable because states have been reluctant or politically unable to regulate transnational corporations (Rowe 2005; Jaffee 2010). They target corporations to entice them to agree to abide by private standards for social responsibility. They target investors to garner more support to change corporations from within. They target consumers to shape culture and develop markets for socially responsible goods and services, promoting greater demand for socially responsible products and companies. As such, these movement actors hold a more ambiguous role, without clear dividing lines between outsider and insider (Tarrow and della Porta 2005: 238).

Several scholars (e.g. Armstrong and Bernstein 2008) have suggested, therefore, that the earlier political process and contentious politics models are “too narrowly focused on political action and protest events" and lack the conceptual framework to adequately theorize or explain these newer change efforts (Staggenborg and Taylor 2005: 38). They have described change-oriented activities not fitting into this model as seemingly "awkward movements" (Polletta 2006) and scholars have called upon the field to "broaden our conceptualization of social movements beyond contentious politics" aimed at the state (Snow 2004:19). To grapple with these new challenges, several theorists have recently proposed an alternative model of social movements focusing on fields and institutions, and how power is organized across these multiple arenas throughout society (Crossley 2002a; Armstrong and Bernstein 2008). They have re-conceptualized social movements as "collective challenges to systems or structures of authority … within and to institutional, organizational, and cultural domains other than just the state" (Snow 2004: 11). Drawing upon this more expansive view of social movements, I will outline a theoretical framework that is more suitable to understanding the multi-level, multi-targeted, and shifting nature of contemporary collective action that can be found in the struggles for promoting more socially responsible business practices (amongst others).

## A Field-Based Approach to Social Movements

A field-based approach to social movements is rooted in Pierre Bourdieu's (1979, 1990, 1993) theory of fields but with a more direct emphasis on fields as both sites of reproduction and change[1]. For example, Crossley (2002a) interprets social movement

[1] Bourdieu is often heavily criticized for only having a theory of social reproduction and not having a theory of social change. Of course, Bourdieu acknowledges social change, as exhibited here (and elsewhere): "*the dominated, in any social universe, can always exert a certain force,* inasmuch as

fields as the different arenas where individual and organizational actors (DiMaggio and Powell 1991) collectively and continuously struggle to change society. Each field has a game-like structure with its own objects of value, rules, forms of social control, and objectives—which converge to provide unique structures of opportunity and constraint. In this "game," actors are positioned relationally and adjust their positioning based on the perceived actions of others within the field (Emirbayer and Johnson 2008). Fields also impose these relations through institutions that become internalized by actors operating within that arena.

From this perspective, institutions[2] are defined as "cultural rules" that classify different groups of actors, their proper roles, their relationships to other actors, and expectations for how the field does and should operate (Meyer et al., 1997). These schemas (Poletta 2008), or cultural systems of beliefs and practices, that outline these rules are known as institutional logics (Friedland and Alford 1991) or field frames (Lounsbury et al 2003). They may be formalized in laws and institutional regulations or they may exist informally through norms and belief systems. They are coercive and normative orders that orient actors toward particular meanings and actions, thus enabling a compatible set of practices (Schneiberg and Bartley 2001). In addition to specifying actors and their inter-relationships, they also "render alternatives unthinkable, irrational,

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belonging to a field means by definition that one is capable of producing effects in it" (Bourdieu and Wacquant 1992: 80; emphasis in original). The issue is that he rarely discussed when, how, who, or under what conditions change can and does occur. The literature addressed here, both from social movements and neo-institutional literatures better elaborate processes of change, in addition to processes of social reproduction from a perspective that is consistent with Bourdieu's theory of fields. It can be understood as supplementing and refining his theoretical framework, rather than seeking to replace it.

[2] Note that several scholars cited here differ on how they conceptualize fields and institutions. While I have adopted the more common approach found in the literature, which differentiates the two concepts in the ways described above, some others view fields and institutions as similar theoretical constructs. For example, Armstrong and Bernstein (2008) treat fields and institutions as "roughly interchangeable" concepts (see also Fligstein 2001).

or inefficient" (Schneiberg and Lounsbury 2007: 649). Alternative interpretations that might be imported from external fields (Rao and Giorgi 2006) can be made unrealistic based on their incompatibility with institutional logics dominant within the field.

A field is further characterized by particular distributions of resources and power. Based on their levels of capital, certain positions (and the individual and organizational actors that occupy them) maintain different degrees of power in constructing regulations and meaning (Armstrong and Bernstein 2008). This includes economic, social, or cultural capital, which are distributed unevenly within a field (Bourdieu 1979, 1990, 1993). The structural location of particular actors, therefore, shapes both their belief system and levels (and composition) of capital. Because particular institutions orient actors toward certain values, the institution itself at least partially constitutes both their identities and interests based on the types of capital that are valued in that field. As such, they reflect both symbolic and material structures, and have their own logic(s), relational dynamic, and structures of control. But despite these institutional logics and structures of power, fields are sites of struggle where actors can challenge existing institutions and promote social change.

This perspective differs significantly from theories of institutional determinism, which assume that institutions have a clear and consistent functional logic and "will virtually always act in particular ways" (Buzbee 1997: 1). An increasing number of scholars also recognize that while institutions are highly durable, they may also comprise multiple logics, ambiguities, and contradictions (Schneiberg and Lounsbury 2007: 649; Rao and Giorgi 2006). Institutions are sites of struggle and contestation; they can, and do, change. By integrating a degree of agency, we can recognize how "institutional entrepreneurs" grasp such opportunities and promote change through collective action (Beckert 1999; Hwang and Powell 2005). For example, institutional entrepreneurs simultaneously draw upon cultural capital that signals their membership within an institution but also their ability to "stand out" or be innovative in reconstructing meanings (De Clerq and Voronov 2009). By reframing interpretations of existing laws, norms, and beliefs, social movements de-institutionalize current orders (Rao et al. 2000). They seek to identify existing problems in an institution by introducing new ways of thinking and disrupting the everyday taken-for-grantedness (or "cognitive encumbrances") of institutional arrangements (Voss 1996). Social movements introduce legitimacy crises (Stryker 2000) in an effort to construct cultural resources and mobilize institutional members. They develop networks and organize resources to challenge institutional orders, leverage existing contradictions, and magnify competing logics and frames. In doing so, social movements recast previously unthinkable schemas as viable alternatives, and seek to translate alternatives into a new institutional order. These efforts at re-institutionalization are the fundamental goal for social change aimed at institutional channels.

Institutional struggles, however, are highly contentious. Institutional regulations can constrain actors and limit their pathways. Actors empowered by existing institutional arrangements use their capital to preserve their position and delegitimize alternative cultural interpretations (Schneiberg and Lounsbury 2007). Ultimately, the ability of challengers to articulate alternatives, the resonance of competing institutional logics, and the capacity to translate new logics and frames into institutional practices is contingent on the effectiveness of social movements. Movements outcomes, furthermore, are shaped by a variety of factors, including the political and cultural opportunities within the institutional context; their ability to mobilize supporters, constituents, and resources; and the resonance of competing cultural frames (King 2008).

A field-based approach to social movements, therefore, focuses on how power and culture are shaped and enacted to construct both regulations and meanings, examining institutions that include, but are not limited to, the state. It begins with the assumption that insights gained from a state-centered focus cannot necessarily be generalized to non-state institutions; rather, each field has its own logic, relational dynamic, and structures of control. According to Armstrong and Bernstein (2008), movement analysts working in this approach start with an examination of institutional and cultural power in specific contexts and they investigate how activists understand this power and select strategies within it. They argue that by shifting from a state-centric model to a field-based model, an analysis of "power in this way will allow theorists to begin to make some modest generalizations about forms of power and how activists interpret, negotiate, and challenge those forms of power" (Armstrong and Bernstein 2008: 92).

Initial empirical work using these models have explored specific contexts and fields to understand the dynamics of this new social movement activity. For example, Armstrong (2002) examined the proliferation and institutionalization of LGBT organizations in San Francisco, from the 1950s to the 1990s, seeking to explain why and how they target culture, identity, and churches. Similar analyses can also be found in studies of anti-war protests by activist scientists (Moore 1999), mental health movements led by psychiatric patients and advocates (Crossley 1999), and gay and lesbian efforts to decriminalize consensual adult sodomy (Bernstein 2005).  Together, this scholarship has helped reveal how power operates through discourses of normalization and classificatory practices, how it is challenged by both insiders and outsiders, and why movement actors selected their non-state targets and strategies.

This dissertation project seeks to further develop this new social movement paradigm by extending it to economic institutions and governance (Crossley 2002b; Campbell 2006). As discussed above, social movements have increasingly targeted non-state actors to effect social change. After decades of unsuccessfully seeking more comprehensive state regulation of corporations, the corporate social responsibility movement, or social responsibility movement more broadly (which engages both large and small businesses), has emerged as an important example of this type of movement. By targeting companies through socially responsible investing and social certifications, the movement has increasingly engaged directly with companies, attempting to get them to abide by new social and environmental standards. Because of this social movement pressure and the regulatory void that existed (Bartley 2007), these fields have emerged (and been reshaped) whereby movement activists, advocacy networks, and companies themselves have sought to shape the outcomes of these new social standards and practices. The standards become encoded in social certification standards, SRI standards, and shareholder proposals. But like all fields, these standards are socially constructed within unique social structures and processes that both enable and constrain opportunities for change.

## Overview of the Study

One fundamental question guides this study: how are standards for social responsibility constructed? In other words, how is standard-setting structured within and across the fields of SRI and social certification? In order to understand this broad question, I examine how the social responsibility movement engages with corporations and other producers, how they construct the criteria and thresholds for social responsibility, and what field-level processes structure these interactions and the standards that emerge from them. Amongst the myriad claims of social responsibility in the market, the private standards that are created in SRI and social certifications are two movement-driven standards that attempts to regulate corporate behavior, and understanding how these standards are constructed is meant to shed light on what it means for a company or commodity to be considered socially responsible. By examining the contexts in which standards are developed in each of these fields, I will elaborate the social and cultural mechanisms that shape expectations for social responsibility. Understanding these mechanisms will then enable us to better understand the opportunities and constraints for shaping corporate behavior outside of the state. It will help us better theorize the relationship between business and society, highlighting how economic activity can be shaped in an era of deregulated and globalized capitalism.

To understand how social responsibility standards are constructed, I examine specific standards as individual cases. In chapter two ("Data and Methods"), I elaborate how specific SRI ratings agencies and social certifications can be conceptualized as unique cases and the primary actors involved within each of them. I then link these cases to my data collection, which relies on qualitative interview data with two SRI cases and three social certification cases. In addition to analyzing each case over time (through process-tracing), the multiple cases allow me to make comparisons across cases through a method known as typological theorizing (George and Bennett 2005). This comparative design enables me to identify unique sets of conditions and causal mechanisms that shape standard-setting in patterned ways.

It is important to begin my analysis by focusing on a single field to understand how standards are constructed within a specific context. In chapter three ("Standard-Setting in SRI"), I present my findings for the field of socially responsible investing. First I analyze how socially responsible investors disrupt and attempt to reconstruct institutional logics to make social and environmental standards relevant for business practices. I examine how they engage corporate producers through shareholder resolutions and social ratings to understand how standards are embedded relationally within processes of engagement. Most importantly, I explore how the different cases set the bar for social and environmental responsibility, and the field-level conditions that shape these standard-setting processes. By exploring how the standards have developed over time (i.e. process-tracing), and how they compare across cases within SRI, I seek to broaden understanding of the processes that shape social and environmental standards.

Social certification is another important field where movement actors seek to develop private standards for socially responsible business practices. Accordingly, I shift my focus to the field of social certification in chapter four ("Standard-Setting in Social Certifications"). Similar to my examination of SRI, I first analyze how certification networks reconstruct institutional logics by developing market alternatives that reward small and large producers for adopting more socially and environmentally responsible practices. By continuing to parallel the previous chapter, I then examine how they engage companies with multi-stakeholder dialogues in the construction of the standards. I show how standards have developed over time, and how they vary across certification cases, highlighting the different standards that certifiers adopt. These comparisons are then used to shed light on the field-level conditions that shape standard-setting processes.

As Bourdieu (1979: 226) argued, one can also conceive of a "total field of these fields" or higher order fields that shape relations between actors. In chapter five ("The Meta-field of Private Social Responsibility Standards"), I step back from each individual field to look *across* the two fields in order to see commonalities and differences in how standards for social responsibility are constructed. I treat the broader social responsibility movement as a meta-field in this sense to identify broader processes that influence standard-setting. In this chapter, I conduct higher-level comparisons to analyze common mechanisms that operate across SRI and social certifications to shape standards in patterned ways. This chapter builds upon the previous chapters on SRI and social certifications by combining earlier results with newly reported data to identify more general mechanisms at play in the broader social responsibility movement.

Finally, in chapter six ("Conclusion"), I tie the preceding results chapters back to theory on social movement fields in general, and the social responsibility movement in particular. By returning to issues raised earlier concerning insider and outsider strategies, I use this study of market-based movements to further develop our theoretical understanding of the relationship between insider and outsider strategies. This will be used to advance our understanding of power, culture, and institutions in field-based approaches to social movements and making sense of the broader social responsibility movement. I also emphasize several issues concerning globalization, including the role of global-local interactions in shaping local struggles and the development of standards. I finish by drawing particular attention to power struggles in SRI and social certifications as modes of global governance.

# Chapter 2: Data and Methods

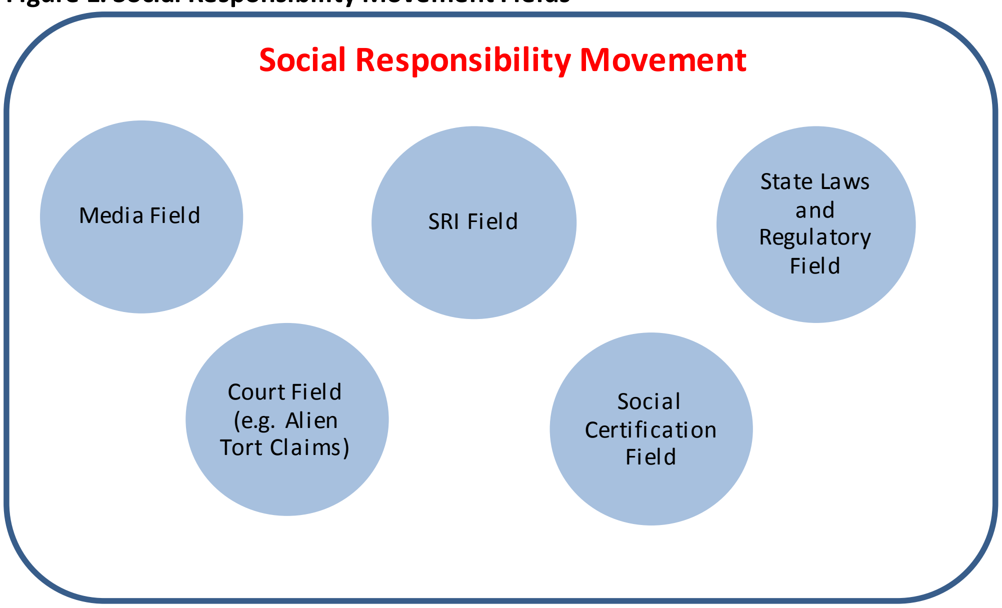
This study seeks to better understand how social movements construct private standards for social responsibility to regulate economic activity. Standards are private in the sense that they are not enacted or controlled by the state but are regulatory in the sense that they promote adherence to a set of social and environmental expectations. My analysis focuses on standard-setting processes within two social movement fields: socially responsible investing (SRI) and social certifications. Within these fields, I draw upon qualitative interviews to examine two SRI cases and three social certification cases. The interviews are utilized to identify the range of standards within each case and to explain the social forces that shape the standard-setting processes.

In this chapter, I begin by discussing how I conceptualize cases within these two social movement fields. I describe my research design, how I selected the five cases that form the heart of this study, and how I collected my data. I describe each case in detail and the comparative methods used to analyze each case within and across these fields. My intent is to understand how, within each of these contexts, social and environmental standards used to regulate corporations are constructed. It is in these standards where movements draw boundaries signifying social responsibility, and by examining their construction, we can better understand the relationship between power, culture, and institutions within our era of global capitalism.

## Theory and Method in the Study of Social Movement Fields

At the broadest level, there exists a social movement that struggles to make corporations (and other producers) more accountable to society by shaping their business practices in a more socially responsible manner. While this broad movement has been referred to by different names within both activist and scholarly communities[3], I refer to this movement as the social responsibility movement. The movement operates on many different fronts, or within many different fields. These fields are defined as "the diverse and differentiated range of arenas in which movements wage their struggles" (Crossley 2002a: 183). In each field, actors encounter a unique game with its own cultural rules, objects of value, and objectives. In the social responsibility movement, the fields can range from anti-corporate campaigns waged in the media to legal fields including regulatory law and the courts to private arenas for standard-setting like SRI and social certifications. Figure 1 depicts this movement and its many different fields of struggle.

**Figure 1. Social Responsibility Movement Fields**




While there are many fields within which the social responsibility movement wages its struggles, this study examines two fields in particular: SRI and social

[3] As noted in chapter one, this movement goes by many names including the "corporate accountability movement" (Dale 2011; McBarnet et al 2009). While I have chosen to use the term "social responsibility movement" here, it includes movement efforts to regulate companies of all sizes, and includes efforts that go beyond voluntary self-regulation, to include both private and/or legally binding efforts.

certification. I have selected these fields because I am interested in the development of how private standards for social responsibility are constructed. As noted in chapter one, movements have increasingly bypassed the state to develop private standards for social and environmental responsibility. Whether movements have viewed targeting governments as too time-consuming and less effective (Baron 2003), or if they see national states as being too weak to regulate transnational corporations (Strange 1996), or are trying to avoid state repression (Soule 2009), there has been an explosion in movement attempts to embed business practices in private standards for social and environmental responsibility. In an increasingly globalized world that lacks global governance apparatuses to regulate this activity, SRI and social certification have emerged as two of the most important fields in which they have developed private standards systems. But given that they function through the market, and outside of states, we need new analyses to understand how these standards are developed.

To understand these fields, we must examine relationships between and among the actors within them. These actors include both organizations and individuals. Because of the importance of organizations and organizational processes in shaping outcomes, DiMaggio and Powell (1991) refer to such fields as "organizational fields." Drawing upon Bourdieu, they view a field as comprising all the organizations that played some kind of role within a relevant activity. For example, in studying corporate social responsibility, SRI constitutes a field; organizations within the SRI field include social ratings agencies, social data providers, shareholder activists, institutional investors, trade associations, consultancy organizations, federal agencies regulating investment, and of course, the businesses themselves. But the field itself is more than an organizational network, but also includes distributions of capital and unique institutional configurations as well (Emirbayer and Johnson 2008). Organizational actors within that network have different levels of economic, cultural, and social capital to strategically deploy within a set of take-for-granted cultural rules and perceptions of how the field operates.

Viewing corporate social responsibility as a field is important because this perspective goes beyond simple organization-environment dichotomies that only focus on some vaguely defined external environment. Instead, this perspective includes the specific organizations themselves and conceptualizes them in *relational* terms within the field (Emirbayer and Johnson 2008). Therefore, it is not enough to situate an organization (e.g. a certifier or social ratings agency) as responding to some kind of political or economic circumstances, but rather to conceptualize how that organization operates over time relative to competitors, targets, regulatory bodies, trade associations, consumers, or any other relevant party.

While a specific SRI rating or certification standard tends to be administered by a single organization, studying that single organization is never adequate for understanding the process of standard setting as well as the contents of standards that ensue. Instead, we must understand the standard within the inter-organizational network that is relevant for the construction of that standard. Therefore each set of standards is conceived of as part of an organizational network.

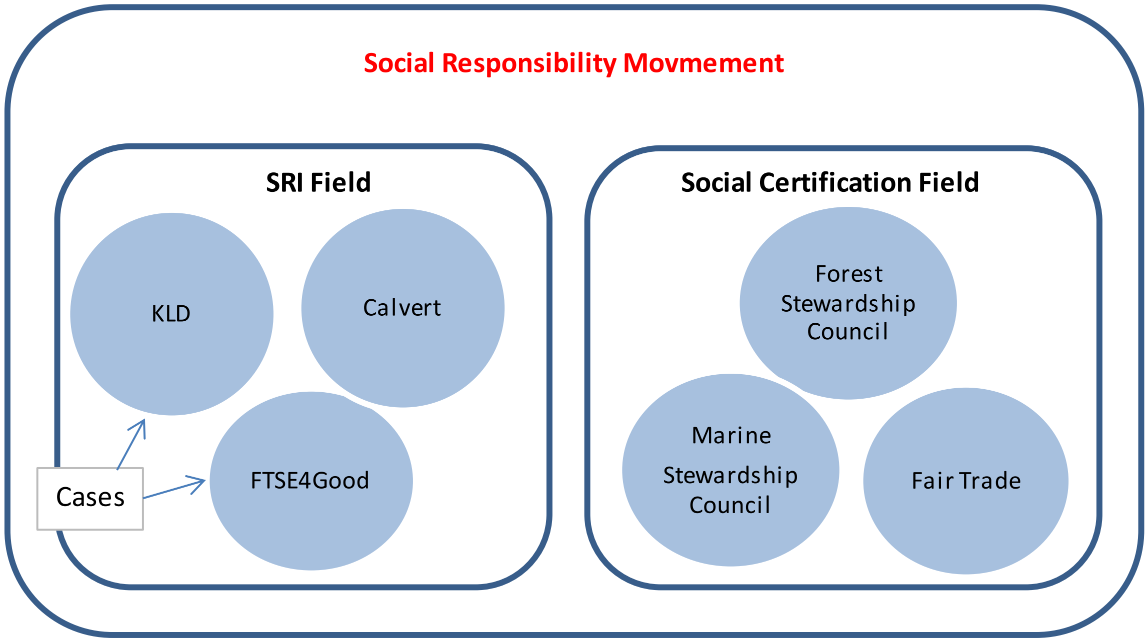
Cases constitute another important construct for this study. While theorists conceptualize cases in many different ways (Ragin and Becker 1992), cases can be defined as a “class of events” that include phenomena of scientific interest, such as economic types, governmental regimes, or any other types “that the investigator chooses to study with the aim of developing theory (or 'generic knowledge') regarding the causes of similarities or differences among instances (cases) of that class of events" (George and Bennet 2005: 17-18; Ragin 1992). As a research design, case studies are particularly useful when seeking to answer questions about why and how certain social phenomena has occurred. It is used to investigate phenomena in "its real-life context, especially when the boundaries between phenomena and context are not clearly evident" Yin 1994: 13).

Within any given field, a case may look slightly different. For example, a case in the field of state law and regulation may include the struggle over shaping a new corporate regulation or a new law that requires specific socially responsible purchasing policies for government agencies (Dale 2011). A case in the field of judicial courts may include legal action against corporations filed under the US Alien Tort Claims Act (Holzmeyer 2009; Shamir 2004; Dale 2011). The definition of a case must fit the realities of a particular field, and when a study covers multiple cases, they must be similar enough to warrant comparison (Ragin 1992).

In this study focusing on the two fields of SRI and social certification, a case is the unique set of social and environmental standards associated with a specific SRI or social certification initiative. The case is associated with an organizational network that includes both the organization that maintains the standard as well as the broader network of organizations responsible for shaping its construction. For the purposes of this study, each standard is referred to by its "owner" or secretariat—i.e., the organization that maintains administrative control and final decision-making authority over it. An SRI case may include social ratings (e.g. KLD, Calvert, and FTSE4Good) and shareholder resolutions; social certification cases include the certifications themselves (e.g. Forest

Stewardship Council, Marine Stewardship Council, and Fair Trade). Figure 2 illustrates how these cases are nested within the social responsibility movement and their respective fields.

**Figure 2. Relationship between Movement, Fields, and Cases in SRI and Social Certifications**




To move from a field to a case within SRI or social certification, the first objective is to identify relevant organizations that have played a meaningful role in standard-setting for that particular case. Many scholars studying social certifications have noted the challenges of this fundamental methodological issue (McDermott et al 2008; Bartley and Smith 2008; Boström and Hallström 2010). We can understand some of the complexity of this endeavor in Meidinger's (2003) description of sprawling and dynamic forest certifications:

> All of the forest certification programs self-consciously operate in a larger context best described as a sprawling, largely unmapped, highly changeable, loosely networked social field in which there are several centers of activity that closely

> monitor each other. It includes many environmental organizations, large and small production, wholesale, and retails firms, trade associations, professional certifiers, labor unions, human rights organizations, indigenous groups, government agencies, [and so on] … Relations among them involve a complex, shifting mix of mutual observation, direct communication, trust, distrust, mutual adjustment, cooperation, coordination, and competition (Meidinger 2003: 276; cited in Bartley and Smith 2010: 359).

This complexity can make drawing the boundaries around a case particularly difficult (McDermott et al 2008). As stated by Bartley and Smith (2008: 8), "collecting data of this sort is complicated by the fact that the boundaries and logics of involvement in certification are themselves unsettled and ambiguous." It requires the identification of relevant organizations, and individuals within those organizations, that have important roles in standard-setting within social certifications and SRI. Identifying these organizations requires in-depth knowledge of each case, which for the purposes of this study, emerged by a process of triangulation between the literature, analysis of organizational websites, and interviews with my respondents (I describe this more fully in the following section). In this way, I was able to address the complexity of each case by conducting a thorough review of key organizations and individuals.

In the sections that follow, I explain these methods in detail. I begin by describing my research design, then move into a description of my data collection procedures and interview techniques. I then offer detailed descriptions of each of my five cases. I also provide an overview of my data analysis, which includes methods of process-tracing and cross-case comparisons. Finally, I illustrate how my comparative analyses are linked to my results chapters.

## Research Design

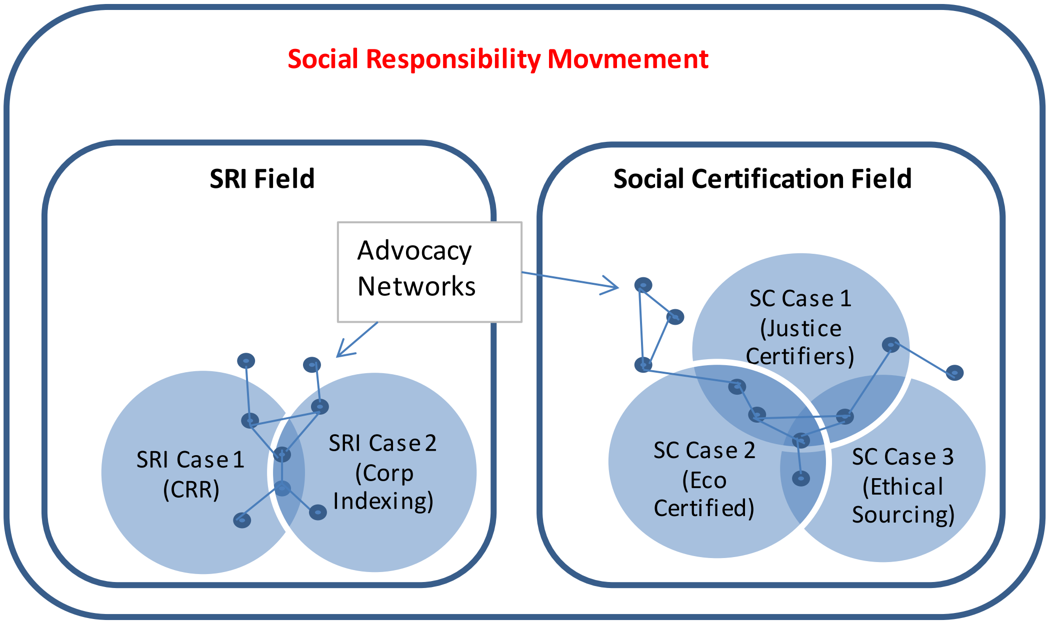
My research design entails a comparative, case-based approach to understanding how standards for social and environmental responsibility are constructed in SRI and social certifications. Each case consists of a network of organizations relevant for understanding and shaping processes for a particular set of standards. To examine each case, I rely on public documents, and more importantly, in-depth interviews.

I selected cases based on their role in creating social responsibility standards to make companies more socially responsible through SRI and social certifications. In each field, I sought cases that 1) had specific and identifiable standards for social and environmental responsibility; 2) were leaders in the field of social responsibility; and 3) had recently revised their standards or were in the process of revising their standards, in order to speak with representatives that were actively involved in these processes. For each case, I interviewed multiple representatives of the organization that administered and controlled the standard, but I also sought out additional interviews with organizations in their broader network. Most importantly, I sought interviews with organizations involved in constructing the standard, but I also spoke with respondents more generally involved with standard-setting processes and others within the field to triangulate my data (Yin 1994).

To select respondents to interview for each case, I relied on the academic literature, information from public documents, and in-depth interviews. First, I drew upon the literature to understand the primary organizational actors and movement participants within the SRI and social certification fields. Second, I reviewed public documents produced by the organizations with which I sought interviews. These documents include statements made on organizational websites, press releases, and promotional material, and discussed the standard and/or the construction of the standard. I always began my interviews in a particular case with representatives of the administrator of that set of standards. Third, I drew upon these initial interviews to understand what other actors were important in shaping the standard-setting process. This practice, known as snowball sampling, led me to additional respondents. Between the literature, publicly available information, and referrals from other respondents, I was able to interview the most important actors in constructing standards and a variety of individuals within standard-setting organizations and their broader networks.

When selecting relevant organizations (and representatives from those organizations) for a particular a case, I reviewed relevant literature and collected initial information on the cases themselves. The heart of the particular case is the organization that actually owns or administers the standards. By using public documents and informal discussions with others in the field, I was able to map the additional primary organizational actors involved in each case, and then subsequently confirmed, supplemented, and focused my sample using further interviews with respondents. In this way, the selection of organizations (and representatives from those organizations) was rooted in knowledge about each individual case. I made additional effort to broaden my scope in identifying other actors in the field that may have been excluded from, or have further knowledge about the standards, in order to capture a range of viewpoints and types of organizations within the field. I provide a conceptual map for my cases in Figure 3, and I will describe my respondents for each case in greater depth in a later section.

**Figure 2. Conceptual Map of the Social Responsibility Fields and Cases**




= An organization within the field, which is positioned relative to one or more cases
= Network connection between 2 organizations
*Note: The organizational nodes and linkages in the diagram are given for conceptual purposes and do not represent actual organizations in the study.*

Within SRI, whose relevant networks are arguably somewhat less complex than social certification networks, the heart of the network includes organizations producing social ratings and shareholder resolutions. Their relevant organizational field (which can shift in respect to each case) includes NGOs, institutional investors, trade associations, research institutions, consultants, and competing ratings agencies. The heart of social certification networks included the certifier themselves, and further encompassed current and former NGOs involved in the development of standards, consultants, trade associations, competing certifiers, and ethical consumer organizations. These networks included representatives who both promoted and were critical of the standards. Ideally, I would have also spoken to representatives from participating businesses (including producers and retailers), but I have focused exclusively on the movement side of standard-setting systems. My focus was motivated by questions about the movement itself and also by a desire to study several cases that would allow me to make cross-case comparisons. Nonetheless, this focus did limit my data by excluding how participating businesses viewed themselves as shaping (or not shaping) social standards. And while governments are increasingly involved in standard-setting systems (Bartley 2011), my respondents generally indicated little or no government involvement and respondents from those organizations were also not interviewed for this study.

I interviewed respondents with a focus on five cases (two SRI cases and three social certifications). On the one hand, this number of cases was small enough to gather the depth of information necessary for thoroughly examining individual cases. The interviews allowed me to develop thick descriptions of the standard-setting process in each case, exploring the interactions and other forces that shaped the inclusion (or exclusion) of certain criteria, or where thresholds were set. I analyzed the interviews through process-tracing to understand the causal mechanisms that shaped how the standards that were produced. On the other hand, my use of multiple cases was broad enough to enable cross-case comparisons that are a fundamental dimension of my analysis (Sandelowski 1995). By looking across organizations within the same field, and later across fields, I looked for patterns in how standards were constructed. The themes in my data revealed mechanisms that shape standard-setting processes and could explain why and how standards converged or diverged.

**Data Collection and Interview Techniques**

The data used for this study included publicly available documents and 40 in-depth interviews. The public documents included statements made on organizational websites and promotional material, and discussed the standard and/or the construction of the standard in some way. I sought any documentation available on a standard's website that made reference to the standards or how they were developed. I used these documents to identify the types of criteria included in an organization's standard, other organizations involved in developing or promoting the standard, and participating business organizations. These gave me, in very broad strokes, a sense of what was included in a standard and who the key actors were. They also informed the questions I asked during my interviews, which were the primary source of data in this study.

The interviews used in this project began in the Fall of 2006, when I first started exploring standards for social ratings used to develop socially responsible mutual funds. While I completed 11 interviews at that time, this dissertation research ultimately grew out of that earlier project. I have, therefore, more recently interviewed an additional 29 respondents involved in socially responsible investing and social certifications between March 2010 and March 2011. In other words, I conducted a total of 40 interviews for this research.

I identified respondents for each interview either by examining an organization's website for individuals involved in standard-setting processes or through a direct referral from another respondent. I recruited potential respondents by sending them a formal letter that explained my interest in understanding how social responsibility is defined and how standards for social responsibility are constructed. The letter requested their participation and indicated that I would follow up with a phone call or email, and provided them with my full contact information. When applicable, the letter also identified the person by which they were referred. I then followed up the letter with a phone call to confirm their participation and set up the interview. This method was highly successful in recruiting respondents in this population.

Whenever possible, I conducted my interviews in person, but I also conducted several interviews over the phone and via Skype when necessary. Twenty-four of the interviews were conducted in-person, with all but two of those taking place in the Washington, DC, metro area (the other two interviews took place in Cambridge, MA and Berkeley, CA). Thirteen interviews took place over the phone with respondents located in the US, and three interviews were conducted via Skype with respondents located outside the US.

I began identifying respondents by seeking those involved in creating social responsibility standards, and continued soliciting interviews until 1) I was able to interview informants that were involved in the fundamental aspects of each standard's construction; and 2) I reached a point of "theoretical saturation," or the point at which respondents did not introduce new concepts relevant to explaining the process for each case and variation across cases (Sandelowski 1995). This led me to between three and eight interviews with each organizational case, an additional five to seven interviews with representatives of organizations within their network, and a handful of respondents outside of their immediate networks (as discussed below).

Before each interview, and as part of their consent agreement, I informed respondents that any individual names would be kept confidential, and that organizational names would also be kept confidential unless they approved the use of their name in a research publication. This permitted respondents to discuss organizational processes, and encouraged them to give potentially critical personal views and perspectives of the standard-setting process and issues in the field. All individual and organizational names used here are pseudonyms.

My interview questionnaire was divided into four primary components. The first component positioned the respondent (and their organization) in relationship to the standard-setting process. It sought information about their job, their organization, and how they related to the relevant standards. The second part sought to evaluate the range of criteria that were of concern to the respondent and the organization, and how this related to the actual contents and thresholds for social responsibility within the standard(s). The third section sought to understand how these standards themselves were constructed, asking the respondent to walk me through several examples in detail to examine each step within the process. In this section, I sought to understand variability and change within the standards, including what issues got included and excluded, where disagreements existed, and how standards changed over time. The fourth section examined how these processes related to other actors and processes concerning the standards. For example, I was interested in the interactions between the respondent and standard-setting organizations or with companies evaluated by the standard. I asked about how standard-setting might have been related to auditing or promotion of the standards. I also asked governance-related questions, including how respondents perceived the relationship between these private standards and regulatory law.

In my research, I quickly found that such general questions could often lead to an overwhelming amount of information and that each respondent was not able to knowledgably discuss every part of the interview protocol. Therefore, I began preparing for each interview to better tailor interview questions relative to specific standards. For each interview, I reviewed public documents that discussed the standard in their particular organization (in general terms). Because many of these organizations consider transparency to be an important goal, the administrator of the standard generally made certain dimensions of their standard-setting procedures public and this background research was very helpful in guiding my questions. For example, when I observed that one standard included an issue while another standard did not, I was able to ask informed questions to understand why that issue was not considered or ultimately excluded from the standard. When conducting subsequent interviews with members of an organization or field, I also drew upon my knowledge from other respondents to draw out comparisons between standards and examine how standards changed over time. I now turn to detailed descriptions of the cases themselves.

**Case Descriptions**

For this study, I examined a total of five cases (two SRI cases and three social certification cases). For each case, I conducted between three and eight interviews within the organization that administered the standard, plus an additional five to seven interviews with actors in their broader network. I give an overview of the total interviews in Table 1, and a detailed listing of my respondents is available in Appendix 1. Note that the totals on the interviews do not sum to 40 because many of my respondents had overlapping affiliations (where they either worked in different organizations/roles across time, or held multiple positions simultaneously).

**Table 1. Interview Summary**

| Total Interviews by Field and Case | # of Interviews |
|---|---|
| Socially Responsible Investing (19 interviews) | |
| Corporate Responsibility Researchers | 8 |
| Corporate Indexing | 4 |
| SRI Advocacy Network | 7 |
| Social Certifications (21 interviews) | |
| Justice Certifiers | 8 |
| Eco Certified | 5 |
| Ethical Sourcing | 3 |
| SC Advocacy Network | 5 |
| Non-SC or SRI (7 interviews) | |
| Social Responsibility Advocacy Network | 7 |

*Note: Numbers do not sum to 40 because many respondents have overlapping affiliations.*

In the following sections, I describe each case and the network of actors I interviewed that were involved in each case. I also give some background on the case and why it is relevant for this study. I describe the case with an emphasis on the organization that maintains the standard, but I also discuss the broader organizational network that is a part of that case and with which I conducted additional interviews. All individual and organizational names used here are pseudonyms. I follow this description of the cases with a detailed discussion of my data analysis.

Socially Responsible Investing (SRI) Cases

I have examined two different SRI cases. At the heart of each case is an organization that collects data on the social and environmental practices of corporations, develops social ratings for the companies, and produces socially responsible mutual funds based on the data and ratings. I describe the administering organization and representatives of that organization in each case below before describing the broader network of organizations and representatives within which the case, and its distinct set of standards, is situated.

*SRI Case 1: Corporate Responsibility Researchers*

My first case is Corporate Responsibility Researchers (CRR). Founded in the early 1970s, CRR is one of the oldest organizations promoting socially responsible practices through investing and is considered a leader in the field. CRR conducts research on corporate environmental, social, and governance performance to serve a variety of functions. One function is to use research to work with institutional investors to develop customized socially responsible mutual funds. Based on feedback from NGOs and institutional investors about important social and environmental issues, CRR develops indicators to measure company performance on these issues. Next, they collect data from company reports, SEC filings, lawsuits, newspaper reports, and meetings with companies to develop their database. Using this database, they are able to compare companies within and across sectors regarding their social and environmental performance on issues of interest. CRR then works with investors to select and weight social issues, develop thresholds for socially responsible behavior, and screen companies into or out of mutual funds. As the field has developed, CRR has expanded the issues that they cover and has increased their sophistication in researching and evaluating company performance.

A second function that CRR fulfills is conducting research and reporting on shareholder resolutions. Specifically, they publish reports on important issues in shareholder resolution campaigns and offer information to investors voting on shareholder resolutions. Through this research and advocacy, they have tracked trends within shareholder resolutions and have a particularly important role in framing how issues are addressed within them. CRR is a for-profit company but they work with a great number of non-profit organizations and institutional investors to evaluate social performance data, develop social ratings, vote on shareholder resolutions, and engage with companies. Furthermore, they are highly active in the broader SRI field, with leadership roles in SRI conferences and research.

I interviewed eight respondents that worked at CRR, and ten others that were partners with or clients of CRR, or were within their broader sphere of influence. For my initial interviews, I spoke with several CRR representatives that collected social data used in their ratings and customized mutual funds. For example, I spoke with several Research Associates and Research Analysts that operationalized social issues into measurable data points and collected company data for their assigned industries. This led me to speak with a Team Lead that coordinates social research and interfaces with institutional investors about their social and environmental data, and an Operations Manager that worked directly with institutional investors to develop screens and ratings for customized mutual funds based on investor interests. I also interviewed two research analysts that researched shareholder resolutions, writing issue-based reports to guide voting on SRI-related shareholder resolutions, and the Director that oversaw research and reporting on shareholder resolutions.

In addition to respondents within Corporate Responsibility Researchers, standard-setting within SRI takes place within a broader field of networked actors. Positions within that field are linked relationally, with actors influencing the actions and meaning-making of other actors. Therefore, it was fundamental to my research to interview members throughout this advocacy network. These respondents were identified by interviews with my informants in CRR and CI, and were identified as having knowledge about trends in SRI, standard-setting processes, and engagement with companies. Given that I conceptualize each case above as part of a network of actors (and not simply the individual organizations themselves), I treat this network of respondents as part of my two cases, with overlapping boundaries between the cases.

In this broader SRI network, I spoke with informants of the following organizations: a coordinator and a former chair of the Association for Socially Responsible Investment; the director of the SRI Research Institute, which develops and promotes the "theory and practice of responsible investment through research, dialogue, and action"; past and present managers and researchers at competing socially responsible funds (e.g. Sustainable Investing, Responsible Investment Management); a manager and a Vice President at the Responsible Investment Coalition, a national network of investors, NGOs, and other public interest groups that work with companies; the President of an organization representing faith-based, socially responsible investors (Ministry Alliance on Ethical Business); and several activist investors (e.g. members of Ethical Traders and Responsible Economy). Interviews with members of this advocacy network helped me to identify some of the fundamental issues in socially responsible investing, supplement accounts of SRI standards within CRR and CI, and provide alternative perspectives about SRI standards and strategies of engagement.

*SRI Case 2: Corporate Indexing*

Corporate Indexing (CI) is my second SRI case and another leader within the field. CI is also a for-profit company advocating socially responsible practices and is most well-known for their social ratings. The company describes their social ratings system as a "rigorously constructed benchmark for measuring" the social responsibility of large, U.S.-based companies. But unlike CRR's customized ratings, CI offers a standard ratings system, which is available to both individual and institutional investors (CI does also offer customized funds, but these are a less significant part of their activities). Their screening criteria and thresholds are determined more by internal procedures, and when I interviewed respondents at CI, they had nearly completed an internal evaluation of their standards system. Through processes similar to CRR, CI conducts research on the environmental, social, and governance performance of companies to determine whether or not companies are considered socially responsible and eligible for investment. They operationalize social issues, collect data on individual companies to evaluate their social and environmental performance, and construct metrics to rate companies. Based on the pool of "socially responsible companies" (i.e. companies that pass their social ratings), a subset is then selected for investment in their mutual funds based on the fund's market objectives and financial performance of the various companies.

CI is also highly active in filing shareholder resolutions. For companies that are within CI's investment portfolios, they often file shareholder resolutions with the company to encourage them to continue improving their business practices in a more socially responsible manner. They file resolutions, often in conjunction with co-filers, and advise their clients to vote accordingly. CI also advocates for improving laws concerning shareholder resolutions and promotes investor interests in investment regulations. Like CRR, they are an active participant in the broader industry, including SRI conferences and research.

I interviewed four respondents that worked at CI, in addition to the ten others that were partners with or clients of CI or CCR. For example, I interviewed CI's Vice President of Sustainability Research, who oversaw their research and analysis of company data in their social ratings system. I spoke with a current and a former Social Research Analyst who performed investment analysis of environmental, social, and governance data, and led the development of investment policies on issues related to human rights, bribery, and corruption. In terms of shareholder resolutions, I spoke with their Director of Shareholder Advocacy that directed the company's shareholder advocacy program to engage directly with companies. Finally, I spoke with CI's former Chair of their Advisory Council, who was responsible for advising the organizations' social investment funds. In addition to the members of CI, I interviewed individuals within their broader network, as described in the next section.

Given that I conceptualize this case as part of a network of actors (and not simply the individual organization itself), I interviewed an additional ten respondents who were part of my two cases, with overlapping boundaries between the cases. As mentioned above, these additional respondents included a coordinator and a former chair of the Association for Socially Responsible Investment; the director of the SRI Research Institute; past and present managers and researchers at competing socially responsible funds; a manager and a Vice President at the Responsible Investment Coalition; the President of the Ministry Alliance on Ethical Business; and several activist investors.

Social Certification Cases

As noted in chapter one, the types of social certifications can vary from internal company certifications (e.g. Starbuck's CAFÉ standards) and industry-led standards (e.g. Sustainable Forestry Initiative) to independent, third-party certifications developed through multi-stakeholder involvement. The latter form of certification is the primary form of certification that involves movement-based certifiers and civil society actors, and is therefore, the focus of my analysis. I studied three in-depth cases of independent, third-party certifications. Each case covers both social and environmental criteria.

*Social Certification Case 1: Justice Certifiers*

My first social certification is Justice Certifiers, a very well-known certification within the field. Justice Certifiers is the US branch of a global certifying body for a variety of socially certified products. They are best known for their coffee certification, but they also cover a variety of other products such as agriculture (including bananas and flowers), vodka, and handicrafts. While they are part of the broader global organization, they are responsible for developing their own national standards within that global framework. Furthermore, they recently launched a new certification for garments and apparel, which is independent of the global certification body.

At the time of my interviews, this certification standard for garments and apparel was being tested in a pilot project. The development of this standard was a lengthy process that included a great number of stakeholders and multiple rounds of consultation. Justice Certifiers worked with producers, workers, many NGOs, academics, and others from civil society to gather input about the standards. After each revision of the standards, there was a period of public consultation which was open to the public and generated hundreds and hundreds of comments about the standards from the various groups. Having recently completed the standard-setting process, it was now being tested in a handful of different countries. To limit the scope of my interviews, I focused on the development of standards for garments, and to a lesser extent, coffee, although respondents sometimes commented on standards for other products as well.

To better understand the construction of Justice Certifiers' standards, I interviewed several individuals involved within the organization and their broader network. For example, I interviewed the senior manager who oversees the standard development (including implementation and monitoring of program), a labor activist who was involved in developing the standard but dropped out because she considered the standard too weak on labor issues, a religious-based promoter of Justice Certifiers who has provided input on the standard, and the Board Chair of the organization. I also interviewed a farm worker organizer involved with Justice Certifiers; a representative of an advocacy organization promoting Justice Certifier educational resources to support the movement; the Strategic Relations Manager for the certification body, who serves as a bridge between Justice Certifiers and a variety of stakeholders; and the Executive Director of an industry association that promotes businesses committed to Justice Certifiers' products.

In addition to understanding the specific process of standards construction, I interviewed a broader network to better understand multiple perspectives of Justice Certifiers' standards, how standards may differ for different commodities, and how they are situated in the broader movement for social and economic justice. For example, I spoke with a researcher involved in the creation of a competing coffee certification;  the

CEO at the Sustainability Guide, which is a buying guide that provides information to consumers about certified products and their standards (they also have ratings methodologies for their buying guide which uses SRI data and reports on social certifications); a labor activist that promotes a labor-approved buying guide and certification systems; a well-known activist that speaks, publishes, & conducts workshops on issues ranging from the dynamics of the global economy to how we can replace the power of transnational corporations with local green economy networks; a well-known green consumer activist that has started several nonprofits promoting ethical consumption and social certifications; and a Manager at the Global Certification Coalition (GCC), which is a global association for social and environmental standards that diffuses best practices to standard-setting bodies.

*Social Certification Case 2: Eco Certified*

The second certification I studied was Eco Certified, which focuses on agricultural products, including coffee and tea. Eco Certified is a network of organizations in which different members construct the standards while others oversee certification, accreditation, and labeling. Like Justice Certifiers, Eco Certified standards include both social and environmental standards. However, the organization was started by environmental movement organizations and it has a heavy emphasis on environmental sustainability. At the time of my interviews, Eco Certified was expanding the types of products they certified (e.g. cattle products) and the issue areas included within their standards (e.g. climate change).

Eco Certified's procedures are very similar to the procedures followed by Justice Certifiers. Each new product that is added to their certification system undergoes intense stakeholder involvement, which includes workers, producers, NGOs, academics, and an occasional government representative. The standards typically undergo multiple rounds of revision and varying lengths of public consultation periods. My interviews focused on a variety of agricultural products, but especially coffee and tea.

I interviewed a total of five respondents that were representatives of Eco Certified, and many others within their broader network. My respondents were involved in creating and/or managing certification standards, including collecting data about and evaluating farms, soliciting input on standards from stakeholders, revising standards, and implementing the organization's strategic mission within the standard setting process. For example, I interviewed the Senior Manager of Standards and Policy who coordinated the creation of Eco Certified standards, the Chief of their Agricultural Program that advises the group that creates standards, and the Operations and Outreach Coordinator that coordinates the technical team that integrates their field work in the standard-setting process. I also interviewed the Vice Chair of the Board of Directors and the Vice President who guides the strategic direction of Eco Certified and fosters support for their certified products.

The interviews I completed with Eco Certified's broader network of organizations overlaps with the broader network of Justice Certifiers. Accordingly, I also interviewed a researcher at a competing certification; the CEO of a buying guide that provides information on Eco Certified products; a labor activist that promotes a labor-approved buying guide; activists promoting alternative economies and ethical consumption, and a Manager at the GCC, of which Eco Certified is an active member.

*Social Certification Case 3: Ethical Sourcing*

The third and final certification with which I conducted my research was Ethical Sourcing. Ethical Sourcing was initially created as a certification exclusively aimed at ending child labor in the production of handmade carpets. As time went on, they sought to expand their standards, partially because of the pressure received from consumers, retailers, and others to include a broader array of issues. As a result, they have been "scaling up" over the last several years, and expanding their certification to include many different social and environmental criteria within their standards. I interviewed representatives of Ethical Sourcing as they were completing their expanded standards and entering pilot projects to evaluate how they may be effectively implemented.

The expansion of standards for Ethical Sourcing looked very similar to that of Justice Certifiers and Eco Certified. For example, they enlisted a similar set of stakeholders, seeking as diverse of a stakeholder group as possible. They labored through multiple revisions of their standards and public consultations periods. The most important reason for these similar protocols in standard development was their participation in the Global Certification Coalition (GCC), a non-profit organization that consults with social certifications around the world. GCC produces guides for best practices in developing standards, evaluating impacts, and assuring compliance with certification standards. Among the broader network of actors that I interviewed, I spoke with one representative from the GCC.

At Ethical Sourcing, I interviewed two current and one former member of the organization. Specifically, I spoke with the International Standards and Policy Officer who is the primary US representative creating the new international Ethical Sourcing standards and guiding the GCC compliance process. I also interviewed the Executive

Director, who amongst other functions, oversees and manages market development for Ethical Sourcing certifications and directs consumer awareness campaigns. Finally, I spoke with a former Development Officer that was involved in earlier processes of standard-setting.

Like both certifications above, the broader network of certification advocates also helped situate the Ethical Sourcing standards within the field. To repeat, I interviewed respondents at another certification; representatives from several buying guides featuring socially certified products; and activists in labor, alternative economies, and ethical consumption. These respondents discussed the role of certification and standards in their work, their work in developing and/or promoting standards, and their views (both critical and supportive) of the roles of certification within the movement.

### <u>Other Informants in Social Responsibility Advocacy Networks</u>

The previous sections documented respondents that operate within the fields of SRI and social certifications. My descriptions of them emphasized their positions within social ratings agencies, certifiers, and other organizations that are relevant to shaping their standard-setting processes. I also broadened my scope to understand how do others outside of SRI and certifications, but within the social responsibility movement, view these standard-setting processes. In order to capture other (possibly critical) views of SRI and certification standards, I interviewed some other respondents who held outsider perspectives relative to these fields.

In total, I interviewed seven additional respondents that were not directly involved in SRI or social certifications. Some of these interviews were conducted under the recommendations of others within SRI or social certifications, and with which I expected them to have more involvement with them. I conducted some of the interviews knowing that they were not involved but wanting more outsider views critical of them as private standards. My respondents in this category included individuals who started socially responsible businesses; led national non-profits in market campaigns to promote social responsibility; advocated laws regulating corporations; worked in non-profits promoting socially responsible businesses; created socially responsible buying guides; and a business association seeking to work with business members to make them more socially responsible. These respondents provided insights into the broader field of social responsibility, issues around framing social responsibility, concerns of different agents, and the institutional logics of different fields. Together, they help to give a broader view of the social responsibility movement within which SRI and social certifications are situated.

**Data Analysis**

During the interviews, semi-structured, open-ended questions were used to direct conversation naturally and allow me to identify new themes and relevant information (Lofland et al 2005; Weiss 2004). Through series of follow-up questions, I would continue to use interview probes to acquire greater detail and fully explore new topics. This allowed themes to emerge from the data and during data collection, I wrote memos (Charmaz 1983) that iteratively and continuously situated interview data within the theoretical literature on social movements, fields, and institutions. This process of triangulation between my past interviews, ongoing interviews, and the literature allowed me to explore important issues and served as preliminary data analysis.

Interviews varied in length from forty-one minutes to an hour and fifty-five minutes, with the average interview lasting one hour and eighteen minutes. All interviews were recorded and transcribed. Transcribed interviews were loaded into Atlas.ti, a commonly used software for analyzing qualitative data. The software enabled me to easily organize my data into themes, and facilitated my comparative analysis.

There is a consensus emerging among comparative methodologists that combining within-case analyses and cross-case comparisons provides the strongest means of drawing inferences using case studies (George and Bennet 2005: 18). Accordingly, my data analysis incorporates both techniques through a methodology known as typological theory (George and Bennet 2005). The typological approach focuses on the processes or mechanisms linking causes and effects, rather than focusing on correlations between independent and dependent variables. It seeks to identify and explain the relationships between a set of conditions and their particular outcomes that can be applied across a variety of contexts. It has been influential in the study of social movements, and is consistent with recent methodological statements in the field (e.g. see the special symposium in *Qualitative Sociology* dedicated to McAdam, Tarrow, and Tilly's [2008] methods for measuring mechanisms of contention).

The first dimension of this typological method is process-tracing, which is a technique for within-case analysis (see also George and McKeown 1985; Bates et al 1998; Hall 2003). Process-tracing investigates the sequence of events that lead to a certain outcome. It focuses on processes such as how actors receive and evaluate information, how they reach decisions, and the effects of institutional arrangements and different contexts on meaning-making. Within organizations, it can be utilized to identify how groups evaluate competing meanings and decisions, how the organization collectively selects among the alternatives, and how they develop certain expectations and strategies. Ultimately, process-tracing seeks to identify the "intervening causal process—the causal chain and causal mechanism—between an independent variable (or variables) and the outcome of the dependent variable" (George and Bennet 2005: 206). To understand how standards social responsibility are constructed, I have identified and theorized key causal mechanisms that shape these processes within SRI and social certifications.

While there are many different definitions of "causal mechanisms" in the literature (Mahoney 2001), I adopt the view of several leading social movement scholars who define them as "delimited changes that alter relations among specified sets of elements in identical or closely similar ways over a variety of situations" (McAdam et al 2008: 331). Causal mechanisms focus on sets of conditions and the processes (which can take many different forms) through which they lead to certain outcomes. Beyond conventional accounts of linear causality, process-tracing may uncover the convergence of multiple conditions or certain path dependencies that lead to particular outcomes. Furthermore, the study of causal mechanisms in social movements (McAdam et al 2008), including the social responsibility movement (Soule 2009), have tended to focus on processes of mobilization and coalition-building, leaving work to be done on other field-level processes (Bartley 2007).

There are some commentators that suggest that causal mechanisms cannot be directly observed (Mahoney 2001), but McAdam et al (2008) documented several ways to both directly and indirectly observe their presence and operation. Among this set of methods, they advocate greater use of field-ethnographic methods, which are consistent with the methods of data collection discussed in the previous section. Qualitative data, such as in-depth interviews used for this research, can be a particularly effective means of understanding processes (Weiss 1993) and mechanisms (George and Bennet 2005) that link a set of conditions to particular outcomes.

The strengths of process-tracing help overcome some limitations in other comparative methodologies, such as John Stuart Mills' methods of agreement and difference. Specifically, Mills' approach to case selection required the identification of cases that are similar along all important variables except one, which is then used to explain differences in the dependent variable. Such a criteria for case selection among social responsibility standards would be impossible, given the significant variation in criteria and how they are applied. However, according to George and Bennet (2005), process-tracing can overcome this limitation when executed correctly. With in-depth information and richness of individual cases, process-tracing permits the analyst to evaluate "whether each of the potential causal variables in the imperfectly matched cases can, or cannot, be ruled out as having causal significance" (George and Bennet 2005: 214). It allows the researcher to compare less perfectly matched cases, and opens up possibilities for identifying single or multiple paths to a particular effect and the discovery of important variables not yet specified.

The fundamental challenges in the deployment of process-tracing are to, first, ascertain an uninterrupted causal path linking the factors that led to specific standards in a way that adequately captures the processes or mechanisms themselves, and second, to consider alternative causal mechanisms that match the evidence. To overcome these challenges and increase internal validity, I have followed several important protocols. Following the procedures described by Njølstad (1989), I sought to understand possible disagreements, addressing as many relevant theoretically-informed variables as I could identify, drawing upon and exploring alternative explanations from competing theories, and clearly elaborating scope conditions. Like I did during my data collection, I continued to craft memos (Charmaz 1983) during my data analysis that iteratively and continuously situated interview data within the theoretical literature on social movements, fields, and institutions.

Through these procedures of process-tracing, I first conducted a round of "open" coding to identify emergent themes. This open coding allowed me to evaluate the various factors that shaped how standards were constructed in each case, and how these factors differed across cases. As I proceeded with my open coding, I grouped these factors into various themes. After a round of open coding, I then selected common themes that appeared to be most significant in explaining how social responsibility standards were developed. Using this limited set of themes, I then conducted a second round of "closed" coding with all my transcripts. This final round of coding became the basis for identifying the conditions and causal mechanisms in shaping social and environmental standards within individual cases.

My data analysis and subsequent theory construction was strengthened by integrating this process-tracing with cross-case comparisons (George and Bennet 2005: chapter 11). The strength of this comparative approach is to explain how particular standards are constructed "rather than another in a particular context" (Oliver and Johnston 2000: 45; McAdam et al 1996). In other words, is has allowed me to examine why one set of conditions led to one set of standards, relative to a different set of standards or conditions. Such comparisons made across cases yield more robust explanations of how standards are constructed and are a particularly useful means of exploring how causal mechanisms operate in different contexts (Falleti and Lynch 2009). Accordingly, I proceeded with my data analysis using typologies that group cases along a specified set of characteristics or factors. But following George and Bennet's (2005: 241) caution to researchers to "avoid a premature, *a priori* characterization," I strove to locate these types within the data itself. While my interview questions were theoretically-informed from existing literature, typologies emerged from empirical differences in the data and the explanations of the cases, rather than any pre-defined expectations based on existing literature.

While the process-tracing was conducted for individual cases, I began my cross-case comparisons by comparing cases within the same field. First, in chapter three, I focus on standard-setting within the field of SRI. How are social standards constructed within SRI? What mechanisms shape the standard-setting process? How are the standards embedded within processes of engagement? I focus on conditions that shaped SRI standards in an individual case over time and I seek to identify the mechanisms that shaped standard-setting by comparing my two cases within the field. I begin by examining the interactional and institutional contexts within which SRI standard-setting is embedded. I then analyze how the bar for social responsibility is constructed and the mechanisms that influence these processes in similarly patterned ways.

In chapter four, I focus on standard-setting within social certifications. Having examined how standards are constructed within individual cases through process-tracing, I present the themes that emerged when comparing the three social certification cases. Again, I start with an analysis of the interactional context within which certifications standards are embedded. Next, I show the diversity of thresholds in certification systems and seek to explain variability in standards through cross-case comparisons. I discuss several different types that shape the standard-setting process within and across the certification systems.

Finally, in chapter five, I step back outside of each individual field to look at all five cases across both social movement fields. This chapter builds upon chapters three and four to identify higher-order mechanisms that operate within the social responsibility movement. They consider more diverse sets of conditions across fields that lead to unique outcomes in an attempt to theorize the mechanisms that shape standard-setting within the social responsibility movement.

This data analysis, as I have presented it here, is an inductive approach to typological theorizing. Theory is constructed using a gradual "building-block" approach, in which generalization is not based upon large, random samples (Firestone 1993; Weiss 1994). Rather, qualitative research projects such as this, base generalizations around alternative modes of analysis such as "analytic generalization" (Yin 1994: 37; Firestone 1993). For analytic generalization, the analyst generalizes findings to theory rather than to a population. Support is achieved by providing “thick descriptions” of the cases and analytic procedures, offering “multiple and interconnected” observations of data (Ragin et al 2004), and more generally “specifying the conditions under which a study is done and their relevance to multiple theories” (Firestone 1993: 18).

In chapter six, I develop my analytic generalizations by linking my causal mechanisms of standard-setting to my evidence and theories of social movements and institutions, enabling what Armstrong and Bernstein (2008: 92) refer to as “modest generalizations about forms of power and how activists interpret, negotiate, and challenge those forms of power.” The results, which include patterns of observations across multiple sites that make possible the creation of typologies, are connected to the underlying structure and dynamics that operate within and across other social movement theory (Weiss 1994). And as Firestone (1993) argued, claims for analytic generalization are particularly strong in multi-sited qualitative research such as this one.

This typological method allows limited generalization by specifying causal mechanisms operating within other social movement organizations that fit the same type (George and Bennet 2005: 236). It is this level of abstraction and theoretical induction that facilitates some degree of generalization, but also requires clear scope conditions (Firestone 1993). In this research, my scope conditions are limited to people involved in the day-to-day operation of movement activities, such as movement leaders and operatives. It does not, for example, capture the “common sense” or “everyday knowledge” of rank-and-file movement participants, potential recruits, and bystanders (Benford 1997). Furthermore, it refers explicitly to the standard-setting processes within private regulatory systems, and not governmental regulation. Finally, while my methodology is particularly suited for identifying causal mechanisms, it cannot specify the frequency with which it occurs in the broader universe of social movement types.

# Chapter 3: Standard-Setting in Socially Responsible Investment (SRI)

Socially responsible investing (SRI) has become an increasingly important field for advocates to promote more socially responsible business practices. Through SRI, activist investors strategically work within the field of investing to target corporations directly. Bypassing the state, they develop specific private social and environmental standards to which they expect companies to adhere. They use institutional channels to engage corporations in dialogue, communicate best practices for socially responsible behavior, and push them to meet SRI standards. Although SRI has grown dramatically in recent decades (Scheuth 2003; Sparkes and Cowton 2004), this growth has not been easy and movement actors must continuously struggle to legitimate their position within the field and use it strategically to promote desired changes.

While investigating how movement advocates developed social responsibility standards in my two SRI cases, I found it was important to understand the interactional context in which the standards were embedded. Positions within the field are linked relationally and the strategies advocates used to mobilize conventional investors and engage companies reveals how they are positioned and respond to one another (Emirbayer and Johnson 2008). Therefore, I begin by analyzing advocates' location within the field and their interactions throughout their networks. I examine how rating agencies and shareholder activists interpreted their environment and strategically took action to de-institutionalize and reconstruct institutional logics. By analyzing the goals that actors had within SRI, and how they intended to use SRI to shape business practices, I illustrate their assumptions about how institution of investing worked and what were the possible pathways for change. For socially responsible investors, this meant the development of alternative frames to disrupt and reconstruct the cultural logic of financial investing. These framing processes shaped how they mobilized and engaged others within the field and were important contexts for understanding how standards are constructed.

Having established how SRI advocates position themselves relative to conventional investors and corporations, I then describe how social ratings agencies select criteria and thresholds for social responsibility standards. There is an overwhelming number of claims for what constitutes social responsibility by corporations, NGOs, and others, and my focus here is to understand what how these claims are assigned meaning within SRI. Through process tracing, I analyze a particular set of broad-based standards in depth and I explain in detail how certain criteria are selected and where the bar is set. I supplement my analysis with details from my second case to identify similarities and differences across cases and establish patterns (George and Bennet 2005).

I am especially interested in the field-level mechanisms that shape the standard-setting process, and which will improve our understanding of the opportunities and constrains that movements experience in their attempt to develop rigorous standards in SRI. For example, I seek to explain why certain criteria are included in one standard but not another, and why thresholds are set at one point rather another in social ratings and shareholder resolutions. Accordingly, I conclude this chapter by identifying and analyzing five different mediating mechanisms that explain why socially responsible investors and their advocates selected from among the possible standards for social responsibility.

### Using Alternative Frames to Disrupt and Reconstruct Institutional Logics

In social movement theory, frames have become a central component of empirical research and a way to understand social movement processes and outcomes (Benford and Snow 2000). Snow defines framing as referring to "the signifying work or meaning construction engaged in by movement adherents (e.g., leaders, activists, and rank-and-file participants) and other actors (e.g., adversaries, institutional elites, media, countermovements) relevant to the interests of movements and the challenges they mount in pursuit of those interests" (Snow 2007). Drawing on the work of Erving Goffman (1974), frames are "schemata of interpretation" that invoke a particular set of values and provide a meaningful way of interpreting events and organizing experiences (Benford and Snow 2000). They simplify the social world into an intelligible form, and in a movement context, are done to garner broader support and mobilize potential adherents.

Within investing, traditional financially-based frames dominate the discourse. Using financial criteria and analyses, investors and fund managers evaluate company performance and make investments based on their financial goals and expected rates of return. Investors may be, and likely are very interested in moral and ethical issues, but such domains are thought to be entirely separated from business decisions. Social and moral issues are a matter of public policy, and working within their legal limits dictated by public policy (or sometimes not), investors strive to maximize their financial returns. As Milton Friedman (1970) famously said, "the social responsibility of business is business." In other words, business' responsibility to society is to make money and should not be concerned with social or environmental concerns; they are someone else's responsibility.

Socially responsible investors have entered this world with a different way of interpreting investment criteria. They invoke alternative systems of meaning and utilize non-financial criteria to evaluate investments. When I asked respondents how they differentiated SRI from conventional investing, they consistently invoked these alternative schemas of interpretation. Adam was one of my respondents who worked for a company that produced data for socially responsible investors. He coordinated social researchers and networked with socially responsible investors to help them construct custom mutual funds. He described these frames in this way:

> Anybody who wants to apply these kinds of non-financial values to investment decisions [is] either because they find something morally objectionable or because they think there's a competitive advantage, a business case, to invest in companies who use good policies and practices on environment, and human rights, and labor. (Adam, Corporate Responsibility Researchers)

As Adam and many other respondents noted, socially responsible investors view non-financial criteria relevant to investment through two types of lenses, or frames. The first frame, what I will call the *morality frame*, seeks to embed business decisions within an ethical framework. This may be motivated by religious or political ideologies (Oliver and Johnston 2008), and seeks to make financial concerns secondary to moral or ethical frameworks. The second frame, what I call the *business frame*, attempts to translate social and environmental concerns into economic, or financial, cost. Rather than altering the priority structure of financial and non-financial criteria, it recasts what constitutes a financial concern.

It quickly became clear that SRI activists recast social and environmental issues with the business frame much more frequently than the morality frame. For example, Kristen worked at the Association of Socially Responsible Investing, an industry-level association in the field of SRI. She worked with member organizations to facilitate best practices and address issues common among SRI practitioners and advocacy organizations. She stated:

> If you're talking with somebody and you're like listen, child labor in Asia is a reputational risk … You're not factoring in all the costs there because some of the costs are unforeseen and unpredictable. You don't know if some investigative reporter is going to be in your factory or not. You don't know if the Indonesian government might all of a sudden deal with labor laws or if it might actually start enforcing their own labor laws, or you don't know, because they're unknown, so the way that you're structuring your economic analysis is inadequate. So you can see where, investors can see where the mind road blocks are. (Kristen, Association of Socially Responsible Investing)

In this way, issues of social and environmental concern are viewed as business risks. A company that has strong social and environmental practices is seen as mitigating their risk and this can appeal to investors regardless of their moral or ethical position. The business frame always recasts these issues in terms of profitability, as echoed by another respondent:

> Actually a lot of shareholder activists try to relate social and environmental proposals to the bottom line. If you read a lot of the resolutions that are filed, typically they will say - at some point in there they will say, “This will have a negative impact on profits because X, Y, and Z.” (Melissa, Corporate Responsibility Researchers)

The business frame provides an alternative vision of business-society relations and functions as a strategy to align economic practices with the values of existing and potential supporters.

Social movement organizations and activist investors use these frames to alter how the institution of investing functions and promote more socially responsible practices. But are activists wasting their time by operating within institutions? From one theoretical view, fields such as investing are path dependent (Mahoney 2000), whereby past decisions and actions have resulted in a specific course of development, and the institutional pattern is simply reproduced. One could argue that the business frame within SRI, and its explicit focus on financial criteria, is self-reinforcing. After all, the business frame emphasizes profitability and maintains the prioritization on financial criteria, with the rewards going to financially-motivated investors (Markowitz et al 2012). Such a view would focus on the power of isomorphic diffusion and characterizes institutional structure by homogeneity and conformity (Schneiberg and Lounsbury 2007).

However, investment institutions are not so internally consistent. Instead, they are riddled with ambiguities and contradictions. Despite hundreds of years of accounting practice, the valuation of companies—and especially of brands—is not an exact science. Laws may or may not be enforced, environmental pollutants can have unforeseen costs to both the environment and human health. Despite claims that "the business of business is business," it is not always clear what is considered business or not business. Consider what happens when a social movement targets a company for poor social or environmental practices. If that movement is successful at attacking their brand and assigning new meanings to those brands (Conroy 2007), thereby driving down the share price of that company's stock (Bartley and Child forthcoming), then clearly that company must address that social dimension. If a company pollutes the environment, and ruins the productive capacity of that environment and the health of its people, then it may face law suits, which drives down its price. It is probably no surprise, then, that the majority of research conducted on SRI seeks to evaluate the financial performance of SRI funds, as compared to conventional funds (Schröder 2007).

The important point for our purposes is that this scenario highlights an institutional contradiction within investing. It becomes an entry point for social movements to construct a new institutional order, where companies measure and manage the financial costs of social and environmental performance, and which had not previously existed. This measurement is a way to internalize their social and environmental costs. But to encourage the adoption of these practices, movement activists must mobilize more investors to pressure management and send a signal for the company to adopt such practices. I spoke with Simon, the founder of the Ethical Traders, a high-profile social movement organization. He described his organization's attempt to strategically mobilize other investors using the business frame:

> We do shareholder activism, we would do a thing where we'd have protestors outside the shareholder meeting and then we'd be inside and even on the inside

> we'd have tactical diversity. We'd have one of our major donors who owns a lot of stock in the company gets up and says "look, Coca-Cola is buying genetically modified corn syrup, this is really dangerous, blah, blah" and he gives the scientific rationale. They have to listen to him because he owns 2 million shares. [Another one of our activists] gets up and she says "I'm with the Ethical Trading Initiative and we're going to piss on your brand and we're going to drive down the value of your stock" the barking dog. (Simon, Ethical Traders)

In this scenario, protestors outside the meeting held signs and shamed Coca-Cola for their environmental practices in hopes that their arguments would attract media attention and resonate with viewers and bystanders. This would put pressure on the company to act. On the inside, one of the investor activists provides a scientific argument for why Coke should adopt particular practices. Their other activist in the meeting holds a very ambiguous position—serving simultaneously as insider because she owns shares in the company but as outsider because she is highly contentious, threatening to damage the company's brand. But the most significant dimension of this scene is that it creates a context for my respondent to speak. He continues with the following:

> I'm in a really nice suit way over on the other side of the room, no association with these people. I get up and I say "look, I'm a small shareholder. I don't want my Coke stock to go down like my Nike stock did when these radicals started pissing on the brand. You don't want to get in a pissing match with a skunk, just get rid of him. Give them what they want and get rid of them because they're going to hurt our share price." In the coffee break the other suits come up to me and pat me on the back and say hey that was a really good point you made. If you

> don't get on their wave length, if you don't get inside their thinking—it's easy for them to reject protestors with signs but somebody who looks like them and is dressed like them, and wearing a nice watch with an attaché case making a point that's in their self-interest and that's what we're about here is how do you redefine self-interest. (Simon, Ethical Tradres)

In this example, activists with Ethical Traders sought to disrupt the everyday taken-for-grantedness of the institutional order. For many investors, they take their conceptions of financial value and self-interest for granted. They compartmentalize business from presumably moral arguments on protest signs and messages invoked by activists, and such messages are easily rejected by investors. Such images neither challenge investors' taken-for-granted assumption about the social order nor are they effective at assigning new meaning. They do, however, serve as effective positions to juxtapose against competing messages that leverage existing contradictions within the institution.

Ethical Traders strategically placed these messages to challenge their assumption about the role of social dimensions in the financial performance of the company. They constructed a link between Coca Cola's practices, protest, and share price. But the link was facilitated through the conscious manipulation of competing ideas and symbols. They positioned messages relationally, so that the difference between the speakers was made visible: he was not (or at least did not appear to be) an activist and was not concerned with labor issues or health issues. As compared to their morality frame, he provides a business-oriented frame to reinterpret their concerns for the company's social practices. Simon is able to gain legitimacy in the eyes of other shareholders by framing the debate in financial terms, and he is able to curry favor with profit-oriented investors.

By positioning him (physically and socially) far from any seemingly “radical” activist, they used the distance between these more radical views to make his support of more environmentally progressive policies seem conservative. Drawing upon these cultural symbols he re-frames what their business interest actually is, expanding the possible range of alternatives, and is successful in winning the support of at least some of the other investors.

The pressure placed on companies by movement outsiders and the tactics used by SRI activists, as insiders, are meant to ultimately engage companies in dialogue about their business practices. Socially responsible investors mobilize other investors and leverage these outsiders to entice companies to engage in a number of ways. In the next section, I analyze how investors achieve this engagement, how that engagement is used to shape company practices, what SRI activists perceive to be the successes of such engagement, and ultimately how standards are embedded within these processes of engagement.

**Shaping Practices through Company Engagement**

Ultimately, what institutional insiders want is to be able to engage companies to encourage new company practices. They seek to use institutional channels to get access to executives and other influential people within an organization. For example, Corporate Responsibility Researchers (CRR) is an organization that produces research for socially responsible investors. Gayle has been with the agency for over 20 years and she told me how investors are increasingly using SRI research to influence companies. Gayle told me that investors

> are saying "thanks for that research, I'm going to use it now to engage with companies more thoughtfully" and get them to make changes now, so that there isn't a huge problem down that road that's going to melt down the share price. (Gayle, Corporate Responsibility Researchers)

Armed, therefore, with information that measures a company's performance on social and environmental criteria and compares them to their industry peers, investors construct and demand new company practices. The means of engagement between investors and companies can take many forms. I review several of these forms of engagement, and their perceived impacts here, but it is important to note that I do not evaluate their actual impacts per se.

One form of engagement that investors use to shape company practices is through multi-stakeholder dialogues. In this arena, investors organize community groups, NGOs, and the companies themselves to reach consensus on appropriate social and environmental practices. Steve is a manager at Corporate Indexing, and he described one of their stakeholder dialogues on business in China. China is one of the fastest growing economies in the world and most major corporations have made efforts to enter the Chinese market in some capacity. But to enter the Chinese market, which remains under the control of a totalitarian government guilty of widespread human rights abuses, companies must acquiesce to government demands. One of the high-profile sectors in which this tension has unfolded is high technology and internet services, and includes companies like Microsoft, Cisco, Google, and Yahoo. The Chinese government has required that companies help filter search results to stifle dissent and the government systematically violates privacy rights by demanding that service providers give personal information to the government to track down people who criticize them publicly. This has created backlash against companies that willingly participate in violating the human rights of Chinese citizens. Steve described the process of engagement this way:

> There's a multi-stakeholder dialogue made up of investors, companies, and human rights NGOs that has come together to come up with a standard of how companies should behave in a country like China or a company that oppresses human rights and violates privacy. So we think this is a really great opportunity, really important way to establish a standard that has NGO, investor, and corporate buy-in all at the same time, and once that standard is accepted, then we'll work with the companies to make sure they're taking steps to implement the standard. It's better than the NGOs coming up with the standard, or the corporations coming up with the standard on their own, because the two sides will walk down a different path and may not produce an agreement, and the companies are less likely to adopt the NGO's standard unless they've been involved in the conversation to develop it. (Steve, Corporate Indexing)

For socially responsible investors like Steve, this process of engagement is important because it is a collaborative process that gets approval from all stakeholders (McLaren 2004). He sees it as effective because it facilitated direct involvement by social movement actors (whose legitimacy as moral actors lends credibility to the process), socially responsible investors (who embrace the social dimensions and business opportunities), and the businesses that ultimately must comply with the standards while pursuing their own interests. Without the collaboration, he believes that an effective standard could not have been reached. Socially responsible investors, through their own systems, then track and evaluate company implementation of the standards.

It is essential that businesses also have incentive to engage with NGOs and socially responsible investors. I spoke separately with Spencer, who represented a business association that promoted more socially responsible and sustainable practices. Speaking about the same internet issue in China, he discussed the opportunities this provided business:

> What that does to their companies is they are collaborating now with the human rights groups and the internet freedom organizations, which is actually our experts. And it's almost consulting for the companies to anybody who understands the issues, and the dialogue is happening in a room like this instead of the *New York Times* or the war words like on the internet somewhere. So, it's a good form of risk management for the companies and it's really helping advance the issues. (Spencer, Green Business Network)

Businesses, therefore, are better able to manage their brands and reduce their risk. While they must give up some autonomy in the collaborative dialogue, they are also able to influence the standards and expectations. However, without the fear of public shaming (e.g. in the *New York Times* or the internet), they would not have the incentive to participate. It is this level of contention from outsiders, and their inability to control external dialogue, that motivates their engagement with NGOs and activist investors.

To facilitate effective engagement, SRI activists are careful in selecting targets within a company. Kimberly works with a coalition of non-profits, SRI activists, and companies themselves. She discusses their strategy for engagement:

> Before we actually bring companies into [our] network, we make sure that there is a relationship that we have with senior management or the CEO. So you know, that's another leverage point. If we have access to the highest levels of the company, it makes us [more influential]. Even if we aren't specifically getting those CEO's to the table at the stakeholder dialogue, although that does happen you know, we do have a message to get to the senior levels, most senior levels of the company, to just try and you know get conversations around on how to get more change. (Kimberly, Responsible Investment Coalition)

From Kimberly's perspective, effective engagement could only be achieved when working with senior-level executives. These executives are the main people for shaping the future direction of the company and to achieve genuine change, activist investors must get the buy-in from this level of management. This type of engagement serves as a "leverage point" for promoting more socially responsible practices.

Respondents repeatedly noted that engagement can be a very effective platform to shape company practices. However, companies are often not quick to work with investors and management is frequently resistant to being told how to run their business. In these cases, investor activists turn to a more contentious tactic to get management's attention:

> The engagement itself can achieve some really remarkable things [if] the company is receptive to it; if it's not, then you have to go more public [with a shareholder resolution]. But, basically what you are trying to do is get the attention of the company with a two by four if necessary. (Jackie, Sustainable Investing)

When corporations are not responsive to investors, one strategy is to use their rights as shareholders in a company to file a shareholder resolution. Through shareholder resolutions, investors make nonbinding proposals for concrete actions that are voted on by all shareholders. Jackie, who works for a small investment company that was one of the first to produce socially responsible investments, is actively involved in filing shareholder resolutions. She likens resolutions to a weapon used to force a company to pay attention. Jackie continued by saying that shareholder resolutions make specific companies "more likely to be named and that's not going to be good and nobody ever wants to be in a bad headline." The companies, she argues, are worried about their "brand image" and filing shareholder resolutions can be a very public platform to shine light on a company's practices in an unwanted manner.

To maximize the attention given to shareholder proposals, filers often seek to mobilize other socially responsible investors around the issue. Sometimes, the resolutions were also coupled with broad-based campaigns. Julie is at CRR, where she conducts research on shareholder proposals. She explained how filers might mobilize investors to increase a resolution's profile and get a higher vote. In this case, a group of

> ex-nuns who had been filing shareholder resolutions would then go advise the Connecticut Retirement Employee system, huge pension funds. [The nuns used] social activism [to convince them] how to vote on issues or how to take a stand on an issue, etcetera, if a fund wanted to be socially responsible. A lot of these religious organizations, they'd coordinate with CRR. And they kind of, you know, a resolution might have a primary filer and lots of co-filers, because having lots of co-filers would give it more weight. Being on the proxy statement, they have to

> list who was on the list of filers and if they combine on their number of shares that they were holding at a company, a shareholder resolution just becomes more prominent. I guess there's more weight. (Julie, Corporate Responsibility Researchers)

Activist investors reached out to institutional investors and others to build support around socially and environmentally-oriented resolutions. These tactics have been particularly effective when organizing mission-driven organizations like public employee retirement funds and university endowments. These organizations, more so than mainstream financial investment firms, function largely with missions beyond financial profit and thus are more readily aligned with the objectives of SRI. As a result, obtaining their support can dramatically increase the votes in favor of passing a resolution, thereby sending a stronger signal to company management.

Another form of engagement that socially responsible investors use to engage companies is through social ratings. There are a growing number of organizations that provide social ratings of companies. These organizations collect data about a company's social and environmental performance, and use the data to develop quantitative metrics that rate the company and compares them to other companies within their sector. This type of index is an effort to make company performance comparable to each other, establish benchmarks for social and environmental performance, and provide signals to companies about their own performance. Steve describes how their organization uses social ratings to engage companies:

> Once we produced the ratings and sent [the companies] a letter that said here's your ratings, they responded. And several companies that were fails that we

> normally don't engage with, contacted us and said "can you tell us why we have a two in labor relations or workplace practices?" And then that lead to some good dialogue with some companies. So it was an interesting advocacy platform because putting that list up there, and making that public, makes companies a bit squeamish. Coke wants to know they have [a] two while Pepsi has a three in a certain area. (Steve, Corporate Indexing)

Like shareholder resolutions, social ratings are a very public evaluation of company performance. But ratings go a step further by facilitating comparison between companies. It asserts that there are socially responsible companies, and within a given industry, it calls out specific companies for not measuring up. Socially responsible investors act on this information, then, by dropping the company from their investment portfolios. Steve elaborated on the different company responses in this way:

> We have the Corporate Index, a public index that whenever we fail a company from the index, we send out a press release and we let the company know right after we let the press release out, that the company has been flipped out of the portfolio. And they're often angry about it—they want to know why, and they want to know why we didn't contact them, although in many cases we've made an attempt to contact them and they haven't responded. But once that press release is out there, then suddenly they're responsive. (Steve, Corporate Indexing)

In this way, investors punish companies for not meeting social and environmental expectations. Other respondents corroborated this account, noting that "falling off the index harms reputation" (Frederick, SRI Research Institute).

Once a company begins the engagement, socially responsible investors seek to develop relationships with a company that promotes long-term change. For shareholder activists like Steve, this is part of a continuous process:

> While the resolve clause [on the shareholder resolution] may say produce a sustainability report in accordance with GRI [the Global Reporting Initiative] or something along those lines, once we get into a discussion with the company, then we can really look [at] this [as] about setting up a process of continuous improvement. We want you to identify the impacts, and even though our resolve clause doesn't say disclose environment, workplace, human rights, [they] enter our discussions with the company. (Steve, Corporate Indexing)

In SRI, activists view dialogue dynamically and part of a process of "continuous improvement" and way to "ratchet up standards" (Sabel et al 2000). The various forms of engagement—multi-stakeholder dialogues, shareholder resolutions, and social ratings comparisons—are all used to set up relationships with companies in a way that social movements had not previously attempted. This sentiment was echoed by Simon at Ethical Traders: "… Over those 10-12 years, we developed relationships with people up in the executive level and we started to meet and started to actually grow to respect each other as individuals." Such strategies of engagement did facilitate new relationships and opened institutional pathways for social change. Through these relationships, movement activists built social capital as a resource to more effectively embed practices within social standards.

Of course, achieving engagement is highly uneven across sectors and companies. And even when movement actors do get companies to engage, it doesn't always translate into new practices. When I asked my respondents about whether or not these engagements were successful in meeting their objectives, their responses reflected these nuances:

> There's some companies that really understand this as part and parcel of doing business now. I mean they actually report in their corporate responsibility reports how they reach out to stakeholders and engage them and learn from them and interpret to them what they're doing. So, there's companies who get it and do it well and do it regularly, and then there's some companies who have never had a conversation ever on ESG [environmental, social, and governance] issues with an investor. Maybe nobody asked but they're just not used to it and there's some few who will say, "I'm not interested in engaging in compensation." So, you get that whole range. Increasingly if there's a trend, it's clear that more, or more especially large companies, do get it and are willing to engage. It doesn't mean they're willing to agree but willing to engage with share owners on these issues. (Travis, Social Asset Investors)

Overall, my respondents did note a trend of companies increasingly willing to engage with activist investors. For example, Simon's organization, which had used long used outsider tactics, found that combining these with SRI was able to get them access to high level executives at many corporations. He had gone on to tell me that not all these meetings were particularly productive, but some were, and it became one way to genuinely affect corporate behavior in a more socially responsible manner. For example, environmental organizations have been able to get companies to measure, report, and reduce environmental emissions and pollutants. Social justice organizations have increased racial diversity and female representation in leadership positions. Companies like Nike, Gap, and others have enhanced their monitoring policies and procedures, improving labor practices and human rights. As noted by Jessica (Corporate Responsibility Researchers) above, "the engagement itself can achieve some really remarkable things," even if it was not always successful.

In sum, through SRI, movements have been able to 1) leverage pressure against corporate brands and mobilize new investors to include these criteria into their evaluation of company performance; 2) get access to high level executives to communicate social and environmental standards with significant decision-making authority within their organizations; and 3) in some—but not all cases—these engagements have translated into visible and identifiable changes in corporate practices. As such, they have used investing to create new pathways for embedding company practices in social and environmental standards. It is worth reiterating that one limitation of this study is that my data only reveals my respondents' perceived impacts of these campaigns. My data does not allow me to evaluate the actual impacts that multi-stakeholder dialogues, shareholder resolutions, and social ratings have on actual business practices in farms or factories, for example.

In the next sections I examine how social standards, which are embedded within these processes of engagement to promote social change, are constructed. I show how they develop the standards themselves within this interactional and institutional context. I then identify and explain the mechanisms that shape the standard-setting process.

## Setting the Bar: Standards for Social and Environmental Responsibility

As demands for more socially responsible business practices have grown, it is becoming increasingly important to understand what it means for a company to be socially responsible. Indeed, there have been many different definitions of social responsibility (Carroll 1999) and investors themselves have varied widely in how they define socially responsible practices (Proffitt and Spicer 2006). To better understand the process by which investors develop explicit standards for investments, it is necessary to examine the social ratings systems for socially responsible mutual funds.

Some SRI funds emphasize vastly different issues to cater to different types of socially responsible investors. For example, some investors are only interested in environmental sustainability, so fund producers may only screen companies based on environmental criteria for some funds. Some religious investors, such as Islamic investors, may only be motivated by specific religious doctrines. For example, Islamic funds following Shari'ah law may exclude companies that earn substantial revenues from pork products or conventional banking services. There is tremendous variability in these customized funds.

Rather than focusing on idiosyncratic funds that are highly variable, we can get a better sense of the process by focusing on the larger, more standardized social ratings produced by the top fund managers within the industry (see Slager 2010). These social ratings tend to cover similar types of issues, although they may vary in how they operationalize them in specific criteria. Corporate Indexing is one of these many SRI organizations to offer a public index of companies based on their social and environmental performance.

Steve, Manager of Advocacy at the Corporate Indexing, helped to create standards for the index, including the development of the algorithms that constitute their scoring of company performance. Steve described this process, which began with scoring each company based on five issue areas: labor/workplace, human rights, community relations, the environment, and governance. The issues were selected based on extensive consultation with NGOs, activist investors, and other movement organizations. My respondents also noted being conscious of other SRI funds and industry trends when determining the relevant issue areas to cover on their standardized indices. Over time, new issues emerge or no longer become relevant, so the issue areas also changed dynamically over time.

Construction of the index is very similar to sociological research in many ways. First, each issue must be operationalized, where the issue has multiple indicators to measure performance on that issue. For example, a score for environment might include the number of superfund sites, carbon emissions, levels of other pollutants, and so on. These individual values were aggregated into a scale or index and "every [company] was graded from –10 to 10" for that issue area (Steve, Corporate Indexing). This might mean that companies cluster around low scores in a very skewed distribution. Then, using statistical techniques, "you'd normalize the data" relative to other companies in their industry group. An algorithm then produced company scores for each area that reflected how many standard deviations a company was from the mean. Companies were then assigned a 1, 2, 3, 4, or 5 on each issue area, with the bulk of scores at the mean, which is a 3. Remaining scores are distributed 1 or 2 standard deviations from the mean. Based on this new distribution between 1 and 5, Steve notes that:

> The fundamental thing was that every company that passed had to get a 3, 4, or 5 in all the areas to pass. And anything with a 1 or 2 in any particular area, they don't pass [pause] relative to the peer group. If you figured out where the median score was, that was a 3, and then you figured out a range, what's that standard deviation? I think 2 standard deviations was a 1, so you didn't have an even distribution across. You didn't have to have a 1 in every area. (Steve, Corporate Indexing)

By manipulating the algorithm, researchers were able to ensure that approximately 35 percent of the companies would fail their criteria and the standards were determined accordingly. The algorithm and statistics gives the impression of neutrality and objectivity, but this was really a way to ensure that investors had a wide investable universe, which as we will see below, was mediated by the institutional constraints of SRI. As such, their methods of evaluation guaranteed that the majority of companies would be classified as socially responsible *ipso facto*.

This strategy was common among social ratings organizations that I spoke with. However, many socially responsible investors set even lower standards for defining social responsibility. In this quote, Jessica recounts working with SRI groups in setting such standards. She said:

> A lot of our clients are looking for the worst of the worst, you know like who really is considered the worst? The worst 5 percent? The worst 3 percent? The worst 10 percent? Trying to find the thresholds that leave the universe wide enough so they have some financially good companies to invest in, but narrow enough that they're really tackling the issues that they're interested in. And

> sometimes it's a little bit delicate to strike. [It] takes a few renditions sometimes. (Jessica, CRR)

Jessica created customized ratings (and socially responsible mutual funds), based on specific requests from institutional investors. In comparison to Corporate Indexing, which was a broad standardized index, these customized ratings may vary from one group of investors to another. In these standards, it is clear that expectations for social responsibility had at least as much to do with fitting one's social expectations with current practices, as they do with aligning corporate investments with those expectations. It directly affected the types and severity of actions that are defined as responsible, normalized, and legitimated.

This is significant because a low standard means more companies will be deemed socially responsible. If there are widespread problems within an industry, and those problems are the norm (such as human rights abuses in the apparel industry or environmental problems in resource extraction industries), then it is possible that companies with poor social and environmental practices can be considered socially responsible. It also has consequences for engagement. We learned above that ratings are used to engage companies when companies that previously passed the index, but now fail it. Publicizing their failings is effective for movements to engage companies. However, the further a company gets from the average performance, the fewer the companies are there, and the less movement up and down exists. This ultimately means that fewer companies will be engaged through this tactic.

This begs the question of why and how standards are set so low. If investors wanted to "really tackle the issues they're interested in," wouldn't they want to set higher standards for social and environmental responsibility? Next, I examine the social factors that shape and constrain these standard-setting processes. These field-level factors limit pathways for change and reinforce the existing institutional order.

### Institutional Constraints on Standard-Setting and Engagement

While activist investors have identified ambiguities and contradictions within the field of investing to promote social change and engage companies, institutions are not so fluid that they may be easily reconfigured through new collective challenges. Institutions, by their very nature, have some level of stability and continuity, promoting conformity at multiple levels. In addition, actors empowered by institutions also leverage existing arrangements and mobilize resources at their disposal to delegitimize new challengers and reinforce the status quo (Schneiberg and Lounsbury 2007). The degree to which institutions maintain their durability, and social relations within them remain "sticky," is an empirical question that is still vastly underexplored. In this section, I examine the constraining mechanisms and processes that limit opportunities for activist pressure, channel that pressure into less threatening cultural forms, and thereby maintain institutional structures of power and control.

#### Data Availability and the Socio-Technical Infrastructure of SRI

For socially responsible investors to construct social ratings, they begin by identifying the issues areas in which they seek to promote change. These issues can include human rights, labor issues, indigenous rights, community relations, product safety, environmental sustainability, gender and racial diversity, and so on. As mentioned above, responsible investors then develop ways to measure company performance in these issue areas and the construction of these measurements is very similar to sociological research. Social ratings agencies operationalize the issue area using a variety of indicators (with quantitative or yes-no scores) and then aggregate them into a scale or index. The resulting value reflects a company's score on that issue area and is compared to other companies in their industry group or with other corporations more broadly.

This process of measurement and evaluation all begins with data collection. Steve described the role of data collection in developing the indicators:

> It was important to see what data was available. You don't want to create something that you don't really have the information to populate and provide you with the data. (Steve, Corporate Indexing)

Like any kind of empirical research, there must be a way to measure variables used to construct the social indices. If no data exists, then there can be no measurement. The availability of data, therefore, serves as the socio-technical foundation for the social ratings systems. Data limitations can arbitrarily limit the types of issues or claims that can be made about the social and environmental performances of companies.

This can be a significant problem in SRI. Companies have not historically reported on many social dimensions, and even have limited reports on environmental performance. And when a company does report this data, they may report it in a different form than their competitors, preventing comparability across companies. As a result, the social responsibility movement has been working for years to promote more comprehensive and standardized social reporting by companies. One of these efforts is the Global Reporting Initiative (GRI), which is "a network-based organization that produces a comprehensive sustainability reporting framework that is widely used around the world" and whose "core goals include the mainstreaming of disclosure on environmental, social and governance performance" (GRI 2011). The GRI has helped promote this type of reporting but social analysts continue to report challenges with the data:

> Even with something standardized like the GRI, there are questions as to like the real comparability between companies and industries … It's not as standardized as a numbering system of look, you scored a 7.2 on whatever the criteria is. There is these long monologues in the GRI, and there are numbers as well, and it's becoming much more quantitative than qualitative … so [that] should make comparison easier, but when you're looking at, especially information that the company will give you on like this long monologue and some data points, then you look at another company and their long monologue and data points, well, how do you compare these two things? Because the information they're gonna give you is different because they're thinking about it differently. (Kristen, Association of Socially Responsible Investment)

Without clearly standardized means of reporting data, companies are describing their performance on an issue in ways that make sense to them. However, without a common conceptual framework, different companies come at it in different ways, allowing only limited comparisons.

Kristen went on to elaborate part of the reasoning for this new challenge:

> That's something that we never had to account for before because government just takes care of it. So they're starting to think about how to deal with it, um, and the GRI doesn't provide a whole lot of information for the user on how to think about each question, because it would be really difficult. The GRI is not for one industry and the information that they're coming with on like regular accounting stuff, doesn't have a whole science and school behind it. So people just come at it differently and come to different conclusions … in general um, I think it's just, there's just not enough practice. (Kristen, Association of Socially Responsible Investing)

This signals an emerging problem for social movement actors entering the realm of global governance. Whereas domestic governments have always specified reporting requirements, the new global reporting of social and environmental data has no such regulatory body. The GRI itself is affiliated with the United Nations and other global bodies, but does not have the regulatory capacity of nation-states. They also lack widely accepted scientific conventions, and must rely, instead on a "consensus-seeking, multi-stakeholder process" which results in abstract guidelines that are open to multiple interpretations.

An additional problem with the implementation of global reporting and evaluation were national/cultural differences in the types of things that companies were expected or thought were necessary to report. Jessica described a difference between the US and Europe:

> For example job creation, none of our companies report anything on job creation because we're a capitalist society. We don't give a crap here whether you have a

> job or not, or whether companies are providing jobs for people. It's not something that the American culture cares about; a company isn't there to be corporate citizens and provide jobs. They're there to make money. So no companies report anything about whether they're creating jobs or not. Whereas in Europe if you're not a good corporate citizen and you're not creating jobs for your community, you're gonna have people after you. So job creation is huge there. (Jessica, CRR)

Karl described similar differences between environmental reporting in Japan and the US:

> The Japanese companies in contrast, really report excessively. Especially on environmental practices, the Japanese sustainability reports were the environmental sections of the annual reports. Honestly they can tell you how much money they saved by recycling one lid of a specific type of sushi container and how much electricity that has saved them. Or if you were to standardize the savings in terms of revenue of energy saved, it's all benchmarked, it's extremely well documented, whereas [with] the American companies, it's very poor. (Karl, CRR)

Throughout my interviews, my respondents described local, national, and/or regional differences in the available data on corporate social and environmental performance. Shaped by different cultural contexts, it had become normative to report broad types of social and/or environmental data in some areas, as compared to others. This institutionalized variation may have been a result of social expectations of business (e.g. European businesses reporting about job creation) or perceived financial benefit (e.g. Japanese environmental reporting).

These national cultural differences ultimately shaped the standard-setting process itself. While specific social expectations enabled certain standards for socially responsible behavior in Europe or Japan, these very same standard-setting criteria were constrained in the US context. Their unique social and historical circumstances made it impossible to measure, and therefore develop criteria for issues like job creation or certain measures of environmental performance in the US. Because of the broad measures of comparison to develop social ratings in SRI, standards for any issue could only be developed if a critical mass of companies reported comparable data in a way that that issue could be measured. Accordingly, data availability and the local context for producing that data, shaped what may be said about social responsibility within the field of SRI.

## Power and the Politics of Voluntary Participation

The nature of these private standards that lack legally binding legislation, and required voluntary participation by companies, also had important effects on the standard-setting process. For example, socially responsible investors were normally very careful not to create too much conflict or be too demanding in order to maintain company participation. At the heart of this system of engagement were asymmetrical power relationships, in which corporations were at an advantage. For example, consider the issue above where SRI producers had difficulties acquiring data to populate their social indices. To improve data reporting, socially responsible investors often built relationships with companies to get greater access. When I asked Karl, a social analyst at Corporate

Responsibility Researchers, if there was there a way to assess how accurate the data was, he stated

> We took it at face value, if it's in the SEC documentation, I guess it's in the SEC documentation. We had no objective or you know, or third party verification standard at all, no enforcement standard at all. I mean it, we took what the government documents contained and we took what the company web said. If it says, in fact we were basically compelled to take, to maintain a good relationship with the company, we were basically compelled to take what they give us at face value as well. (Karl, CRR)

As an organization that must secure the voluntary participation of corporations, they are cognizant of maintaining a good relationship with the company to continue receiving data access and engagement. They did not want to question the veracity of the data or be too contentious and risk losing that connection.

However, the nature of reporting and measurement was not merely a technical exercise embedded within cultural norms and principles. It took place, furthermore, in a field of power in which corporations, shareholder activists, and others possessed unequal levels and compositions of capital. For example, the economic capital available to corporations and socially responsible investors was highly uneven. This constrained investor efforts to collect data on company performance, especially in the construction of new criteria for social standards. Karl described the limited resources that they were able to dedicate to this data collection:

> Everyone of us, every research associate covered close to 240 companies individually.  So I had 240 companies that were only my responsibility. That's a

> gargantuan amount of work, I mean you never got through all the [work] … Each research analyst had to ideally update his or her realm of companies twice a year. We didn't even manage to do it once a year! It was just insane and the sales people wanted to heap more on top of us. And I think it just never happened … We didn't have time. We were understaffed, we didn't have time. (Karl, CRR)

Karl's frustration reflects the limited resources within SRI for collecting and analyzing social and environmental data. This limitation is striking when compared to the teams of accountants and financial experts employed by corporations, investors, and regulators in reporting, analyzing, and evaluating financial data. Social movements are often limited by the resources they can mobilize in their struggle, and within socially responsible investment, these limited resources shape how well investors can evaluate and track company performance. It reflects a dramatically unequal distribution of resources in favor of conventional financial measurements over the use of social and environmental costs, which continue to largely be externalized in traditional accounting systems.

Another way of interpreting this access to data is to view it as a form of knowledge about corporate social and environmental practices. This socially constructed knowledge functions like all knowledge: as a form of power (Foucault 1972, 1977). While corporate accounting departments and financially-motivated investors possess large amounts of financial knowledge about company practices, movement actors struggle to develop knowledge about their social and environmental practices in the development of social ratings and standards. Their lack of knowledge about corporate practices limits their ability to measure and normalize these practices. Therefore, these constraints on acquiring this knowledge maintains unequal distributions of power, but to the degree that they can construct legitimate broad-based systems of information on corporate practices, and that this becomes integrated within business frames, they can develop new systems of knowledge for normalizing corporate practices to a social standard.

Another way that power constrains the standard-setting process is through company engagement. Above, we observed that standard-setting is embedded within processes of interaction, or engagement, with corporations. Because of the voluntary nature of these engagements, movement actors must continuously balance their ability to demand meaningful corporate engagement with setting a higher social standard for business practices.

One important place where the politics of voluntary participation played out was with Responsible Investment Coalition (RIC), one of the largest and most well-known multi-stakeholder networks within SRI. The network includes members of a variety of labor groups, NGOs, socially responsible investors, and companies. Through consensus, RIC has developed a group of principles for socially responsible and sustainable practices, and member companies must publicly commit to the principles. In my interviews, however, it became clear that there were sometimes cases where participating companies would then systematically violate the principles they agreed to. Because the standards are voluntary, and there is no legal recourse to penalize transgressions, this created a dilemma for other members in the network. When I asked Kimberly if any companies had ever been kicked out of the network, she stated:

> Not, I should say - let me see, not currently what I would [say] kicked out. [Our organization] takes a stand point that we would rather engage with a company

> than not, that we find that it's much more constructive to have a dialogue and have an open discussion with a company than just to say, you know that we are writing you off. That is not our mentality and it's not our strategy, nor our nuance. (Kimberly, RIC)

Kimberly emphasized RIC's policy that it is better to engage with companies than not, but not all advocates agreed with this position. A respondent from a different organization told me:

> I sat down with one of the founders of RIC, and … I'm terribly frustrated that RIC is willing to sign up companies that then violate the principles. But because they sign, they're not willing to say "we're throwing you out." "That wouldn't be very powerful." … I said "all it would take to throw GM out, and Ford, would [be to] immediately say: 'out!' We're there. We'll do it." But they couldn't bring themselves to do it … And RIC still does this. (Jeremy, Climate Change Action)

Not only did these NGOs adopt differing strategies for dealing with companies that violated RIC's social and environmental principles, but they reflect the challenges for movement organizations having such little power in the field. Most importantly, RIC relies on voluntary participation from corporations, and the external pressure against corporate brands to encourage their participation. The cultural capital that activists draw upon within the field is relationally determined to the cultural capital of corporations themselves. If contentious corporate campaigns are successful in damaging a corporate brand, their diminished symbolic value is then positioned more distant from the high symbolic value offered by more meaningful engagement with the NGO and activist sectors. Without the relative deprivation in cultural capital, some NGOs perceive that in order to maintain some level of engagement—their main leverage for change—they must be willing to look the other way when companies continue to violate their principles without any penalty. While there is dissent from others within the movement, this line becomes very fuzzy, and RIC has deemed it worthwhile to maintain the engagement rather than creating a negative image for the company by ejecting them from the network and publicizing their failed commitments. As such, they lose one of their own bargaining chips, which is to symbolically penalize a company by ejecting them from the network.

The ultimate outcome from this type of voluntary engagement is a set of low standards. This can be frustrating for activists, as indicated here:

> We do kind of our due diligence, talking to the non-profits, talking to the companies, and then coming up with "here are what we think are probably the most reasonable things we can ask for." I mean sometimes we want to ask for a lot more, but we want to see what is reasonable and what is sort of a minimum of what we can ask for and go from there. (Ashley, Corporate Indexing)

In the context of voluntary standards, in which corporate involvement is contingent on risk and avoiding damage to one's brand, and for which there is no legal recourse for infractions, challengers are left to start from a bare "minimum." Such power differentials constrain movement actors in developing their social and environmental standards. These voluntary arrangements limit their ability to penalize companies for transgressing their commitments, or they risk losing the fragile engagement that has resulted in limited gains in changing company practices.

Financial Concerns and Investment Principles

A third factor that shapes the standard-setting process is financial concerns, including investment principles. This includes investors' desire for attaining material profit while promoting social change. After all, the point of investing in the stock market is to attain greater wealth within the capitalist system, and socially responsible investing does not challenge that fundamental goal within the institution. Therefore, the role of investors' social and environmental concerns in determining standards was influential only to the extent that they could continue earning significant returns. As one of my respondents put it,

> I know for the most part, most of these funds that purport to be socially responsible funds base their claim on the mere fact that they consider social issues. I don't think there's a single fund that's based entirely on where the buy decision issue is made entirely on social issues and not financial issues. Ultimately the buy decision is made on the return on investment. … And to the extent that social criteria interlock with the financial criteria, then yes, there is a social component to their investment decision. Beyond that, no. (Henry, Research Associate, CRR)

In this example, the "buy decision" refers to whether or not an investor or analyst decides to invest in a stock. And while companies may or may not be eligible for a fund based on their social or environmental performance, companies must ultimately be evaluated on a different financial set of criteria to determine that "buy decision." Henry continued by stating that "ultimately nobody wants to narrow their universe [of investable companies] too much" because being too restrictive will make it harder to earn the potential rewards of stock market investing.

For investors, developing good returns on investment are guided by certain investment principles, and especially the principle of portfolio diversification. This was also necessary for these profit-driven companies to attract new clients. Henry discussed this pressure in this way:

> Ultimately no fund manager wants to restrict his universe too much. A successful fund is driven by how much the value of that fund goes up … And if you look at companies whose stock is really going up, it's really large, highly diversified companies. If you were to have a very strict SRI fund, it's highly unlikely you would be able to invest in GE, or in Nike, or Halliburton, or any of the oil companies, or anyone who has a defense contract.  So you pretty much have removed ninety percent of the Fortune 500 companies. (Henry, CRR)

Here we see that material incentives, linked to investment norms and principles, lead to lower standards. By avoiding more strict standards, this allowed investors to invest in larger, more diverse companies because it guaranteed that a greater number of companies were deemed socially responsible. These interests ultimately constrained how strict investors would be in their demands for standards of social responsibility.

This consideration became a fundamental part in the standard-setting process. Ashley described how this was routinized into the construction of the Corporate Index:

> I think every time you have a standard that might exclude a whole bunch of companies, it impacts portfolio, so every time we look at developing those standards or any standards … we always do a portfolio impact assessment. So the

> boards will not really approve anything unless you do a portfolio impact assessment. (Ashley, Corporate Indexing)

For socially responsible investors, however, the prospect of “exclude[ing] a whole bunch of companies” does not mean that they entirely abandon a particular criteria or standard. While they will not institute the standard immediately, they may integrate it into a longer term strategy. Ashley continued by stating:

> So you will say “well, it looks like we’ve developed these standards, only two or three companies meet it now, we’ll do a gradual process.” We’ll see how the rest of the companies do, we’ll encourage them, we’re not going to divest from those companies, but we’ll file resolutions or meet with management or encourage them to develop a policy and to develop monitoring programs, so you can do it in a step by step way, but you always have to keep in mind the portfolio impact, because that is essentially what we’re doing. (Ashley, Corporate Indexing)

In this way, more strict criteria and higher standards will be integrated within a process of continual engagement whereby investors seek to encourage change over time. Many respondents noted that the long-term goal would be for such criteria to become integrated at a later date as the standards are “ratcheted up” (Sabel et al 2000).

My respondents described how this impacted the various issue areas that were considered by socially responsible investors. For example, investors often seek to divest from companies that operate in countries with systematic human rights violations. This has been a focus of SRI since the 1970s when activists used SRI to promote change in apartheid South Africa:

> You can divest your portfolio of companies doing business in Burma and companies doing business in Sudan, and you still have a lot left that you can invest in. South Africa was very tough, there were, depending on what time you were looking at your portfolio, during the anti-apartheid campaign, there was 150 to 250 US companies and they were big names, IBM, General Motors, Ford, Mobil, PepsiCo, whatever, computer companies … (Gayle, Corporate Responsibility Researchers)

When I asked Gayle why investors would be more concerned that there's more companies that would fall into that category, she stated "Because then it's harder to have a constructive portfolio that would have good performance" (Gayle, Corporate Responsibility Researchers). As a result, socially responsible investors will divest from some countries but not others simply based on how divestment would impact portfolio performance. For example, Gayle continued stating:

> I think with the exceptions of Burma and Sudan, the approach now among SRI investors who are looking at human rights issues is to say well what can companies do to be enlightened and how can we impress them to be enlightened? The big issue right, among the big issue[s] right now is China. I mean every company you invest in, is probably doing something in China. Um, so that's an example where the South Africa divestment approach wouldn't work and you have nothing in your portfolio, and China is arguably as bad as South Africa was in terms of limitations on personal freedoms. It has internal pass laws system, etc … You want to have a diverse portfolio. (Gayle, CRR)

In this example, investors divested from small countries, like South Africa, Sudan, or Burma. Because these countries are small, the impact on portfolio divestment (and therefore profitability) are small. But a producer of SRI would scoff at the idea of divesting from China, which is also known to have systematic violations that can even be worse than some other countries that are divested from. From an investor's point of view, there are too many countries operating in China, and to divest from the country would eliminate too many investing options and harm the performance of investments. The same goes for any social issue in which irresponsible behavior is the norm. If one were to look at the textile industry, and sweatshop conditions were the norm, investors would continue to invest in sweatshop producers in order to maintain a highly diversified and "constructive" portfolio.

The evidence suggests that financial concerns had an effect throughout the field of investing, but the degree of its effect also varied by case. In an earlier section, we saw that thresholds for socially responsible behavior are set arbitrarily to exclude a certain percentage of companies, rather than to follow specific rules regarding social and environmental practices. These arbitrary thresholds, however, varied from five to thirty-five percent of companies that were excluded. One major factor shaping these thresholds is the degree to which an investor was driven by financial interest. Socially responsible investors that worked with Corporate Responsibility Researchers and who adopted lower standards for customized socially responsible mutual funds tended to be more concerned with financial return. Investors that placed their money in the funds with higher thresholds for social responsibility (excluding thirty-five percent of companies) at Corporate Indexing either did not consider these options or possibly sought to promote more aggressive change. Investors therefore varied in their levels of motivation for seeking greater change or greater financial return.

## Professional Training and the Culture of the Institution

Another factor that constrains standard-setting processes is the training and education of investment managers, corporate accountants, and institutional investors that activist investors seek to mobilize to their cause. In these instances, socially responsible investors engage other investment professionals to promote new evaluative criteria for investment. I spoke with Frederick at the SRI Research Institute, who talked about the narrow financial training that people have within the investment field. Using the investment giant, Goldman Sachs, as his example, Frederick explained that

> Goldman Sachs is just not designed for social investment … It's designed to gain a great deal of money … via political influence and through corporate relations and investment acumen … You know, and also the people that work there do not sign up to make the world a better place; they sign up to retire by [age] fifty with enough money to live off the interest. You know and that's a caricature, but you get the point. (Frederick, SRI Research Institute)

By not being "designed for social investment," Frederick meant that investment firms like Goldman Sachs have a particular institutional structure of rules and rewards systems (Schneiberg and Lounsbury 2007) oriented around financial profitability. Investment professionals come to work in these organizations with financial, rather than moral, motivations—not seeking to "make the world a better place." When I asked Frederick to elaborate, he linked this to their training and incentives:

> That's how people are trained in business schools. It's how they're trained in their finance programs. It's how they're trained when they take the CFA [Chartered Financial Analyst] exams. So, there are all kinds of cultural barriers that I think are very important but they are also incentive structures, and they're—the incentive structures are not just there for personal remuneration—they are there for money moves. They're for how institutions are seen. There's a whole cult of fiduciary duty. (Frederick, SRI Research Institute)

For Frederick, professional training in business school and formal exams impart a particular set of cultural beliefs on their students. Neo-institutional theorists (Polletta 2008: 84) describe such views of culture "less as people's formal world views and values than as their ideas about how the organizations in which participate do and should work." Business schools and CFA exams train their students to think about investment as an institution that *should* exclude social and environmental criteria; they teach them to see this as essential to properly functioning businesses. Socially responsible investors like Frederick view these ideas as "cultural barriers" because they prevent new ways of re-conceptualizing the criteria for investment. Coupled with the material incentives that draw financially-motivated professionals to the field, they make the rules of investment appear more internally coherent or consistent than they actually are. This set of ideas was echoed by other respondents, such as Kristen:

> I mean you go to school or go through your training and you learn to think about finance and economic and business practices in a pretty standardized way, and while they want you to be creative for product development, you know, that's sort of where they want you to be creative. And so part of it is how do you think about

> this in different ways, and how do you communicate that to the company so that they start to realize the benefits. (Kristen, Association of Socially Responsible Investment)

Because these financial and economic practices are presented in such a standardized manner, they prevent the adoption of cultural alternatives. They discourage creativity in the measures of financial performance and render alternatives unthinkable or irrational (Schneiberg and Lounsbury 2007) for those individual with conventional investment training. Jeremy reiterated this point by adding that institutional investors will “say I can’t do that [i.e. consider social and environmental criteria because] it’s not maximizing our returns; you’re looking at extraneous information.” These institutional logics are cultural hurdles for thinking differently about the institution and such ideas are mobilized to delegitimize alternative interpretive schemas.

At the same time, there are some business schools and related programs emerging that do emphasize social responsibility and sustainability. However, there is still no degree-granting programs in socially responsible financial management. As a result, the training of these financial managers, and their understanding of financial management, makes it harder to attract mainstream financial managers to the new evaluation schemes and criteria of SRI. In the standard-setting process, they must have clear connections between social criteria and traditional financial indicators. If socially responsible investors are unable to make these linkages in a convincing manner to quantitative and financially-based outcomes, such standards are marginalized and made institutionally irrational.

Formal Laws and Regulations

On top of the institutional norms, culture, unequal distributions of power, material incentives, and socio-technical structure, socially responsible investors must also navigate the regulatory environment of investing. This institutional context was characterized by a set of laws and rules that codify the types of norms and reward systems described above, and which prioritize financial criteria in classifications of, and standards for, social responsibility. According to one social researcher, the most important factor here was the notion of "fiduciary responsibility" for fund managers:

> There is no legal requirement for social responsibility. There is a legal requirement for fiduciary responsibility, but not for social responsibility for fund manage[rs], for money managers. And, as long as, on the one hand, it's something nice to have, if you comply or don't comply with social stuff, you can get some good publicity or not. If you don't comply with your fiduciary responsibilities, then you'd get thrown in jail. (Henry, CRR)

When I asked Henry to explain what fiduciary responsibilities are, he stated:

> Well that's doing your financial duties as a fund manager. If you don't, you face massive fines or you could even go to jail. Simply because of that, most funds would focus more on financial indicators and financial criteria, rather than social criteria. The law is a big player when it comes to investment. (Henry, CRR)

In short, fiduciary responsibility meant that all individuals and organizations that managed investment funds, including SRI funds, were legally obligated to pursue the best financial interests of the investor. As a result, the analysis and evaluation of the social responsibilities of corporations, from the perspective of SRI fund producers and managers, was secondary to maintaining profitable funds.

One of the most important places that these institutional regulations and laws affect SRI is in shareholder resolutions. Gayle described the Securities and Exchange Commission's rules regarding resolutions:

> The SEC allows companies to omit shareholder proposals that deal with "ordinary business." So the idea is shareholders are shareholders, they're not managers, they shouldn't be in a position of second-guessing management on ordinary business issues, so shareholders want to talk about fair employment, employment discrimination, that's not an ordinary business issue. That has significant, that raises a significant social question, but if shareholders say we think your entry level wages are too low, the SEC will say "nope, wage levels, that's a management prerogative; that's not for the shareholders to weigh in on." So often shareholders may be concerned about low wages in companies' factories in Mexico but they can't really raise it as a wage issue. But they have to talk about … asking companies to issue a report on whether, issue a sustainability report assessing how sustainably, they're managing their business. And their "whereas clauses" might talk a lot about these factories in Mexico with the idea that these workers have such low wages, that their communities aren't very vibrant, there aren't a lot of social services because their community is so poor, but they can't get at the issue directly. (Gayle, CRR)

This issue was raised repeatedly by my respondents. Kristen made a similar statement, noting that

> If you're doing their day-to-day business, then the SEC, you'll come and they'll go to the SEC and say "listen, this interferes with our ability to manage our company and this is our shareholders being micromanagers" and then the SEC will take it off. (Kristen, Association of Socially Responsible Investment)

It is up to the SEC, therefore, to determine the suitability and arbitrate "proxy fights" between investors and companies. The companies can actually request that proposals be excluded from their agenda for approximately 13 different reasons (A. O'Rourke 2003). Within SRI, the most common exclusion is on the grounds of "ordinary business" and is often done in regards to labor or employment issues. Shareholder activists must find creative, albeit less direct and less demanding, ways to get at an issue. This lessens their power to make certain requests, and can compromise their ability to make specific requests in a more public forum where they may be able to leverage outsider campaigns. In short, these institutional regulations limit pathways for change (Schneiberg and Lounsbury 2007).

As SRI activists seek to mobilize additional investors to support their proposals, these laws have implications for mobilizing more mainstream investors as well. Steve describes the challenges posed in reframing SRI issues in financial terms:

> One challenge is that you can't talk about risk in these resolutions. You can't ask a company for a risk assessment, which is really screwed up because as shareholders, that's climate change is a perfect example. There's a range of risks through climate change across industrial sectors, and many companies either aren't addressing those risks or aren't disclosing what they're doing to address those risks. But we need that information as investors to know what the risks are

> and whether the company has a good understanding of it, but you can't ask for risk in the resolve clause … Institutional shareholder[s], they want to know the business case for why you're asking a company to do whatever you're asking in a proposal. And the best way to show that often is to establish that there's risk involved in not doing it … But we are limited in talking about the impacts of a certain issue in the language of the resolution so we will expand that discussion once we get into a dialogue with the company and then we may not withdraw the resolution unless we think we have met sort of that underlying requirement of the resolution. (Steve, Corporate Responsibility Researchers)

As noted earlier, socially responsible investors reframe social and environmental issues as financial issues in order to get broader support from more mainstream investors. Using this frame, they seek to disrupt the dominant institutional logic and leverage its ambiguities and contradictions. One very effective means of accomplishing this is framing a social or environmental issue in terms of risk. However, in shareholder resolutions, they are prevented from doing so. This takes away one of their more powerful cultural resources, which can effectively resonate with mainstream investors. But while this does constrain their use of this frame as a cultural resource, it does not exclude it entirely. If the investors are successful at achieving engagement, they can then expand on this frame within that stage.

## Conclusion

This chapter has examined the field of socially responsible investing (SRI) as a contentious site for promoting more socially responsible business practices. It has shown that by drawing upon competing frames of investing, activist investors seek to challenge the authority of single-minded traditional investors and restructure the institutional order to consider social and environmental criteria in business decisions. They leverage outsider campaigns that "name and shame" corporations to engage companies in a variety of ways. Through multi-stakeholder dialogues, direct company engagement, and shareholder resolutions, investors work with companies to develop consensus-based standards for socially responsible business practices. Perhaps most importantly, investors construct social ratings to identify socially responsible companies and further engage companies. In some cases, they have been successful at mobilizing investors and even translating these alternative institutional logics into concrete practices.

However, the development of social responsibility standards in social ratings and shareholder resolutions is shaped by a variety of factors. For example, socially responsible investors have faced resistance from other investors and members of management trained in traditional investment frames and empowered by existing institutional arrangements. Drawing upon their cultural capital, socially responsible investors seek to overcome their deficits in financial capital and incentivize commitments to more socially responsible practices. But in constructing standards for such practices, investors are limited by their ability to collect data on company practices regarding social and environmental tissues. As an institution, investing is characterized by sets of laws, regulations, and cultural rules, which have constrained engagement with corporations and shaped how investors construct these standards. They must balance efforts for change with conventional investor interest in financial gain, integrate social standards within traditional investment principles (such as portfolio diversification), and comply with laws of fiduciary responsibility. These mechanisms limited their claims about social responsibility, constrained standards for socially responsible practices, and channeled their challenges into less threatening forms.

Having shown how standards are constructed within SRI and how these standards are embedded within processes of engagement, I turn now to the second field in which movement activists seek to regulate business activity. I will now focus on how movement actors use social certifications as an additional strategy for promoting more socially responsible practices. Like SRI, I will show how social certifications construct social responsibility standards, how these standards are shaped by field-level processes and other social forces, and are embedded within processes of engagement.

# Chapter 4: Standard-Setting in Social Certifications

The use of certification to evaluate quality and meet technical specifications has been around for more than a hundred years. However, their use by social movements as a means of regulating corporate activity to promote more socially and environmentally responsible business practices is relatively new. In the absence of adequate domestic and transnational regulation, movement advocates now use them as a strategy to regulate global capitalism. Working with businesses and other NGOs, certifiers develop global standards that monitor products throughout global commodity chains. They are private in that they are not maintained and controlled by governments, but seek to regulate production by embedding economic practices in particular social and environmental standards (Bartley 2007a).

In this chapter, I examine standard-setting processes within and across three social certifications (Eco Certified, Justice Certifiers, and Ethical Sourcing). Each case is composed of the certifier themselves, and a network of organizations that contribute to the development of their standard. In seeking to answer the question of how social certification standards are constructed, I found that I needed to understand how these organizations are positioned relative to one another. Like my examination of SRI, I begin my analysis here by showing how the certifiers and their advocates take particular positions within the field to develop market alternatives and shape business practices by engaging companies. My intention is to understand how this relational field is structured through cooperative forms of engagement, within which standard-setting is embedded.

I then move on to describe the different steps and objectives in how the certification standards are constructed. My findings about how organizational actors interacted with each other during the process showed me that there are multiple points at which different actors offer input on social and environmental standards. I demonstrate how the certifiers consciously sought balanced input, but especially depended on participation from businesses, to develop multi-stakeholder based sets of standards that are feasible to implement given company practices. But while the certifiers adopted similar processes of standard-setting, they varied significantly in how they prioritized criteria and set thresholds for socially responsible practices.

Finally, having traced how standards were developed within each case over time, and looking across cases, I identify patterns in the different factors that could explain why standards converged or varied. I focus on field-level factors that shaped actors' assumptions about the role of standards in producing market alternatives, their beliefs in how social change worked within them, and how certifiers decided among competing alternatives for the various criteria and threshold levels. These causal mechanisms that shaped how standards were constructed and which emerged from analyses of my three cases, dramatically shape the expectations for socially responsible business within private standards systems.

**From Contention to Engagement: The Development of Market Alternatives**

Within environmental movements and economic justice movements, there is a long history of disruptive tactics (King 2011). For example, organizations like Greenpeace have used direct action against corporations to stop destructive environmental practices (Davies 2010). Amongst other activities, Greenpeace blockades ports, physically places themselves between whales and harpoons, and unfurls large banners in highly visible public locations. Boycotts against specific companies have become a particularly common technique to disrupt corporate practices. From 1985 to 1993, the use of boycotts quadrupled, leading one scholar to term the 1990s the "decade of the boycott" (Putnam 1993: 47). They have been used against companies and industries that clearcut rainforest timber or against known sweatshop producers, amongst others.

Social certifications have emerged as one strategy within this broader "repertoire of action" aimed at the market (Carmin and Balser 2002). One of my respondents, Cory, has almost 25 years of experience in the field and reflected on the emergence of certifications within this contentious environment. He reflected back on the movement's use of these disruptive tactics:

> In the very late 80s, the NGO and activist response to the problems in the rainforest was boycotts. So the logic, which seems kind of silly now although there's still some of it going on, was that if they're cutting the forest to get wood or to grow beef or hamburgers or to grow chocolate or coffee, well then let's just boycott those products and they'll stop cutting the forest. Well we knew that boycotts weren't working and we wanted a way to address the rampant deforestation in the rainforest, all of the cut and run that was happening around the world. (Cory, Eco Certified)

Disappointed with efforts to boycott companies in a contentious environment, activists like Cory felt that the "boycotts weren't working" in promoting the desired change. Their perception of what could be achieved through this tactic was changing and Cory sought more effective pathways for change. He continued by discussing how the movement shifted tactics:

> So we pulled together scientists and NGOs and timber company executives and the World Bank and international organizations such as that. We locked everybody in a hotel in New York City and said "don't come out until you have a better idea than a boycott." And that's where the first, where this idea of instead of trying to castigate an entire industry, let's figure out what's the responsible thing to do, put it into concrete and measurable verifiable criteria, find the willing and progressive actors that are interested in trying to do it, train people to verify that they're doing it, and then give them a Green seal of approval. (Cory, Eco Certified)

In this case, Cory was not discussing the development of Eco Certified, but the formation of forestry standards in one of the first and most well-known certification systems. The development of this certification—along with other early certifications—signaled a juncture in the repertoires of movement activists (Carmin and Balser 2002). The exclusively confrontational and oppositional tactics then transformed into a more nuanced, multi-pronged approach (Conroy 2007).

On the one hand, movement actors have not given up their high pressure tactics against corporations. Indeed, such market campaigns are what incentivize companies to improve their brand image and engage with NGOs and movements in the first place. So while Cory saw boycotts as "silly," movements continue to use such tactics today and while they have not been successful at entirely stopping practices, they do have some effects on lessening a company's revenues and attracting media attention to tarnish a company's brand (King 2011). Furthermore, we saw in chapter three that movements continue to rely on such confrontational tactics to open up opportunities for greater engagement. But the key here is that these disruptive tactics focused outside of institutions are no longer the only means that movements use to promote this change. These market campaigns are now practiced as a three-part strategy, which also includes a "stakeholder-based set of standards for improving corporate practices" and a "credible independent mechanism for certifying" products and companies (Conroy 2007: 17).

The emphasis on the market campaign is largely oriented toward addressing consumers. Like SRI, which seeks to mobilize investors, social certifications seek to mobilize and empower consumers in shaping markets. They seek to inform consumers about negative company or industry practices—but rather than boycotting those products entirely, they identify and promote alternative products that are produced in a more socially and environmentally responsible manner. One of my respondents was the Director of the Sustainability Guide that promoted these alternatives and compared them with other products in the marketplace:

> I think we're trying to shift the balance of power in the market by delivering much more information than consumers have ever had before and giving them more of a voice in the marketplace so they know which products match their values and which products don't. So the starting point for this is we're offering people a way to take individual actions around their purchases … and ultimately empowers collective action where people can make demands to make better products and different products. (David, Sustainability Guide)

The new information comes in the form of product scores and comparisons, or labels that signal verified practices for social responsibility and environmental sustainability to the consumer. The additional packaging of certified products go on to tell the story of where the consumer's food, or shirt, etc., comes from. It raises consciousness around the conditions on farms and in factories. Richard at Biodiversity Labeling said that even standards that are "set fairly low" get "people thinking about certain things, and in terms of where coffee comes from, how it's produced, who does the work on the farms, that kind of thing."

Within the Sustainability Guide, some of the products that are ranked the highest include products certified by Justice Certifiers and other social certifications. One of the primary people involved in setting standards at Justice Certifiers described the role of the labels, which are the mechanisms for communicating social certifications to consumers:

> Using the label as a mechanism for transparency and for opening up that dialog with consumers [gets them] them to start to think about "wow I vote with my dollars for where my food comes from." (Sandra, Justice Certifiers)

With this new consciousness, and empowered by information available about products and companies, consumers can advocate for (and support) more socially responsible alternatives.

Business has participated in developing these market alternatives for several reasons. As noted by Sandra (Justice Certifiers), "it's been a risk management approach; companies are taking this action to try to avoid being attacked by anti-sweatshop activists." But equally as important, my respondents noted that producers can earn premium prices for their socially responsible products. In times of economic downturn (like the recent global economic recession), it can help differentiate their company and compete in increasingly competitive markets. But the end result is that it is beginning to change how business is conducted:

> Nobody talked about this issue before. Now, there's almost no one in the carpet industry that doesn’t know this is an issue and they better get their name on the school board if they’re not joining Ethical Sourcing or have an explanation for what they are doing. And maybe those things aren’t best in class but they’re something and it’s transforming the way business is being done. So, we really feel like we’re moving towards a tipping point in the foreseeable future. (Sarah, Ethical Sourcing)

While this study does not evaluate impacts of social certifications, it is important to note that movement actors do perceive such gains. They view certification as one of many strategies for influencing companies by supplementing existing laws and regulations (Bartley 2011) or filling regulatory voids that exist.

In the next section, I show how movements use certifications to engage with producers. By engaging producers and developing certifications through multi-stakeholder dialogues, they develop standards for socially responsible behavior. This interactional context is further structured by several important field-level mechanisms to shape standard-setting processes.

**Shaping Business Practices through Engagement**

Unlike investing, where activists targeted existing institutions in order to disrupt and reconstruct institutional logics, activists focusing on certification systems were largely constructing a new field in which to engage producers and promote more socially responsible practices (Bartley 2007a). These early certification efforts were mobilized by "institutional entrepreneurs" (Beckert 1999) that had to bridge social networks in new and innovative ways. This institutional project had its own unique set of challenges.

One of the most challenging factors was the need to bridge formerly contentious relationships between industry and activists/NGOs in order to engage corporations in a meaningful way. Rather than harnessing institutional contradictions to shape their relationship with corporate targets like in SRI, they had to construct these relationships anew. As Cory noted, "No one had ever - no activist or environmentalist had ever talked to [corporations] in a reasonable way before, it was always so confrontational" (Cory, Eco Certified). He went on to describe his group's initial meetings with corporate banana producers:

> The banana growers and the environmentalists—when they first started meeting in the early 90s—sat at opposite ends of the room and there was just palpable tension in the room because there was so much suspicion and distrust and bad blood between the two sides. (Cory, Eco Certified)

A second certification I studied, Ethical Sourcing, certified handmade carpets. Sarah discussed similar challenges in starting to engage with producers in her industry:

> Prior to sort of trying to launch this initiative, [our founder] had connected with activists in different parts of the world to really draw attention to child labor in the carpet industry. So that was sort of a pre-cursor to the launch of the certification and it made everybody really angry so nobody wanted anything to do with Ethical Sourcing in the industry. It created distrust on both sides. There was sort of this

> activist side that didn't trust anything the corporate entity had anything to do with, and wanted to expose the issue, and then this sort of lack of understanding that how can you work with the other side if you are out there exposing all the time—and the industry feeling very threatened … Of course the initiative can't succeed without partnership directly with the industry. And so the early days were a lot about trying to sort of overcome the sort of division between NGOs, activists and industry. (Sarah, Ethical Sourcing)

For Cory and Sarah, engaging industry was not easy. They were embedded in movements characterized by outsider strategies emphasizing contention and producing distrust. But in developing this new strategy, they sought cooperation and trust in order to produce mutually agreeable standards for socially and environmentally responsible products. Without pre-existing institutional channels, they had to construct these connections on their own.

In the case of Eco Certified, their certification encompassed both social and environmental standards, but they focused much more on the environmental side and sought to work with producers in the Global South. Cory described how they approached large banana producers to begin the dialogue:

> We understood their challenges [but] we had our own information to bring to the table. We could talk the language of the scientist, that we could be trusted. We weren't going to get information about how they were misusing pesticides deliberately or not and run off to the media. And we weren't going away, that this was not a one shot thing, that we're in this for the long haul and importantly that we were (with the exception of myself and a few other gringos), we were mostly

> locals. So, this wasn't someone coming from Germany or Sweden or Washington DC to try to impose some standards on them, these were - we were local people who most of us had grown up on farms including banana farms and coffee farms and so we understood the milieu that they were in. (Cory, Eco Certified)

Knowing that other movement actors use negative information to publicize the company's wrongdoings, Eco Certified was very conscious not to use information in a negative way. They deployed symbolic capital about their origins (i.e. local, Southern producing countries) in order to emphasize a different type of engagement. They differentiated themselves from consuming countries that did not have economic investment in the production of local agriculture, but rather sought to "impose some standards" on a place (or "milieu") that they did not truly understand. As we saw with socially responsible investors (in chapter three), Simon used such symbolic and cultural resources to situate himself and his interests with financially-motivated investors. Like Simon, Cory sought to build common ground with corporate producers while differentiating his group from someone in "Germany or Sweden or Washington DC" that might "run off to the media." He also went further by drawing upon the "language of the scientist" that is supposedly a more neutral position. Cory continued by elaborating on this science frame:

> Then we used scientists to broker the conversation so that it wasn't the same old tired dialectic of the environmentalist shouting at the banana companies and the banana companies stone walling. So we had scientist to talk to scientist and everyone was asked to check their politics and their emotions at the door and then let's just get down to practical matters and see what could be done. (Cory, Eco

Certified)

By having "scientist to talk to scientist," Cory and his group sought to reframe certification not as a political issue but as a scientific or technical (i.e. non-political) issue. Indeed, members were explicitly "asked to check their politics and their emotions at the door" and deal with only "practical matters." While debates over how science is used (and what counts as science) can also be contentious political issues, their emphasis on science over politics was a framing strategy that helped Eco Certified to develop relationships with their early partners.

Engaging producers in a cooperative context was only one dimension of of broader multi-stakeholder dialogues. In fact, when looking at the three certification systems in this study[4], they followed a similar pattern whereby they tended to draw on broader stakeholder groups than socially responsible investing. Such stakeholder groups, and the certifications that they developed, always emerged out of some kind of movement or set of movements that addressed particular issues (e.g. tropical deforestation, indigenous people's rights, child labor, etc). These issues guided the content of certification standards and functioned as a starting point for dialogue. For example, based on these issues, a certification system constructs a standards committee. Sarah at Ethical Sourcing described the members in this way:

> Who makes up our standards committee? It's people from the different countries where we were: labor experts, child rights experts, environmental experts, technical experts, people from within the organization, people who are experts on

[4] It is important to note that industry-led certifications (which are often developed to compete with other certifications) often do not have broad sets of stakeholders involved within their standards. The analysis here, however, focuses on independent, third-party certification systems that follow similar patterns for active involvement from a variety of leading organizations in the social responsibility movement.

> the ILO [International Labor Organization] conventions, different things. So those people guide the content … To make it meaningful—which is why we decided to have in addition to sort of mass outreach through email and some phone calling—we decided to have certain in person meetings or webinars with key stakeholders to make sure we really, really, really got the input of the key people. It's a lot of work to make that happen. (Sarah, Ethical Sourcing)

Along with their stakeholder input, they conduct initial analyses and sometimes pilot studies of the issues, and "we develop a sort of first draft based on initial inputs for different criteria" (Susan, Eco Certified).

The initial criteria then goes through a rigorous and systematic process of stakeholder input, or "public consultation which allows us to really evaluate the applicability of this criterion." The window for public consultation is predefined, and is often a sixty or ninety day period. Susan stated that

> we did this through consultation workshops and an online platform and email so that we're able to get as much feedback as possible on the different criteria. (Susan, Eco Certified)

In some cases, the organization did not achieve what they perceived to be sufficient stakeholder balance during their workshops and public consultations. This was the case for one of Eco Certified's standards:

> In the Philippines, we started with a first workshop. We had a great interest; we had like 60 participants and 95% were from the producer sector … So okay, that's the first try, that's not a stakeholder balance … Then we really worked hard with our invitations and by the second, third, and fourth workshop we had more

> participation from the universities, from [NGOs] working on child labor issues. So by then really the discussion started to be much more profound. (Neil, Eco Certified)

My respondents described going to great lengths to get input from a “balanced” set of stakeholders. This included physically travelling to locations without internet or infrastructure to engage producers and reaching out to all relevant actors. However, achieving the appropriate balance is not always possible. Susan stated that Eco Certified publishes

> a public consultation report that summarizes the results of the consultation. Those reports are the break-down by stakeholder group of how successful we were in getting inputs from the different groups. So for example, for the climate module, we had 82% of the respondents were from environmental interest group which is mostly NGOs and economic 9%, social sectors 9%. So if you look at it, that’s sort of an aggregate of economic/social/environmental because those are sort of the three pillars of the standard but if you look at the further breakdown into the five different categories we have NGOs about 45%, 24% came from academic/research, 11% from industry, 7% from producers and 3% from governments. I think we definitely have a long ways to go in terms of balancing that so that we get more of the other stakeholders involved. (Susan, Eco Certified)

Consistent with their objectives for transparency, Eco Certified publishes a report that outlines and quantifies the level of stakeholder participation. This measurement allows them to evaluate the levels of stakeholder participation, and when necessary, to take appropriate steps to increase participation by under-represented stakeholder groups. This may require additional outreach efforts and/or further rounds of public consultation to achieve this balance. But as Susan noted, they have been unable to achieve the desired levels of participation with some groups, and therefore, "have a long ways to go."

In these workshops and consultations, a tremendous amount of comments and data are gathered. The comments signal approval of particular criteria, the addition of certain criteria, or criticisms about why the criteria may not be feasible or desirable. For example, Susan described a unique situation that some stakeholders described about agriculture in some African countries.

> They provide input on "well, this criteria is not going to work for this reason or for that reason." One example from the main agriculture standard is the labor criteria regarding child labor. So our standard says that under the age of 15 you can't have children on the farms. So then when we start evaluating this in terms of the reality of the different places where the standard is implemented. You see, for example, in Africa you have a whole other sort of social issues and how that combines with the demographics. For example, AIDS orphans and how that criteria may be so much harder to implement there than in other parts of the world because you have a lot of young children that are orphans and need to work. So how do we balance that with obviously wanting to address labor issues for children and all of that? (Susan, Eco Certified)

Public consultations can produce thousands of comments, and may go through a single round or multiple rounds. Next, they

> evaluate all of those comments one by one which is a very time consuming process, but very important in terms of ensuring that we're considering all of the

> stakeholder input into the development of the standard. So once that's complete we take that back to the international standards committee that reviews all of it put together so that we can evaluate the initiative as a whole. (Susan, Eco Certified)

My respondents' descriptions of the engagement process in the three standard-setting systems I studied were all very similar. One reason for this is their membership in The Global Certification Coalition (GCC), a global partnership for social and environmental certification systems that outlines and diffuses best practices for the field. Started by several innovative certifiers in the field, the GCC was constructed to spread successful practices and improve the impact of certification initiatives. Justice Certifiers was a member of GCC and Anthony described their role in this way:

> GCC is all about stakeholder-based standards, not standards chosen by a particular NGO. Joining GCC and becoming compliant with GCC standards also affected the global Justice Certification movement because the original standards, when it was first created in 1997, … were pretty much organized on the back of an envelope by some of the NGO's who were joining together (Anthony, Board of Directors, Justice Certifiers)

For Justice Certifiers, the emergence of GCC as an institution oriented them toward broader stakeholder involvement. When I spoke to a member of GCC, he described the importance of the stakeholder engagement in this way:

> You actually have to let participants influence the process. You have to allow the process to change or be changed by the people that are involved otherwise they know that it's just window dressing, it's a bogus consultation, you've already

> made up your mind—you're just saying "okay now we're going to have a consultation." (Charles, Global Certification Coalition)

For GCC, it was important that the engagement and consultation processes were more than "just window dressing" but that certifiers genuinely enabled stakeholders to shape the process. Their input was needed—not only from NGOs but also from industry and small-scale producers, with economic factors taken into consideration. A high-ranking manager at Eco Certified described the strength and challenge of this goal:

> The bane of [the certification's] existence and the strength of its existence is this balance: the active, functional [balance that] sometimes almost feels like [a] dysfunctional requirement of balance between social, economic, and environmental interests. That has brought strength to the system. That makes it very difficult at times because by and large these processes were through consensus. (Randy, Eco Certified)

For both business and NGOs, this "balance" means giving something up. Businesses must now work with NGOs and others from civil society and allow them to shape their practices. At the same time, NGOs which would prefer to have their issues fully addressed in standards must be willing to allow economic interests to shape the standard-setting process. This can often mean that while they prefer a higher social or environmental standard, it gets lowered to maintain higher economic reward.

This multi-stakeholder model has also spurred some social standards to expand into areas that do not explicitly come from social and environmental concerns. For example, several certifiers have begun to offer complementary programs for business development. Eco Certified offers one such program:

> We have the trees program which is a development aid type oriented program that has funding from organizations such as USAID, the German government, the British government, the Norwegian government, etcetera in which we're actually doing field actions that support primarily small- and medium-sized enterprises to be successful as businesses along the lines of developing sustainable products and better business practices in their SMEs. (Randy, Eco Certified)

Some companies even push certifiers to go further in their standards systems by including more economically-minded criteria.

> Progressive companies like Unilever and Chiquita and Kraft and Mars—they make us run to be quite honest to keep up. They're pushing us to take standards to a whole new level and we're doing that. We're beginning to include things like quality and productivity and yield and climate change adaptability to the climate challenges and so on with the help from, and pushing from, the scientists in these companies. (Cory, Eco Certified)

As certifiers continue to develop these programs, and expand their certifications systems, they look increasingly like market actors. For example, while Ethical Sourcing once focused on a single issue (child labor), their program has dramatically expanded to include a broad array of social and environmental issues related to business activity. Sarah noted that as the organization has come to think of itself more as "a standard-setting organization," they have begun to function more like a market player. Sarah (Ethical Sourcing) stated "We have to be business psyche with those people." When I probed further as to what Sarah meant about this, she described its importance in terms of having the capacity and expertise to move quickly and effectively in the marketplace. A leader at another certification, Justice Certifiers, described this in terms of a "working mode":

> That means you have to have people ready to work at the speed of business to solve problems and Justice Certifiers has done that by having a staff … who work directly with the producers in order to help them solve this kind of problems. When you want to control the logo, you can't say alright they have a question about the use of a logo; you can't sit back and say "alright we will send it around to the thirty NGO's who belong to us to let them make a decision on it." You got to have an administrative staff and that in thirty minutes can make a decision on whether it's an appropriate or inappropriate use of the logo in advertising or on a product. That's what we mean by working mode, I mean by working at the speed of business and so what you need is people with business expertise, administering and running a program that still has ownership by grass root groups and major NGO's. (Anthony, Chair, Board of Directors, Justice Certifiers)

These multi-directional set of influences is central to understanding social certification as a site for defining new standards for social responsibility. However, within this interactional context, there are a variety of other social factors and field-level mechanisms that shape the standard-setting process.

### Setting the Bar: No One-Sized Fits-All Approach

In the last chapter, we learned that in SRI, standards for social responsibility can also vary in content but the bar for socially responsible practices is calculated through similar processes across organizations. In that context, social ratings agencies and producers of socially responsible mutual funds constructed arbitrary formulas and thresholds in order to include or exclude a specific percentage of companies. In the world of social certification, certifiers do not adopt as consistent of an approach to determining the bar for social and environmental standards.

Nonetheless, there were two consistent themes in how my respondents discussed setting the bar for certification. The first theme addressed stakeholder involvement, and is consistent with the previous section's emphasis on engagement. Specifically, certifiers wanted to see that all the stakeholders' input was meaningfully incorporated into the process and that the standard ultimately reflected a balance of these different interests:

> As we went through this consultative process, we got a lot of pressure from stakeholders, particularly from the NGO community to [raise the standard]. And there's no way to know whether we've gotten that balance right or not. The way I would describe [it] is it's become much stronger as a result of that consultation and we've taken a lot of that input into account, but we won't really know whether producers are really able to handle all those core requirements. And we'll need to look at that in our next review to decide whether the standard is really realistic or whether we need to rethink how these things are worded. (Pierre, Ethical Sourcing)

As Pierre notes, Ethical Sourcing was conscious to incorporate NGO input to make a legitimate standard with a high bar. Indeed, they felt the "pressure" to do so, and it has resulted in a stronger standard. But he was also concerned about producer input in the stages of consultation and review to ensure that their interests were represented in setting that bar. He was unsure “whether we’ve gotten that balance right or not,” but for Ethical Sourcing and the other certifiers, achieving this balance was a necessity.

The second fundamental factor for setting the bar for social responsibility is that the standard must be perceived as “feasible” to implement—or as Pierre put it, the standard must be “really realistic.” Randy described the need for this in balancing the differing perspectives at Eco Certified:

> If somebody wants to put something in a standard, it should be something that is commercially practiced. In other words, there are examples where it’s being done and where there's a clear commercial sense that it’s viable because a lot of times what you get are proposals on the social side, environmental side, sometimes even on the economic side or technical side of things that are wonderful ideas, but nobody’s ever done them. That’s all well and good but this is supposed to be a commercially viable system and, yes it’s supposed to push the envelope, but if you don’t have things that are built into the system that pass the commercial—what I refer to as a “commercial straight-face test”—that they’re viable economically, then I think you’re going to have a problem. (Randy, Eco Certified)

Randy has seen recommendations from different stakeholders in the social and environmental sectors but a fundamental part of setting the bar is that these not only be balanced, but commercially viable as well. While he wants to “push the envelope,” he simultaneously argues that for product standards to be competitive in the marketplace, that producers must be able to implement them and still remain competitive. He calls this a “commercial straight-face test.” Susan echoed similar comments in discussing the feedback that they get from producers and auditors, whose on-the-ground knowledge and expertise are vital in the standard-setting process:

> It gives us insights into, okay, well these are some of the realities that we might not be necessarily in tune with as we're sitting here [in] this sort of removed process from what's actually applied on the ground. So auditors as well, auditors who go out and see all of these different examples through their experience of auditing farms under the standard they also can provide very valuable inputs into how realistic it is for us to apply this. Because we tend to, well not tend to but in some cases you could say that we want to be very ambitious with some of the criteria but the reality is that it would be really difficult for a lot of producers to meet because of the economic considerations—it's just a number of things. (Susan, Eco Certified)

Respondents with all three certifications expressed these sentiments of needing proper stakeholder balance and achieving a standard that could be realistically implemented. They were conscious of developing standards in a way that reflected realistic on-the-ground practices, but also would push companies forward in more socially responsible and environmentally sustainable business practices. Indeed, as movement actors seek to promote change within markets through social certifications, they are subject to market realities and constraints (King and Pearce 2010). However, the reality of social practices is not an objective realm of possibility but one that is shaped by social and cultural factors. As I show in the next section, there are a variety of mechanisms that shape actors' perceptions of feasible practices, their intended goals for certification, and the standards that emerge from them.

**Mediating Mechanisms in Standard-Setting**

The field of social certifications, like any field, is structured by social configurations that locate actors within a certain set of relations and multi-level processes. These configurations are embedded within the institutions, or cultural rules that orient actors toward others, and often come to be taken-for-granted (Meyer et al. 1997; Polletta 2008). Not only do these relations shape what other sets of actors are deemed important or that influence their own actions, but the actors themselves are disproportionately endowed with forms of capital to strategically shape other actors' perceptions of, and prescriptions for, reality. In the following section, I show how these perceptions of reality and their goals in constructing social standards are embedded within specific types of social relations and are shaped by economic and cultural processes that operate across multiple levels within the certification system. These factors, which emerged as themes from my interviews, are presented as mechanisms that mediate the standard-setting process.

Power Relations

It is clear from preceding sections that engagement with not only producers, but multiple stakeholders, is an essential dimension of certifications. Furthermore, they seek a balance of stakeholders, but the distribution of stakeholders is patterned in a particular way. How power is organized within global production networks and certification systems alters how conceptions of social responsibility are ultimately encoded within particular.

Like in SRI, where social ratings agencies were concerned about maintaining good relationships with companies to access further data and maintain dialogues with companies voluntarily participating, power also played a role in shaping standard-setting processes within social certifications. To examine *how* power shapes these processes, there is no better issue to examine than the development of labor standards. It is in the construction of labor standards, which are relatively weak by most accounts, that we can see how different forms of capital can shape criteria regarding freedom of association, worker representation, and wages.

First, it is important to acknowledge that labor standards are included in all three cases in this study, and are a dimension of virtually all social certifications more broadly (there are some exceptions, such as the Marine Stewardship Council standards). Indeed, all my respondents noted the importance of having effective labor standards as part of the social certification(s) with which they were associated. The standards themselves, generally were taken from a single global standard, the International Labor Organization (ILO) conventions, which were created by organized labor. As one representative of Eco Certified put it,

> Freedom of association and all of the ILO, relevant ILO, standards are very much part of our standard and have been from day one. That includes freedom of association and a workplace free of sexual harassment and equal pay for equal work and prohibitions of child labor and of course for any kind of forced labor, and so on. All of those things are absolutely core to our standards and always

> have been. So, freedom of association is enshrined there and we work very hard to make sure that workers are free to associate with whoever they want. (Cory, Eco Certified)

For all the certifications, labor standards were fundamental to any standard system. However, while worker empowerment was so important in principle—this was difficult to achieve in a meaningful way.

Several of my respondents described labor standards as not being constructed in a way that truly empowered workers. For example, Alexander represented a labor rights organization and he was critical of the labor standards at Justice Certifiers:

> They apparently have no functional complaints process. I have personally met more than once [with Justice Certifiers] and … when there are workers or representatives such as me in the global south that have concerns about practices going on on Justice Certifiers' certified plantation operations, they have no one to turn to who will actually listen to that complaint. [It is a problem] for an organization that big and a program that developed and that widespread to not have a very serious and very clear and very well-functioning, efficient complaints process that can immediately say "oh there's an accusation of a human rights abuse at XYZ Farm in Colombia." They need to have a way to immediately investigate that to see if there's truth behind it or not in a legitimate way and to address that if it is going on, whether that's decertifying or requiring changes. (Alexander, United Workers for Justice)

From this labor organizer's perspective, while Justice Certifiers had labor criteria within their standards, they did not have the necessary components that made them truly empowering for workers. Naomi ,with the World Workers Association, found that workers at a certified producer would be fired if they requested a collective bargaining process, which is supposed to be guaranteed by the standard for freedom of association. When I asked her how they got certified, she stated “It’s the auditors, it’s the process …we’ve found significant flaws in the ability of [Justice Certifiers] to actually implement their standard in a meaningful way in the hired labor realm” (Naomi, World Workers Association). So in other cases, the problem came with implementing the standard. Indeed, other research on social certification has repeatedly confirmed that labor standards, and especially standards for freedom of association, are the most difficult standards to implement and audit (Bartley 2011).

While standards for freedom of association are viewed as being relatively low, this cannot be explained by a lack of concern with labor standards or their exclusion from certification criteria altogether. Instead, we must look at the processes for how the standards are developed and the role that power plays in shaping their development. In particular, we must consider the means by which different forms of capital play in shaping struggles over developing a meaningful standard.

One important way that power shapes labor standards is through the lineage of non-organized workplaces. As noted above, certifiers look for business practices that have actually been implemented in order for them to perceive something as a realistic criterion for companies to meet. If we look at the industries represented in this study, including carpets, apparel, and agriculture (e.g. tea, coffee, bananas), it is noteworthy that organized labor has had little success in organizing workers in these sectors. As noted by Sandra,

> In the apparel sector I think less than one percent of factories are unionized so it's an incredible challenge and one that the unions themselves haven't been able to solve either. So we're definitely in continuing conversation with global unions on this issue and trying to make sure we deliver on that promise of worker empowerment. (Sandra, Standards Manager, Justice Certifiers)

Historically, producers have been very successful at thwarting organizing campaigns and preventing unions from forming. In Bourdieu's terms, this represents a low degree of social capital among workers in which their weak social connections with their fellow workers puts them at a disadvantage. Therefore, when starting with a standard that participating companies can meet, certifiers start with a low bar in which some form of organization exists. These may be unions, but they can also be less representative forms like managerially-controlled collective bargaining units. Alexander elaborated on the problem of creating a standard for worker representation when workers are not self-organized:

> I think it's also easier to have kind of a tokenism approach to [worker representation] and have one worker on a committee who might not have support behind him versus somebody who represents a legitimate organization or a union who has an ability to voice their opinions without being intimidated in that kind of a setting. (Alexander, United Workers for Justice)

In my cases, standards for worker representation were largely developed in this context where workers were poorly organized and standards where, therefore, constructed based on these existing practices. Without this support, workers become embedded within an organization but with much less authority. Through such "tokenism," they are more easily intimidated, manipulated, or controlled by employers.

Furthermore, in some other countries or industries, it might be common for multiple unions to exist in a single factory. They would be competing to represent the same workers and the result was often that each union represented a small number of workers, but was ineffectual. One of the labor representatives described this situation in a factory that was certified by Justice Certifiers:

> What we are finding is that one union … was a little bit more edgy [and] didn't represent very many people to begin with (but none of them did), but actually said to us that if they were to request a collective bargaining process, they would be fired. So, we were like okay, this does not meet the freedom of association requirement. (Naomi, World Workers Association)

In this case, unions existed in a factory and met worker representation standards for certification, but they were ineffectual for two reasons. First, multiple worker factions competed against each other for members rather than confronting management as a single collective voice. Second, and perhaps as a result of this inter-worker competition, the standards that existed were not practiced or implemented as they should.

Another factor shaping the disproportionate levels of power is the relatively lower levels of cultural capital held by many worker organizations, as compared to other NGOs. Some scholars working on corporate social responsibility have depicted NGOs and civil society actors as having moral authority and a "virtuous disinterestedness" (Boli and Petrova 2007; Boli et al 2003) or cultural capital to wield in struggles against corporations rich in economic capital. From this perspective, it is cultural capital that gives these movement actors their power in these struggles. However, it is important to remember that cultural capital can vary significantly across fields or across actors within a sub-field.

In some of my interviews, it was clear that labor groups did not possess high levels of cultural capital or were not discussed in as morally authoritative terms as other NGOs. In particular, the symbolic value of union representation was put into question, as exhibited by Pierre's concern:

> How is Ethical Sourcing going to set a standard on freedom of association that improves the well-being, or improves the system so that it benefits workers and producers and improves the system as a whole? And this was as I say, a little bit, not controversial, but a little bit difficult because of the situation in Nepal where we have a very volatile political situation and where there's a prevalence of politically affiliated trade unions. So there's a lot of hesitation amongst producers, a lot of them have had bad experiences working with politically affiliated trade unions. And so a lot of them don't see a lot of these trade unions as helpful to growing their businesses or to the interests of workers, in some cases … A lot of people see them as not being representative, not being democratic, and having political agendas that don't have much to do with workers. And that's a common perception. (Pierre, Ethical Sourcing)

With my data, it is impossible to determine whether unions in Nepal truly do not represent the interests of workers or if they have been framed that way by producers seeking to discredit unions. The point, however, is about how they are perceived relative to others within the field, and this discredited view of unions is not only common in

India, but can be seen in the US and other locations as well. Regardless of the reality of worker representation within unions, the effect is diminished symbolic value attached to unions, positioning them as a morally discredited (or discreditable) actor in a field conditioned by power relations. With lesser cultural capital, their ability to organize workers, function as legitimate representation for workers, or represent their own interests within standard-setting is lessened.

The grossly unequal distribution of economic capital between businesses and certifiers can also shape the standard-setting process. For example, producers that may potentially participate in a certification often do so in order to access new markets, which may also earn them premium prices. This economic incentive is one leverage point for certifiers to engage with producers. However, these markets can often be niche markets that do not offer the volume that larger, more price-driven markets can offer. In these cases, large retailers like Wal-Mart wield immense economic power against suppliers in global value chains (Gereffi et al. 2005; Gereffi 2012). Naomi described this struggle in terms of a unionized factory seeking higher wages:

> What we find is that workers will form a union, they'll have a collective bargaining agreement, they'll sit down to negotiate with management for higher wages, and management will say, "Well Wal-Mart only pays me five cents. Look at the books, there's no more money." And so we recognize that buyers have so much power that you can't take them out of this system of trying to create an equilibrium … Again, kind of back to the worker voice. So, whether it's a union or agreement, some sort of mechanism that they can utilize to say, you know, the standards been broken and here's our proof, sort of thing. And ideally then that

> triggers a process under which then the buyer, the supplier and the worker would have to work together and to renegotiate how they come into compliance again. (Naomi, World Workers Association)

Naomi's perspective demonstrates how economic capital of large transnational corporations can be mobilized to shape labor practices in factories throughout the world. This dynamic must be taken into account when certifiers engage with producers. High social and environmental standards can drive up the cost of production, making it difficult for producers to compete in the global market, and risk losing business from large corporations like Wal-Mart.

The role of economic power does not only shape standard-setting in this indirect way with producers. It can be more direct when large corporations themselves work with certifiers. In particular, certifiers' need to attract participating producers gives big business an additional advantage in developing standards for certification. In markets with more than one certification, producers are able to shop around at certifiers to see what is the best deal they can get to become certified. Elizabeth described it this way:

> [Large corporations] have enough power because they get to play the one [certification] off the other to see what they get. [They are] saying "You want my business? Alright, what are you going to do for me?" Eco Certified is going "we'll do this, we'll do that, we'll do that, and you don't have to worry about those other things," and Justice Certifiers is going "oh yeah, you don't have to worry." This is where the mainstream debate becomes an issue because are they trading away what is the minimum expectations in order to capture the volume. (Elizabeth, Trade Justice Network)

In this example, we see the certification systems competing with one another for market share. While I further discuss how certification competition and differentiation shape the standard-setting process below, I want to emphasize the role of power in the process here. Because of the sheer size of some producers, they attain an upper hand in negotiating standards with certifiers, and are able to acquire lower standards to get their products certified. For example,

> In 2005, [Justice Certifiers] walked through a door and this big company went "I don't want any long term commitments, I don't want to do this, I don't want any advanced payment," and they went "Okay, will you put our logo on your product?" "Uh-huh." "Okay, done." I mean they traded away some of these minimum criteria for the volume, for the marketing, for the market share.
>
> (Elizabeth, Director, Trade Justice Network)

While small producers are unable to attain such benefits, large corporations can use their size and resources as a means to get more favorable policies, which means weaker social and environmental standards. However, this negotiation is not so simple as a large and powerful corporation asserting their dominance over a certifier. From the certifier's perspective, their rationale is also motivated in growing the market for socially responsible goods, achieving greater impact for workers and the environment, and increasing their visibility in markets where high certification competition exists. In the following section, I explore these issues in greater depth.

The role of power further affects the standard-setting process by ultimately shaping how actors orient themselves to others within the field. Corporations, while they do have incentive to work with certifiers when their brand image is at stake, and they can earn a premium on certified products, are nonetheless engaged on a *voluntary* basis with certifiers. But as Sarah (Ethical Sourcing) noted earlier, "Of course the initiative can't succeed without partnership directly with the industry." Certifiers work closely with producers to develop and maintain these relations, and without participating producers, there can be no standards. While all the certifiers seek to involve labor as well, labor's participation does not make or break the certification initiative in the way that business participation does.

As a result, actors within certification networks are oriented toward business and labor differently. For example, Naomi (World Workers Association) described a conference on corporate social responsibility that attracted a variety of stakeholders. During one of the industry presentations, a company talked about all the stakeholders that were deemed relevant:

> They listed all the stakeholders kind of in supply chains: themselves, suppliers, retailers. The only group of people that weren't mentioned were workers, and so imagine this is a corporate social responsibility conference! (Naomi, World Workers Association)

Conspicuously absent from the list of stakeholders were workers. When I followed up with Naomi, she stated that the conference also included NGOs, the community, and government actors, but not workers. This comment reflected my own experience attending a social certifications conference in Washington, DC, over the course of my research. The conference brought together certifiers, industry, and academics, but workers were not included; they had no voice in the conference at all. Furthermore, when

Naomi's organization was consulted to participate in standard-setting, they found that their input was not taken seriously:

> There have been periods where like once a month we'll be asked to sit on a—to give comments to yet another set of standards that are being used and they just want to tick the labor box. 'Cause most of the time the standards are really written for the environmental piece but they just want to be able to say that they got buy-in from a variety of stakeholders or whatever. (Naomi, World Workers Association)

In Naomi's experience, engagement with labor was not undertaken with the same level of importance and urgency as with business. To the degree that some standards needed to include them as a stakeholder, they were invited to participate, but they were not able to shape the process in a meaningful way.

As a result of these unequal power relations, organized labor groups were often unsatisfied with the outcomes of social standard within these certification initiatives. Having such little power in the process, some labor groups have stopped engaging with certifiers. Certifiers themselves expressed great difficulty and frustration in being able to involve more labor advocates in the process. For example, James described anti-sweatshop organizations that would not participate in the dialogue with Justice Certifiers:

> We needed to address the entire supply chain and we couldn't have done that politically, I mean there is a strong sweat-free movement in this country … They did take part in a number of discussions around it [but] the sweat-free organizations are not part of the multi-stakeholder [dialogue] of their own deciding. Because they are not really, they are not satisfied with the standards to

> the extent that they want to continue being part of that multi-stakeholder group but other groups are, including NGOs in India and Central America. (James, Justice Certifiers)

This same problem was found at Ethical Sourcing:

> I was a little surprised when we were doing outreach to bring on labor folks to our standard-setting process. There wasn't a lot of interest in engaging with us. (Pierre, Ethical Sourcing)

Existing quantitative research supports these quotes, showing that labor is drastically underrepresented within certification networks while environmental NGOs have the heaviest participation (Bartley and Smith 2008, 2010).

This uneven participation, then, results from experiences with certification standards and frustrations with shaping the standard-setting process. Having much less economic capital, insufficient amounts of cultural capital, and a comparatively unorganized members upon which to draw from the existing workforce, unions have struggled to attain high labor standards within certification systems. Naomi described the role of the World Workers Association in the development of Justice Certifiers' apparel standards:

> We brought them to six years and we finally dropped out and said we wash our hand of this, we want nothing to do with it, and so did most of the other groups. So, I think Justice Certifiers is in the third version of an advisory group 'cause so many have dropped out along the way. And I think that our frame now is back to … in particular focused on whether a complaints mechanism exists, 'cause we

> found that without that, we don't see how it's a viable, how the certification will benefit workers. (Naomi, World Workers Association)

Having struggled with many certifications to enact high labor standards, the World Workers' Association's has shifted their strategy and engaged less with certifications in general:

> We've played several different roles as we tried to figure out how can we steer this ship in a different direction whether it just be one certification scheme or kind of the whole plethora of them. We've, I think, abandoned that approach. (Naomi, World Workers Association)

In sum, certifications have produced relatively low labor standards as a result of dramatically unequal power relations in the standard-setting process and interactions with existing producers, in which these engagements are embedded. Because of the low standards, and dissatisfactory levels of involvement, they are beginning to scale back their involvement even further, suggesting that labor input into social standards will remain low as the field continues to grow.

### Market Scale

One of the major debates within the certification movement, and an important factor in analyzing where the bar is set for certification standards, is around the market scale for social certifications. The fundamental question shaping the goals for market scale, or the intended level of market growth and penetration of a certification, is how certifications can be used to create the most social change. Depending on these goals, and their assumptions for social change, certifications produced dramatically different thresholds for social and environmental responsibility.

The issue of market scale revolves around two strategies in promoting the most social change. One strategy is to develop very high certification standards, emphasizing close relationships with producers to enact significant change but work on a smaller scale. The second strategy is to develop weaker standards but work with more (and larger) producers that would not otherwise be engaged with higher standards that cannot be quickly met. Elizabeth framed these options in this way:

> One of the questions that is on the table is value vs. volume. We're going to … get at some of the assumptions behind each theory of change. Time will only tell who creates the most change for artisans and for farmers … If you are solely focused on numbers - we need the volume, volume, volume, volume everything is sacrificed for volume, including basic criteria. Well that for us is quite a problem, obviously … [the other side is that] the depth of the relationship is what creates the most change. So, playing with Wal-Mart is good because Wal-Mart has volume. You know, no matter how big or small you are, the depth of your commitment, the depth of your relationship is what's going to create the most change in the long term.  Those are kind of the two different theories that you'll often hear. (Elizabeth, Trade Justice Network)

This fundamental question was discussed, in some way, by nearly all of my respondents in the field of social certification. It was something that every certification had to grapple with, and in producing their standards, to ultimately decide upon when creating their standards. Elizabeth concluded that "in my personal opinion—it's not an either/or." She saw merit in both of these strategies. By looking closer at the standards themselves, we can further examine how these theories, or frames, for understanding and promoting change ultimately shape how standards are constructed.

Eco Certified and Justice Certifiers operate in similar markets, and both certify some of the same products (e.g. coffee). When standards for these products are compared side by side, Justice Certifiers generally has higher standards for their products. Anthony (Board of Directors, Justice Certifiers) stated "the social standards of Eco Certified are much, much weaker [than] the social standards of Justice Certifiers." While respondents generally agreed that their social standards were comparably higher, the relative stringency on the environmental standards was less clear. In internal analyses conducted by my respondents' organizations, some organizations found one or the other certification to be higher standards, and it is likely to vary depending on the relative weighting of specific criteria. We can link some of this variation to the respective certifiers' approach to social change. Susan described Eco Certified's approach in more detail:

> I think one of the things that Eco Certified has developed and managed really well is to get a lot of these big players onboard to really raise the profile of sustainability and sustainably produced goods in the market. And one of the challenges in doing that is when we're working with some of these really large companies that have such potential to enact a positive change and influence consumers; that also means that they're requiring very large volumes of, in our case, we're Eco Certified products. Often times we just can't—we don't have a factory where we're just cranking out certified stuff. There's a whole process of getting regular producers, getting them to implement the change to the standards

> which takes an average of a couple of years and then actually producing and sending out certified goods. (Susan, Eco Certified)

By lowering their standards, Eco Certified is able to engage more producers and larger corporate producers to improve their social and environmental practices. But these lower standards are not just about engagement but the need to meet the high volume demand of large corporate producers. Corporate producers in sectors such as coffee, tea, bananas, etc., sell enormous volumes of their products. If they were to be held to very high standards, such as is found in Justice Certifiers' standards, there may not be enough volume available to meet the market demand. However, the lower standards is twofold: it includes both lower thresholds for their criteria (e.g. labor standards) and their quantity. In terms of quantity, for a product to use the label of Eco Certified, only 30% of the amount of that product must have met the minimum standards. On the other hand, for a product to use the label of Justice Certifiers, 100% of the amount of that product must have met the standards. Susan described the rationale for this threshold in quantity:

> So I think that was developed as an effort to strike a balance between making a positive impact through working with these companies that have such a large influence but also making awareness about certified products and sustainably produced goods. Of course it is perceived that way that well Lipton Tea why can't they have their—Peachy Tips are one of the examples that has a 30% but why can't it be 100% certified product? Well we actually wouldn't be able to meet the demand for volume for those lines of products for example because that's how they work. It's very much about for us to be able to promote sustainability and certified products and also work with these big players of the market. So I think

> that's sort of the philosophy behind that 30% for example but it is perceived as well you're diluting the value and you're not being true to what you're trying to do which is to sell 100% certified products … I feel like I can see both sides but … one of the sort of maybe not-so-warm-and-fuzzy sides of sustainability is the world that we live in. We sort of have to negotiate and make these compromises sometimes because supply and demand don't match all the time and if we want to make a difference I think we have to strike a balance somewhere. (Susan, Eco Certified)

When Susan referred to the "not-so-warm-and-fuzzy sides of sustainability," she was invoking her interpretation of production systems as entrenched in highly unsustainable practices and being slow to change. It reflects her assumptions about global business and how social change can happen within it. She felt that to meet greater market demand and promote change in a wide-scale and meaningful way, then it required certifications to make necessary, but uncomfortable, compromises.

Those outside of Eco Certified have a variety views on their decision to set standards in this way. Charles, who has worked with both Eco Certified and Justice Certifiers, noted:

> Unilever … decided to go with Eco Certified and that's 12% of the world's tea, a commitment to run through a standard program. So the implications for impact are very quite profound. It can be a big game changer. So many of our standard systems are thinking of this kind of strategy, of crafting their standard in such a way that it delivers sustainability but at the same time it is approachable or usable or feasible; feasible is probably the right word. (Charles, Global Certification

Coalition)

When I asked Charles what kinds of features would make it feasible, he stated:

> It's a very difficult line to draw and to manage and it [is] a constant discourse. It's not a bad thing because it keeps everybody honest but you want to make change, you want to do the best that you can in terms of creating change in the world, and positive change. At the same time if your standard is such that you're only going to attract a niche amount of production and/or consumption if you're dealing with products, then you're not going to make a whole lot of change right? So the flip side to that though is that sometimes those niche standards can be drivers to bring the rest of a sector along, not the whole way perhaps but to move it. As soon as the consumers see they have a choice, say we're talking about supermarkets, consumers see they have a choice all of a sudden that changes the landscape for industry and encourages the rest of industry to move along. You can see it with Wal-Mart right? (Charles, Global Certification Coalition)

Charles' comment about the dual-sided nature of certification, and Elizabeth's comment above that it is "not an either/or," are interesting because they situate individual certifications within a broader field of change. It presents them as dialectical in the sense that one (weaker) certification can engage corporate producers by pushing them along, while another certification with a higher bar can really pull the field into an even more socially responsible and environmentally sustainable system of production.

However, when standards are weakened in this manner, they look increasingly like conventional trade. Not all movement participants interpreted the weaker standard as a productive mechanism for social change. Anthony was one person who was skeptical about such weak standards:

> Lots of people laugh at that saying what does that say about the other 70%? But they are gaining rapidly in the field, getting vey close to having the same quantity of sales [of] certified coffee as Justice Certifiers, worldwide, on the basis of being a less expensive, less demanding system for the companies to meet. (Anthony, Board of Directors, Justice Certifiers)

For many in the movement, they are confused about how a large majority of a product could be labeled as socially responsible when in fact it has not met any kind of standard at all. Rather it is mixed in with a smaller quantity, with a minimum of 30% of the total as actually certified. On the one hand, this permits large producers to engage in certification, for certifiers to expand their programs to large producers, and to increase the visibility of social certification within the market—all meant to broaden the impact of certification. On the other hand, it hides the fact that much of the product is not actually certified, that it meets lower standards, and some wonder if it does more harm than good:

> I think most labor groups actually look at the Eco Certified’s program as too low a bar to legitimize a social claim in the marketplace. I know folks in the global labor movement who really just consider that program to be essentially [green] washing; they’re not doing enough to improve workers’ lives to really make it viable. (Alexander, United Workers for Justice)

My respondents’ views suggest that the labor movement treads cautiously in the field of social certifications. Some activists, like Naomi earlier, has abandoned the approach altogether. Others, such as Alexander, differentiated between standards that do or do not do "enough to improve workers' lives to really make it viable." These activists view the lower standard/high volume approach as not meeting the needs of workers.

Differentiation and Competition Between Certifications

When developing social and environmental standards, certification systems were not only focused on the issues themselves or what problems most needed their attention. Because of their position within competitive markets, certifiers were also conscious of other labels within the field while developing their criteria and standards. This relational positioning, relative to other organizations, led certifiers to include, exclude, or change certain criteria in their standard-setting process. Susan summed up this dimension in this way:

> We very much work in a competitive landscape of other systems so we have to stay on top of sort of where the trends and issues with interest so that has some influence on the standards that we develop and the initiatives that we develop. I think not just us but other systems are continually trying to be at the leading edge of these different issues. For example, climate with the carbon markets and all of the different opportunities that are there for the producers and for these systems—we want to be the first to develop the climate module. (Susan, Eco Certified)

Certifiers operate in highly competitive markets. Not only must they meet the demands of existing producers, meet their own goals in promoting the maximum degree of change, and develop criteria that reflect the wants and desires of socially conscious consumers, but they must compete with other certifiers in order to do so. This is one of the many reasons why the development of certifications must be examined at the field level.

Certifiers do not rely entirely on internal processes but also on trends and developments outside of their immediate network to the broader market of socially responsible certification systems.

This field-level process was also apparent in the development of Ethical Sourcing standards. Ethical Sourcing started out with a focus on certifying that its products did not involve the use of child labor, a rampant problem in its industry when it first entered certification. Pierre described how their standards system developed over time:

> I think from the beginning, there was recognition that there was a broader context, but let's focus on one thing at a time. So now as we get into the period we're talking about of 2006 and beyond, I can't say for certain which of our partners were the driving force behind thinking, but I think certainly in general, there's been an overall shift towards dealing with that broader set of issues. In part it's also reflecting the other, there are so many other standard systems out there that have matured over this time period that are looking at these kind of broader issues. So in part it's a reflection of that. (Pierre, Ethical Sourcing)

Ethical Sourcing started with a very focused standard, and over time, they broadened this to include a vast array of social and environmental criteria. While they recognized that it was important to consider the broad context from the beginning of their certification, they did not have the capacity or the expertise of how to build such a complex system. As they developed, and the overall field of social certification developed, they started to expand their criteria (e.g. criteria on adult labor and the environment) into areas that were very new for them. This was motivated, in part, by the broader field and the "many other standard systems out there." Ethical Sourcing sought to keep pace with the field and considered that in the expansion of their social and environmental criteria. They responded to actions by other actors in the field in developing their standards. As Richard (Biodiversity Labeling) stated "everyone [has] their own little turf carved out and their interests." They want their certification system to be successful in the market, both in terms of impact on production systems and for attracting consumers.

In markets with large numbers of certifiers, this sense of competition and differentiation is intense enough that it can lead to formal or informal coordination among certifiers. A representative of Eco Certified described this type of coordination:

> A few years ago, we had sort of a gentlemen's agreement with Justice Certified that we wouldn't pretend to be Justice Certified and we never do. We don't guarantee a premium price, we don't get involved in buying or selling, and we don't dictate prices. Like Organic, Eco Certified is market-based so we didn't claim to be Justice Certified and Justice Certified said they wouldn't talk about being "sustainable" but now they use "sustainable" as much as anybody. (Cory, Eco Certified)

In this case, two certifiers informally coordinated (at least in the beginning) to maintain certain differences in their standards. This agreement functioned on at least two different levels. First, it functioned on the standards and standard-setting itself. Justice Certified offered farmers a premium price for their crop, thus focusing on wages and economic well-being. While Eco Certified had other labor-related criteria, they did not integrate a wage or price-setting criteria into their standards, but instead focused on the more environmentally focused concept of "sustainability." As Susan (Eco Certified) later mentioned, "we talk about differentiating ourselves from other systems." This focus on sustainability functioned at a second level, linking the standards to a marketing perspective, and emphasized differentiation on branding to distinguish themselves from other certifications (such as Justice Certified). Susan added:

> Our marketing and communications teams spend a lot of time ensuring that there's accurate information about our system out there because it's a battle ground. There's a lot of competition and a lot of desire to increase the visibility of each of the different certifications so we have to stay on top of that to make sure that the information out there is accurate. I think that absolutely competition in the systems has developed the most. That creates a lot of need to respond quickly to things and develop responses. (Susan, Eco Certified)

These comments suggest again the highly competitive nature of the market for socially certified goods. Non-profit certifiers must look and act more like businesses in their speed and market responsiveness.

Within any field, organizations never operate purely in pursuing their own interests and objectives. Instead they operate in respect to the "game" in which they participate, and respond to other actors within the field. When those other actors develop standards to reflect emerging issues or to take a particular position within the market, this shapes the trajectory of their own positioning and opportunities. As these cases reflect, this can shape the standard-setting process, including what criteria are included or excluded from their standard.

## Differences in Production Processes

Another important dimension that shapes the standard-setting process is sectoral differences in production processes. In other words, certifiers must consider the unique production processes of different types of industries and different types of products. In addition to shaping what criteria are relevant for a particular context, it also affects how stakeholders perceive certain types of standards to be realistic or not.

For example, when they began to expand their criteria, Ethical Sourcing used the ILO conventions as a guide to develop its criteria. As perhaps the most widely accepted global norm for labor practices, the ILO conventions were mentioned by many of my respondents for shaping social standards. However, the ability to translate these global norms into specific criteria also varied by the context of production. Or more specifically, standards vary "industry by industry" (Deborah, Responsible Economy). Sarah described unique conditions shaping how production is organized in carpet-making that led them to exclude criteria that they would have wanted to expect out of their producers:

> There was something that came up early on before we even had the full draft standard that was an issue around the provision of regular work and that was a provision that we discussed including; but in the carpet industry, it's not really feasible. I mean we would have probably ended up losing a lot of our members because there can't be a provision of regular work if the orders aren't coming in. A lot of it is informal, a lot of it is subcontracted so they aren't like centralized factories where you know. I mean I get why they need to have that kind of a standard so a factory owner can't hire you today and fire you tomorrow. (Sarah, Ethical Sourcing)

Pierre reiterated this concern, and situated it within their stakeholder network:

> Some of the people we were working with questioned [it] and wanted to really make sure that if we're not including that, there is a good rationale for not doing so … [It is] because of the way that a lot of the work is done on a seasonal basis. So it might be the primary source of income throughout the year, so there may be families, for example, in home weaving that do agricultural work for part of the year and then when there's no agricultural work during that part of the year, they may do rug-weaving. (Pierre, Ethical Sourcing)

Pierre made it clear that labor advocates would expect to know why Ethical Sourcing would not be using additional ILO conventions within their standard. But as long as the certifier provided a "good rationale" for excluding it, participating members were more lenient on this criteria than on criteria for worker representation. He concluded by noting that "I think the key is to make sure it's relevant in the sector that you're working in."

This was the case in all three certifications that I examined for this research. At both the industry and product levels, unique production processes shaped what standards were included and how they were measured. Even when agricultural products were seemingly similar and grown in the same area, they might have important differences for what makes them viable to produce on a certain scale. A good illustration of this is coffee and tea, two agricultural products that are Eco Certified:

> We have general standards but the crops' realities are different of course … So for coffee we are always starting to work separate processes. For example in Kenya we just had a separate process for local tea interpretation guidelines and a separate process for local coffee interpretation guidelines. Not only because the stakeholders that are interested in the process are different but also because there

> are very specific crop issues. For example, in coffee in Kenya, the introduction of [a] shade tree layer which brings balance for conservation, for the water cycle, additional habitat for local wildlife—that's an issue but it's not possible … for the tea plantations in Kenya in the islands to have shade trees. They need that high sunlight input to have an economically sustainable production. (Neil, Eco Certified)

In this example, we see the variation in indicators for something like environmental sustainability. In agricultural production processes, there are literally hundreds of actions that can be taken to make production more environmentally sustainable. The exact indicators used for these actions, and the bar set for them, however, can vary dramatically by product. In Kenya, we see that the more sustainable practices for certified coffee are different than the standards for tea, which appears to be a less environmentally sustainable practice when we focus in on just these few criteria. However, I do not want to generalize about environmental sustainability from this specific example, but rather to emphasize that standards for social and environmental responsibility vary based on the physical and social characteristics that underlie existing production processes.

Because of these differences across products and industries, several respondents did note that a emphasis on a particular industry can make standards more focused and, in some cases, more effective. For example, a former representative at Ethical Sourcing told me: "Ethical Sourcing is an amazing example of what you can do when you can get to a really industry-specific level of certification and product-specific" (Rhonda, Responsible Economy). This notion was repeated by other respondents when reflecting on whether or not certifications were able to meet movement objectives of social and environmental responsibility. By eliminating variation in products, certifiers avoided differences in production processes, and the issue of different standards across products.

Local Cultural Differences

Finally, the development of social and environmental standards is shaped by the different local and regional cultural contexts within which the standards must be implemented. On the one hand, movement actors seek to promote universal human rights and global standards that function the same throughout the world. Throughout my interviews, my respondents described the need for global standards for social and environmental responsibility. On the other hand, they perceived standards to be shaped by the country-specific contexts within which they were embedded:

> The idea was that there would be global, a global standard or a global framework for standards and then you would have country-specific indicators that would be developed in each country. That was done for a couple different reasons. First, we felt that it was by developing local standards you engage people, you get them vested in the process. Number two from a GAT point of view, if you want to be in essence World Trade Organization or GAT friendly you want to have a consistent global framework. (Randy, Eco Certified)

The promotion of a single set of standards was motivated, in part, by broader global organizations (i.e. the WTO) that demanded uniformity for trade and production rules. From a cultural point of view, they also drew upon universalistic human rights frames and scientific discourses of ecology. These motivations, and especially the claims for universally agreed upon human rights claims, were identified by a great number of my respondents. They also emphasized the need to communicate to consumers a clear and consistent message about a product's social and environmental dimensions, which was only practical if their standard was implemented the same way across space.

However, creating consistent global standards is a challenge when there are sharp cultural differences at the local and regional levels. As a result, standard-setting is shaped by the local contexts within which they would be implemented. Randy continued:

> … but then you want to have, from a fairness point of view, country-specific standards. So, this allowed for that kind of issue to be dealt with in a structured way. Lastly we were absolutely convinced that there are going to be aspects in each country that are going to be different in terms of meeting the [principles and criteria], the indicators will have to adapt to that and will have to be changed and respond to local conditions, but the idea in general was that the standard would be equally difficult across all countries to attain. (Randy, Eco Certified)

While certifiers and their movement partners sought globally consistent standards, they also recognized that local conditions and cultural differences had to be considered in constructing social and environmental standards. As Elizabeth (Trade Justice Network) stated, "one principle that we have … is about respecting cultural identity." These cultural differences were sometimes important enough that standards were unable to be entirely consistent across different contexts. Other times, the local differences made it so that an issue was highly important in one area and entirely irrelevant in another. Certifiers and their networks of NGOs and activists had to navigate these local cultural differences in constructing standards. This interaction between standard-setting and contextual factors ultimately shaped how they developed the standards, including what criteria were included, excluded, or where the threshold for social responsibility was set.

In some contexts, local variation had considerable impact on the standard-setting process or on the standards themselves. One such area was around wage requirements for social responsibility. While one of the most contentious debates within certifications is around living wage, no single certification guarantees a living wage—although some do require "wage premiums." The most common wage requirement in social certifications, however, is that producers pay at least the legally mandated minimum wage. Some of my respondents saw this as an important first step because such laws are often unenforced and employers frequently pay below a minimum wage. While this standard would appear to be fairly straightforward, unique cultural contexts can shape even this seemingly basic criteria:

> Around minimum wage, certified farms need to pay the minimum wage to all their workers. They need to comply with local policy, but as we are starting now in new countries in Africa, we are facing the scenario for example in Rwanda and Manabí, there are no local government definitions of minimum wage … we had to come up with a procedure which is based on … a local decision from the local stakeholder work[ing] group, which includes labor experts. For example for Rhonda, we're having a discussion with a local ILO, International Labor Organization member, etc., to come out for the consensus which says this is the minimum level for example for a tea plantation worker that we allow on a certified farm. (Neil, Eco Certified)

When a particular practice or concept (e.g. minimum-wage laws) simply did not exist, developing such practices may or may not conflict with other existing practices. In this case, developing a minimum wage law would not conflict with any particular local cultural norms, laws, or institutions. Therefore, Eco Certified was able to bring together relevant stakeholders and construct a standard where none existed. Within this group, ILO members draw upon their cultural capital to assert their definitions regarding wage requirements. Rather than leading to divergent standards, certifiers were able to integrate new practices into a globally consistent framework.

In many other cases, however, it was not possible to bridge local conditions to global frameworks in such a consistent manner. Sometimes the local cultural context varied enough that a more nuanced approach was necessary. Sarah at Ethical Sourcing described how a more uniform approach to standard-setting would have made their standard less effective:

> The way that you consult with your stakeholders in Nepal or India or the US might be different, and one would hope that the local organization can help guide that versus having to follow a sort of new approach to everything … If we have to harmonize the way we do it country to country, we may have to harmonize in a way that limits how well we could work in one country over another because let's say Afghanistan it's going to be really hard to have the kind of system we have in Nepal. (Sarah, Ethical Sourcing)

Sarah had explained that the cultural context that shaped engagement in Nepal differs from that in India. Elizabeth described some examples that relate to hiring and discrimination for certifications more generally:

> I mean to say you don't discriminate by caste in your North American business … [laughter]. Not so much of a caste-based system here in North America. But

> maybe gender, or sexual orientation, whereas you're never going to see a Ugandan say- You know, in India to say, "well do you discriminate based on sexual orientation?" I mean they would look at you like you were completely insane, but if you say do you discriminate by caste, now that's a loaded question. So … you have to draw some common thread between 250 very different things. You're looking [to] weave together different pieces. (Elizabeth, Director, Trade Justice Network)

There were a great many more examples where these local cultural differences affected the standard-setting process. For example, compared to the US, Europe handles immigration status differently in regards to labor rights. How different countries handle relations with indigenous peoples varies dramatically—even between the US and Canada. Randy (Eco Certified) quipped "it would not be appropriate for us to impose in the United States exactly what the Canadians do in terms of their relations with indigenous groups"; more dramatic differences exist, for example, between the US and many developing countries. In South America, it is common for 300 different farms to operate under the same management system, but in Africa, there may be 1,000 to 2,000 different farms under a single system. As Susan (Eco Certified) noted, "in terms of auditing and scoring and evaluating a farm in a group of farms that becomes something that's very relevant for how you design the system, [including] the scoring system and also the certification process." She later summed up the issue in this way:

> We're not just in our offices writing out the criteria for the standards, we actually have to ensure that it's applicable in all the regions where the standard is implemented and then there's also geography and cultural implications and

> considerations that we have to consider. (Susan, Eco Certified)

One way that certifiers address this situation is to develop abstract principles and criteria that function at a higher-level than concrete verifiable criteria. From there, local initiatives can then adjust specific criteria and the bar for social responsibility to meet local cultural contexts. For Eco Certified, in …

> the standards process, what that then set up was okay now it's a general assembly, we approve principles and criteria. Then what we embark upon is a process where there are national initiatives and those national initiatives develop local standards, i.e., the local indicators covering all of the principles and criteria. … you have to be careful when you write the indicators, a specific word can mean a different thing in a different culture. So, what you want to try to do is on the one level, create a commonality at the principles and criteria level and make sure in general that the principles and criteria are being interpreted approximately the same, but acknowledge the fact that there are differences and therefore your indicators can be different depending on - from country to country. (Randy, Eco Certified)

The challenge in developing such abstract principles is that local stakeholders may reach radically different conclusions about what that abstractly defined social responsibility looks like in practice. As Randy noted, "a specific word can mean a different thing in a different culture." A complementary tactic in developing these abstract standards or a "commonality at the principles" level, is to construct local guidelines that describe how that principle would be implemented in a specific local context:

> The local interpretation guidelines are designed on the country level and for a specific crop. For example … indicators of sustainable cocoa production in Cote

> d’Ivoire or Ghana. The work[ing] group—the local work group of national experts—are people that write the interpretation … [and which] needs to have a balance also. (Neil, Eco Certified)

Local guidelines were common among the certifications in this study. Furthermore, these comments emphasize that the standard-setting process is not entirely centralized and forced upon localities, but that there is a degree of both centralization and locally-controlled standard-setting that is embedded within unique local contexts (Ritzer 2006).

Finally, in some cases, there are more powerful institutional forces that make local differences too powerful to fully implement. This includes laws that actually exclude particular rights and freedoms that movements may be trying to promote through certification. For example,

> how do you address a requirement relating to a principle in a context where there are particular challenges to implementation? And one example of a particular challenge is political instability or something of that nature that it is a national concern or it could be regional. Or another example could be if Ethical Sourcing or another organization were looking to implement or use this standard for work in a place like China where freedom of association is not allowed by law. How would you implement this standard? (Pierre, Ethical Sourcing)

In some extreme cases, the global principles for social and environmental responsibility contradict existing laws. In these cases, these criteria are likely to be excluded from the standard because it forces a producer to follow the law (and risk not getting certified) or follow the certification standard—and risk being punished with fines or criminal punishment. Sometimes, certifiers had to give up on expanding to particular countries because they could not be sure that they could implement some of their fundamental criteria in a way that could adapt to local conditions. Sarah at Ethical Sourcing noted "some of us felt like we weren't ready to go there [in Pakistan] because we didn't have a process at the international level in place to ensure everything was happening there in the same way it's happening let's say in Nepal or India." As a result of the local cultural conditions, they either had to alter their standards or in these extreme cases, avoid a country altogether.

## Conclusion

This chapter examined the field of social certification as an arena for shaping more socially responsible business practices. Drawing upon in-depth interviews with representatives of three social certifications, I illustrated how movement actors use certifications to engage with producers and create standards for social and environmental responsibility. By developing markets for socially responsible products and mobilizing consumers toward ethical consumption, movement actors incentivize company participation within standards to regulate their business practices.

By looking at the three cases within social certification, I found that there is significant variability in standards for social responsibility. I highlighted several mechanisms that shape the variation through the inclusion or exclusion of certain criteria, or where the threshold for social responsibility is set. For example, I showed how power mediates the standard-setting process by examining the role of different forms of capital. I showed how actors' theories about social change, and movement objectives for achieving different market scales, lead to lower and higher thresholds for socially responsible behavior. Differentiation and competition between certifications led certifiers to respond strategically to other certification systems, while sectoral production processes made some standards more or less feasible for different products. Finally, while certifiers sought to develop consistent global frameworks for social and environmental standards, they found that standards had to be adapted to local cultural contexts and these could lead to the exclusion or alteration of even basic criteria. In sum, these mechanisms enabled and constrained standard-setting in the different cases in this research.

Now that I have examined standard-setting in cases within SRI (chapter three) and social certification (this chapter), I focus next on standard-setting processes across cases in both fields. In chapter five, I analyze similar sets of conditions and patterns that shape the standard setting process across the fields to identify higher order mechanisms that influence the criteria and thresholds for socially responsible business practices. I pay particular attention to similarities and differences across the cases to shed light on the role of culture, power, and institutions that mediate the development of private standards for regulating global business.

# Chapter 5: The Meta-Field of Private Social Responsibility Standards

The social responsibility movement operates across several fields to promote more socially responsible and environmentally sustainable business practices. While they also use the media, courts, and law to promote their goals, the two arenas where movements develop sets of private social and environmental standards within which to embed business practices are SRI and social certifications. In chapters three and four, I examined SRI and social certifications to understand how standards were constructed in their respective fields, and what opportunities and constraints existed within the engagement and standard-setting processes.

In this chapter, I shift my focus from looking at cases within an individual field to looking at cases across both SRI and social certification. Having conducted within-case analyses through process-tracing and cross-case comparisons limited to each field in chapters three and four, I now focus exclusively on broader cross-case comparisons. In other words, I compare standards across all five cases in this study. I begin by analyzing how advocates within each field are positioned relative to producers. While these comparisons reveal fundamental differences in how movement advocates initiate engagement with businesses across fields, there is a striking number of similarities across these interactional contexts. For example, while relying on external organizations using outsider strategies to incentivize company participation, SRI and social certification advocates adopt common strategies of cooperative multi-stakeholder engagements to translate their moral demands into actual practices.

Having outlined a range of different social criteria and thresholds in my earlier findings, the vast majority of this chapter is then focused on identifying and analyzing the higher-order causal mechanisms that shape how standards for social and environmental responsibility are constructed across the cases. My intention is to highlight mechanisms that may not be visible when focusing on cases within an individual field or to elaborate on mechanisms previously identified in each of the two fields. By looking across a larger set of cases in this manner, I build more robust explanations suitable to broader generalizations. I, therefore, draw upon previous evidence and supplement it with additional data to identify the multiple conditions that lead to particular standards of social and environmental responsibility.

With my focus on these sets of conditions, I build a conceptual bridge from their desired goal of social standards to what is actually produced within a social rating or certification. Specifically, I show how power relations, local cultural contexts, scientific discourses, market scale strategies, organizational infrastructure, and institutional contexts all shape criteria and thresholds for socially responsible practices within the standard-setting process. For each mechanism, I link the position of particular actors to their social objectives and show how their expectations are altered in highly similar ways across multiple situations and ultimately become encoded in their associated sets of standards.

**Processes of Engagement**

Advocates for SRI and social certifications share a similar space within the social responsibility movement. Within both fields, movement agents use private standards to engage producers and shape their business practices in a more socially responsible manner. While these fields differ in how activists initiate engagement with companies, the engagement itself is structured in very similar ways. In this section, I give an overview of these processes of engagement across my cases, including their emphasis on cooperation, multi-stakeholder engagements, and their role as insiders.

When we look across the fields of SRI and social certification, we see some key differences in how engagement processes were initiated. In the field of SRI, socially responsible investors began working within a highly institutionalized environment to disrupt and reconstruct the institutional logic of investing. On the one hand, some actors sought to encourage a new type of investing around moral and ethical issues. While this has worked with some individual investors to a degree, this has not been sufficient in mobilizing conventional investors and engaging corporate management. Rather, socially responsible investors have tended to focus on how social and environmental issues themselves are a financial concern. By reframing social issues not only as a moral concern but as a business concern, advocates have sought to realign financial objectives with social and environmental objectives. This strategy has not attempted to dramatically alter institutional priorities, or how investing is conducted, but rather to institutionalize social and environmental practices as having financial value.

In the field of social certification, movement advocates have undertaken more of an institution-building project than reconfiguring existing institutions. In the absence of any kind of social certification schemes, the certification movement has pioneered its own means of engagement with producers. They may have a model in the technical certifications that embed production processes within certain technical standards and have existed for over a hundred years, but their similarities really stop there. They must be understood, rather, as growing out of political efforts and developed through new channels of engagement across multiple sectors throughout society. As noted in chapter four, these schemes emerged in the early 1990s when early NGOs working to end deforestation

> pulled together scientists and NGOs and timber company executives and the World Bank and international organizations such as that. We locked everybody in a hotel in New York City and said "don't come out until you have a better idea than a boycott." And that's where the first, where this idea of instead of trying to castigate an entire industry, let's figure out what's the responsible thing to do, put it into concrete and measurable verifiable criteria, find the willing and progressive actors that are interested in trying to do it, train people to verify that they're doing it, and then give them a Green seal of approval. (Cory, Eco Certified)

With these early efforts, and similar ones like them, a certification movement emerged and began developing market alternatives that produced products in a more socially responsible manner (Conroy 2007). They began to form their own organizations and networks, which over time, developed new institutions. Working cooperatively with industry, sometimes governments, NGOs, and others, certifiers co-constructed social and environmental standards for social and environmental responsibility.

But at the same time, it is clear that the overarching processes of engagement were structured in very similar ways across all the cases in this study. Most broadly, these two fields marked a significant shift away from a purely contentious approach with clear divisions between activists and their targets. As Cory (Eco Certified) put it, "no activist or environmentalist had ever talked to [corporations] in a reasonable way before; it was always so confrontational." Through SRI and social certifications, agents increasingly worked cooperatively with business. The formerly confrontational and oppositional strategies were transformed into a more nuanced, multi-pronged approach (Conroy 2007).

Second, as part of this cooperative process of engagement, activists must function as at least partial insiders. While they were somewhat contentious to promote change and drew upon their cultural capital to do so, they had to establish their cooperative role as insiders within investing or market-driven certification. For example, in both SRI and social certifications, we observed activists deploy their symbolic capital that signaled their economic interests in socially responsible markets. Cory at Eco Certified did this by working with small local producers and farmers who sought to improve their market position. He wanted to show companies that they "could be trusted" and "weren't going to get information about how they were misusing pesticides deliberately or not and run off to the media" (Cory, Eco Certified). They had to simultaneously establish their position as insider while agitating to promote new types of practices.

Third, engagement is characterized by a diverse multi-stakeholder approach. It brings together actors from civil society, organized labor, large and small producers, the certifier or SRI group, and occasionally governments. When the differing perspectives of these actors are brought together, it can attain greater legitimacy for the standards that are developed. As one of my respondents within a social ratings agency put it,

> It's better than the NGOs coming up with the standard, or the corporations coming up with the standard on their own, because the two sides will walk down a different path and may not produce an agreement, and the companies are less

> likely to adopt the NGO's standard unless they've been involved in the conversation to develop it. (Steve, Corporate Indexing)

This multi-stakeholder approach can secure greater buy-in from these diverse groups. It is contingent especially on participating companies, who must willingly adopt the standards that are created. And while corporations must have an incentive to participate, my respondents have noted an overall trend of greater engagement from companies.

Fourth, while the engagement is characterized by strategic interaction, there were also opportunities to meaningfully influence and be influenced by the process. Within these arenas, actors jockey for position to consciously attain the best possible outcome, but they can also be changed by the process themselves. As mentioned in chapter four, a member of a leading certification group stated:

> You actually have to let participants influence the process. You have to allow the process to change or be changed by the people that are involved otherwise they know that it's just window dressing, it's a bogus consultation, you've already made up your mind—you're just saying "okay now we're going to have a consultation." (Charles, Global Certification Coalition)

Stakeholders, therefore, either felt empowered by the process and able to shape its course, or they exited. For example, when labor groups struggled and failed to shape Justice Certifiers' labor standards, they had felt disempowered and ultimately withdrew their participation.

Finally, it was perceived that engagement ultimately resulted in new standards that translate into identifiable changes in business practices. Advocates attempted to embed company practices within particular social and environmental standards in a number of ways. Through processes of engagement and disciplining corporations to fit to industry norms of best practices, the movement attempted to shape practices to fit the mutually agreed upon set of standards. They worked strategically with high-ranking corporate managers that are in better positions to shape company practices. While not all attempts were successful, my respondents have observed some changes in practices, and companies have benefitted from diminished risk, improved brand image, and access to new markets, which were themselves politically constructed through movement efforts (Bartley 2005, 2007a). These outcomes were made possible when standards lead to concrete changes in business practices. In the following section, I will examine the mechanisms that shape these standards across the cases in my study.

**Mediating Mechanisms in Standard-Setting**

Standard-setting is embedded within the interactional context discussed above, with interactions between standard-setting organizations, companies, and other movement actors shaping the criteria and threshold for social responsibility. These interactions and the different resources that particular actors have to draw on within them, and the strategies that actors adopt, shape the standard-setting process in similar ways across the two social movement fields. By looking at standards across fields and across the standards within those fields, I have examined patterns of observations across multiple sites that show how advocates demands are ultimately shaped into specific standards. In this section, I identify these mechanisms and analyze how they shaped standards for social and environmental responsibility. Specifically, I illustrate how power relations, local and national cultural contexts, scientific discourses, market scale strategies, auditability, and institutional context all shape outcomes for social and environmental responsibility standards.

## Power Relations

Perhaps the single most fundamental mechanism in shaping the development of social and environmental standards is power relations, including the role of outsider strategies in laying the ground work for effective engagement and standard-setting. SRI and social certifications, as fields of power, are organized relationally between actors endowed with varying degrees of capital (Bourdieu 1979, 1990). Advocates within these fields, which could not exist without the voluntary participation of companies themselves, must continuously negotiate fragile relationships that simultaneously incentivize producer involvement while developing meaningful standards that alter company practices.

Within the SRI cases, advocates sought to maintain engagement with companies to obtain company data, communicate best practices, and construct multi-stakeholder dialogues. For example, in chapter three, I described a struggle within the Responsible Investment Coalition (RIC) to effectively engage several large corporations. One respondent described his frustrations over the power arrangements:

> I sat down with one of the founders of the RIC, and … I'm terribly frustrated that the RIC is willing to sign up companies that then violate the principles, but because they sign, they're not willing to say "we're throwing you out." "That wouldn't be very powerful" … I said "all it would take to throw GM out, and

> Ford, would [be to] immediately say: out! We're there. We'll do it." But they couldn't bring themselves to do it. (Jeremy, Climate Change Action)

RIC relies on voluntary participation from corporations, and in order to maintain some level of engagement—their main leverage for change—they were willing to allow companies to violate their principles without any penalty. While there is dissent from others within the group, leadership within RIC has deemed it worthwhile to maintain the engagement rather than ejecting the company from the group. This position of relative powerlessness underscores the fragility of voluntary relationships, in which companies face little or no penalty for failing to live up to their social and environmental commitments. They acquire the symbolic value of their participation but their actual practices may not reflect these ideals.

Advocates of social certifications described similar power arrangements. While a certification can practically exist without involvement from labor or other members of civil society, this market-based approach cannot work without involvement from producers. Certifiers must be willing to engage companies with their existing practices—even if those practices are deemed socially irresponsible and highly one-sided. For example, organized labor particularly struggled to institute high worker representation standards because of existing power dynamics in which worker representation was effectively suppressed. With low levels of social capital and worker organization, and dramatically overpowered in economic capital, labor asserted little power within the standard-setting process relative to corporations. Furthermore, large corporations were able to play one certifier off another to obtain lower standards.

To negotiate this asymmetrical distribution of power, movement actors relied on a combination of outsider and insider strategies. Outsider strategies included a variety of corporate campaigns that usually targeted the largest brands in an industry (and sometimes the entire industry itself) and were meant to tarnish corporate brands (Conroy 2007). They used disruptive tactics including public protests, corporate boycotts, divestment, celebrity endorsements, and creative attempts to draw media attention in order to disrupt and destabilize markets (King 2011). These tactics not only laid the ground work for company engagement and effective standard-setting, but they blurred the distinction between insiders and outsiders more generally.

Throughout my interviews, representatives of SRI and social certifications cases, and their various advocates recounted the role of these contentious, outsider strategies. For example, one environmental advocate described how a major environmental organization (known for its confrontational tactics) hung a banner

> at the bridge in Pittsburgh at the G20 summit a week to ten days ago. Front page. Now did it change anything?  I think you can argue that [this environmental organization] doesn't leave a footprint in the sand, but if they don't get the headline then there's nothing—they're like the first troops on the beachhead. You know, they establish the reality that there's a problem and then others have to come in to do the grunt work. But you know, it wouldn't work if they didn't establish the reality of the issue. (Jeremy, Climate Change Action)

For Jeremy and my other respondents, activists perceived negative corporate campaigns to have relational effects for other movement activity. But more than merely perception, there is some quantitative evidence that show these negative campaigns do have some effect on lowering stock price and company revenues (King 2011; Bartley and Child forthcoming). These campaigns can serve as a significant lever for change; as Jeremy later noted, “They [corporations] can’t break with the past unless they can show there’s a real risk to doing what we’re doing.” The risks of lower stock prices and revenues provide incentives for a company to respond and change their practices.

In the face of these risks, socially responsible investors and social certifications enter the field to offer companies a market-friendly means of mitigating their risk and gaining access to broader markets. For example, one certifier described this relationship:

> What I think is really innovative about this [certification] program is that for the first time companies can potentially reap a competitive advantage from doing the right thing. So for years we’ve had campaigning against companies saying they’re sourcing from sweatshops. They’ve built up this elaborate factory auditing and social compliance network and mechanisms to try to demonstrate that they’re not sourcing in sweatshops or that they’re not willfully sourcing in sweatshops. But it’s been a risk management approach; companies are taking this action to try to avoid being attacked by anti-sweatshop activists. (Sandra, Justice Certifiers)

When companies agree to participate in social certifications, including their systems of auditing and compliance, they are able to minimize risk but can also reap possible competitive advantages. They are able to both improve their brands while expanding their markets, which can be especially beneficial in hyper-competitive economic downturns.

In this way, certifiers and investors seek to increase their power within standard-setting processes in order to develop higher standards that companies will comply with. Movement actors are at a tremendous disadvantage in getting companies to voluntarily agree to high standards for social and environmental responsibility. One of their main leverage points is to increase their capital, which is inherently a relational resource (Bourdieu 1979; Emirbayer and Johnson 2008). While they are able to mobilize investors and consumers, developing markets for socially responsible products, much of their opportunity exists in increasing their cultural capital relative to producers. By tarnishing corporate brands and casting certain industries in negative light, this incentivizes business involvement with socially responsible actors who hold disproportionately higher levels of cultural capital.

One very interesting point of variation within the field is the degree of coordination across insider and outsider tactics. In some cases, there was little or no formal coordination between insiders and outsiders, but they do operate with a conscious understanding of their different approaches and their relational dynamic in promoting social change. Sarah described this relational dimension in terms of the anti-child labor movement:

> If you look at the anti-child labor movement there are a lot of actors and … the bigger movement looks to us as a successful actor within the movement and can use what we've been able to do for advocacy purposes. So, the way in which we can highlight child labor as a problem, the stories we can tell by focusing in on individual carpet weavers … if you have an industry like cocoa right now that has widespread use of exploitative child labor, actually there is something that we can do about it and here's a model to look at. And so I think the sort of more activist side has grown to see, okay that may not be my approach, but it's important that Ethical Sourcing is doing what Ethical Sourcing is doing and working with

> business … Perhaps way back when there was definite - there was sort of on both sides also the NGO community also having issues and I think more having issues with not being able to stop being on attack and going after companies and creating that atmosphere. But it's not an issue anymore. (Sarah, Ethical Sourcing)

Sarah makes it clear that actors within the anti-child labor movement were not always so amenable to the coexistence of insider/outsider strategies, but that activists have come to recognize the value of company engagement. She perceives that while these activists prefer their outsider strategies, they look to Ethical Sourcing as a model for better business practices, and that they can draw on Ethical Sourcing's success stories in their own campaigns. Of course, not all movement actors have been so quick to promote the other's practices. As noted in chapter four, Cory viewed boycotts as "silly" and unproductive. Furthermore, movement activists that adopt only outsider strategies can often see these modes of engagement as means of cooptation and selling out (Trumpy 2008). Nonetheless, an increasing amount of informal coordination has become institutionalized within both fields.

In other cases, there are much higher degrees of formal coordination through insider and outsider tactics. These actions may be coordinated through multiple organizations within a network, or they can take place within a single organization. As discussed in chapter three, a group of shareholder activists coordinated their tactics explicitly:

> We'd have protestors outside the shareholder meeting and then we'd be inside and even on the inside we'd have tactical diversity. We'd have one of our major donors who owns a lot of stock in the company … and he gives the scientific

> rationale … [Another one of our activists] gets up and she says "I'm with the Ethical Traders and we're going to piss on your brand and we're going to drive down the value of your stock"—the barking dog. I'm in a really nice suit way over on the other side of the room, no association with these people. I get up and I say "look, I'm a small shareholder. I don't want my Coke stock to go down like my Nike stock did when these radicals started pissing on the brand. You don't want to get in a pissing match with a skunk, just get rid of him. Give them what they want and get rid of them because they're going to hurt our share price." (Simon, Ethical Trading Imitative)

Within a single organization, there was immense tactical diversity at a single event. They mobilized both protestors using outsider tactics (e.g. protest) and multiple insider tactics (science advocacy and shareholder resolutions) to promote specific practices within their targeted corporation. The tactics were coordinated in such a way that their messages could be perceived across a variety of viewpoints so that, ultimately, investors would identify with one speaker over the others but still point to the same outcome (i.e. the passing of the shareholder resolution).

The significance of SRI and social certifications as fields of power is that to fully understand company engagement and standard-setting processes, it is necessary to see how the various actors are positioned relative to one another in terms of their objective locations (rather than the individual organizations themselves). In voluntary, market-based arrangements, it is vital to see that the relationship between companies and organizations adopting insider strategies, is also structured by the ability of outsider strategies in mobilizing symbolic capital to penalize corporate brands. In the absence of outsider strategies, certifiers and their advocates have less power in a standard-setting process that is already a very fragile relationship and dependent on willing company participation.

In addition to these power relationships enabling and constraining effective engagements, they significantly influence how standards are constructed within these fields. On the one hand, corporations and other large producers can use their power to lower standards or to avoid penalty from transgressing standards. In SRI, socially responsible investors worked cautiously with corporations who could, or did, threaten to exit the engagement. Regardless of how egregious industry norms were, SRI advocates developed standards that at least some existing companies could already meet. In social certifications, large producers used their economic capital to pit one certifier against another and negotiate lower standards. Relative to other lesser organized stakeholders, especially workers, certifiers were not able to significantly raise labor standards because the stakeholders lacked the organizational capacity to implement the standard or the economic capital to shape the market demand for products with such high standards. While many labor groups pulled out of the standard-setting process out of frustration, the certification continued without their support, but it could not have continued without the further participation of business. As a result, when socially responsible investors and certifiers effectively mobilized their constituencies and were able to deploy their cultural capital, they were better able to raise the bar for the social and environmental standards.

## Local Cultural Contexts

Another important mechanism that shaped standard-setting are the local cultural contexts within which global standards are embedded. In the social responsibility movement, actors seek to promote uniform standards that address labor rights through the conventions of the International Labor Organization, universal human rights, and principles of environmental sustainability. Certifiers and their NGO partners draw on common cultural principles through global expansion and the construction of a set of global standards (Ritzer 2006). However, these seemingly universal demands for social responsibility are not as clear or as uniform as some scholars suggest (Boli and Lechner 2005; Boli and Thomas 1999). As documented in previous chapters, the local cultural context also plays an important part in how movement actors construct their standards for social responsibility.

In chapter three, I reported that data availability is an extremely important factor shaping the development of social and environmental standards within SRI. On the one hand, this issue arose because there is a lack of consistent reporting mechanisms across countries—especially regarding social and environmental performance. Until recently, corporations have never considered many social movement concerns (e.g. in areas such as human rights, labor rights, and emergent environmental issues) relevant for their financial accounting and profits, and have therefore not measured or reported on many indicators in these areas. While institutions like the Global Reporting Initiative (GRI) has made some progress in promoting an increasingly standardized reporting mechanism, adoption of the GRI has been very uneven and a lack of uniformity across industries remains an issue.

On the other hand, data availability also varied significantly by country, due to differences across cultural and historical contexts. Based on cultural differences, companies in some countries reported on very different types of social and environmental criteria. In SRI, where social ratings and measurements are largely dependent on the data that is available, this cultural variation shaped what types of demands and criteria could be developed for social responsibility standards. For example, Karl went on to discuss a variety of cultural differences in reporting. He noted that a British organization

> contracted us to do a chunk of research for them, and they gave us a pre-built database … [it] had environmental and social indicators. But it had a lot of weird categories. It had a category that dealt with different benefits, … and I guess a lot of these benefits were benefits [that] would be very common in Europe, like flexible work hours, job sharing, different sort of mentorship programs, stuff like that, that you don't really get in the states very often. So a lot of this stuff, we had no idea how to interpret. They gave us some explanatory documentation, some methodologies, and we'd have to sort of figure out to the best of our ability, what it is they exactly want, and then we'd have this sort of—do like a cultural translation. If we happen to find the other American company that allowed you to spend to basically do somebody else's job to be sort of contracted out to a different job for like 2 months, is that job sharing? (Karl, Corporate Responsibility Researchers)

For Corporate Responsibility Researchers, their ability to assign certain criteria to social responsibility standards was not contingent on the issues that concerned socially responsible investors, but rather the information available on companies and how different investors interpreted the criteria. He concluded by stating:

> So we'd argue a lot about stuff like that, [including] how to interpret somebody else's methodology. But some of the things happened with our own methodology and that we were responsible for making; so it was a lot of semantics. We just argued, and ultimately, I guess the person who was the most tenacious with arguing would win, and we all got tired, and we'd be like "okay, whatever." (Karl, Corporate Responsibility Researchers)

In this example, Karl compared the social ratings on US firms with those in Europe. When his organization sought to evaluate companies across different national contexts, he was struck by the variation in categories (seemingly "weird" categories) for measuring social and environmental performance. Because of these differences, it was not necessarily possible for American investors to make the same claims, or standards, for social and environmental responsibility as their Japanese or European counterparts. In some of these cases, researchers attempted to do a "cultural translation" that would identify commonalities across different contexts, but these could be rather subjective. In other cases, there was simply no data available to operationalize and measure company performance.

As documented in chapter four, social certifications encountered similar problems in the development of their social and environmental standards. While certifiers sought globally consistent certification systems, they consciously accounted for local and national cultural differences in how standards were constructed:

> For example, if you distinguish between [the] United States and Canada, the way

> we interact with indigenous peoples in the United States is very different from the way the Canadians do. So, it would not be appropriate for us to impose in the United States exactly what the Canadians do in terms of their relations with indigenous groups; there's a long and different history there, but by the same token there needs to be—you need to address it … You have to be careful when you write the indicators, a specific word can mean a different thing in a different culture. (Randy, Eco Certified)

My respondents discussed a variety of other examples that showed national differences in reporting and measures for social responsibility. They discussed how Europeans had different indicators like job creation; some African countries did not have a legal minimum wage, which shaped how they developed wage standards; Japan reports "excessively" on environmental indicators, allowing investors to develop more sophisticated measures for environmental sustainability; and some localities did not have distinctions in how they perceive sexual orientation, making workplace discrimination standards different for that context. In each of these cases, the principle for promoting more socially responsible business practices was the same (Ritzer 2006), but how those standards were constructed varied by local and national cultural contexts. They enabled movement actors to develop certain criteria (e.g. job creation in Europe or more sophisticated environmental measures in Japan) while constraining them in others.

## Scientific Discourses

In previous chapters, I have documented specific strategies that advocates use to frame social responsibility in a way that appeals to the market logic of financially-minded investors and businesses. For example, SRI advocates sought to disrupt institutional logics that framed socially responsible practices as having negative effects on profit and reconstruct them as mitigating risk and actually improving long-term financial performance. Similarly, social certifications linked social and environmental indicators to expanded market share and are beginning to link such performance to economic outputs. However, it became clear that movement advocates were better able to make such connections with some criteria than others, based on their ability to quantify these relationships and draw upon scientific discourses.

In general, movement advocates were more successful at quantifying and linking poor environmental performance to poor financial performance. As a result, environmental criteria were less controversial and gained more legitimacy, enabling broader inclusion of diverse environmental criteria within standard systems. Social standards, including criteria for labor rights, gender equality, sexual orientation, and much more, were less linked to scientific discourses, more hotly debated, and therefore faced more resistance when integrating them within social ratings, shareholder resolutions, and certifications. This entire process begins with the quantification of social and environmental practices:

> It's really easy to quantify environmental data, you know. How much do you emit, that's pretty easy. But social data is a lot harder and a lot less researched, a lot less developed. (Jessica, Corporate Responsibility Researchers)

The importance of quantification is central to establishing relationships between social (or environmental) practices and financial outcomes. Given that social performance was much less researched or developed as quantifiable data, it became even more difficult to examine its relationship to profitability.

When the quantitative relationship between social criteria and financial performance could not be clearly made, business frames were less powerful in mobilizing investors and businesses to support social responsibility standards. This challenge was especially clear when SRI advocates sought to make the link for mainstream investors:

> If you're a financial, or just hard-core Wall Street financial person, you want, "Okay, this person, this company, is doing this exact thing in the environment. This indicates that they're three percent worse than this guy and three percent means a ten percent loss in stock price, stock value. Or that their variation is going to go way up and down, or we need to make that connection better where we're saying environmental data, a flux, a differences between the worst ten percent and the worst three percent creates a beta differences of X percent." And we haven't made that connection yet … How do you put that into a data equation? That's a real tough leap. How do you put it into an equation that they have one woman on their board? That doesn't fit into an equation very well. It also doesn't translate very well into financial risk. Environment does [translate better into financial risk]. (Jessica, Corporate Responsibility Researchers)

It might appear extreme to want to quantify social and environmental concerns in this manner, but given the institutions (e.g. investing) and markets in which movement actors are seeking to operate, these are fundamental bridging concepts for social responsibility. They are central to reconstructing institutional logics in a manner that orients social responsibility to financial concerns and fits within the existing priorities of investing institutions. Other respondents confirmed this dimension:

> The problems with [different methodologies for creating standards] are that because it hasn't been standardized [by] an accounting body or something like [that], it is subjective. But anytime you're dealing with these type of non-financial criteria, it's going to be subjective. Part of them are becoming, like climate change, which people would say is an environmental concern is becoming more institutionalized and looking more like a financial concern than just an environmental concern that could have ramifications for a company, right? (Kristen, Association for Socially Responsible Investment)

Given the quantifiability of environmental data, and its easier link to financial performance, advocates were better able to draw upon scientific discourses in developing environmental criteria. Environmental criteria, specifically, were often seen as more scientifically-based and less controversial than social criteria, which were interpreted as seemingly personal ethical judgments. For example, certifiers often described the role of science in developing a standard. When discussing the standards in one coffee certification, a member of a certification scheme reflected on proposals to alter certain environmental criteria. He discussed a proposal for determining the amount of tree cover in this way:

> Should there be twice as much forest as there is in the sun coffee? So we don't know that—to get at that would require, okay we'll relax the criterion, we'll say this—you know, without any kind of scientific basis. What we have now is really bolstered by some good field work, alright. If we were to start changing this it

> would either be just something kind of willy-nilly, or would seem that way. (Richard, Biodiversity Labeling)

In this case, the basis for environmental standards was scientifically-based field work. Anything less than such field work meant that standards would have been developed "willy-nilly," or done in a haphazard, undisciplined, and illegitimate manner. When discussing social standards, however, my respondents did not discuss them in the same terms. Consider another certifier's framing of scientifically-based standard-setting:

> We used scientists to broker the conversation so that it wasn't the same old tired dialectic of the environmentalist shouting at the banana companies and the banana companies stone walling. So we had scientist to talk to scientist and everyone was asked to check their politics and their emotions at the door and then let's just get down to practical matters and see what could be done. (Cory, Eco Certified)

In this quote, scientists were replacing the "environmentalist"—a seemingly compatible (yet different) set of advocates. They were interpreted as compatible because they were both interested in the environmental science of agricultural production; they only differed in that the scientist was neutral (they avoided any "politics" and "emotions"), whereas a traditional environmentalist would have supposedly drawn upon more controversial personal values or political positions.

It is interesting that while several respondents evoked science to discuss environmental issues, not a single one of my respondents framed the social standards in this manner. It would have been unrealistic to think about a scientist replacing the labor advocate when negotiating with a company concerning worker representation or wages. These multi-stakeholder negotiations would certainly have labor experts, but not "labor scientists"—and as such their position would always be interpreted as having clear interests, and checking their "politics and emotions at the door" would not have been considered feasible. From the perspective of those involved with developing standards, social standards were constructed more from a symbolic position that drew (to a higher degree) on moral and ethical principles rather than scientifically-grounded arguments, thus making them more controversial.

This view of social standards as more controversial was summed up well by the producer of a socially responsible buying guide, the Sustainability Guide. My respondent helped evaluate products based on their health, environmental, and social performance. Working with both SRI data and social certifications, he had a particularly good understanding of the field. He described the relationship among ratings and criteria in this way:

> [Regarding the health criteria, it is] fairly non-controversial … [There is] a little more potential for debating our environmental ratings. Social [ratings]: huge opportunity to debate it. So if a company has a progressive policy on treatment of gay and lesbian employees, is that good or bad? Someone in one place can say "good," someone can say "horrible" … The social category has the most opportunity for personal [and] ethical judgments that may vary. (David, Sustainability Guide)

The more scientifically-based set of standards ultimately facilitated environmental standards in a way that had no parallel dimension within social standards. As such, movement advocates were able to draw upon powerful frames and experts in translating these criteria into the standard-setting process. This relatively higher level of legitimacy privileged environmental criteria, and left social criteria comparatively more dependent on power struggles, and other factors, to implement high standards.

## Market Scale Strategies

Another important mechanism that shaped standard-setting processes is the market scale strategies adopted by SRI and social certifications. As noted in chapter four, market scale refers to the size of businesses, or market, that movement advocates target in developing standards for social responsibility. Market scale strategies are shaped by how movement actors believe they can make the most social change. Depending on their theories of change, they can target large corporate actors and affect large percentages of the market or they can target small producers, which can promote more rapid change, and possibly deeper, changes. The size of the businesses and structure of the industry can dramatically shape how social and environmental standards are constructed.

In terms of my data, those actors targeting large, corporate producers included Eco Certified and all of SRI. Certifiers that generally targeted smaller producers included Justice Certifiers and Ethical Sourcing. When comparing these two groups across these market scale strategies, the bar for social and environmental responsibility tended to be set lower for larger, corporate producers than was generally possible with smaller companies. In other words, SRI and Eco Certified generally set lower bars than did Justice Certifiers and Ethical Sourcing to meet standards for social and environmental responsibility.

To a lesser degree, this relationship was made apparent earlier (in chapter four) when I focused on the standards for Justice Certifiers and Eco Certified. Justice Certifiers tended to have a higher bar set for social and environmental responsibility. They targeted smaller producers and worked with larger quantities of smaller batches. For many people within Justice Certifiers, and their advocates, this was necessary to promote the type of change that they desired. For example, Alexander (United Workers for Justice) had noted that "most labor groups actually look at the Eco Certified's program as too low a bar to legitimize a social claim in the marketplace."

On the other hand, many others within the movement argued that working with such small producers drastically limited the amount of change that it could bring about. Instead, they emphasized the need to target large, corporate producers. As Susan described earlier, Eco Certified seeks to

> get a lot of these big players onboard to really raise the profile of sustainability and sustainably produced goods in the market. And one of the challenges in doing that is when we're working with some of these really large companies that have such potential to enact a positive change and influence consumers. (Susan, Eco Certified)

By targeting large producers, Eco Certified and their advocates perceived that they were able to reach a larger number of producers and, while the standards may be lower, the reach of their impact would be higher, thus able to promote greater overall change. As Charles (Global Certification Coalition) put it, "it can be a big game changer." He cited Eco Certified's success at certifying Unilever, which is one of the world's largest tea producers. But to be able to get the large volumes needed for this market scale, huge volumes of products needed to be brought within the certification system. And for these large volumes, certifiers have had to accept a lower bar for standards, including the use of a certification label on products that only include thirty percent certified content.

Like Eco Certified, SRI works with large corporations. In fact, by their very definition, SRI works *only* with large, publicly traded corporations. Working with this universe of companies, SRI seeks to differentiate among firms and promote the best firms within particular industries. They do not consider the smaller, more socially responsible companies that are not publicly traded. For example, one respondent noted that advocates working with socially responsible consumers (such as some social certifications)

> can say to people, "look Wal-Mart's done this and this wrong, here are local companies, small firms that you can shop at." As an investor, I can't shop there because they're not public. (Kristen, Association of Socially Responsible Investment)

Within SRI, an investor cannot invest (or "shop") at small firms because they are not traded on the stock market. Accordingly, SRI does not consider their practices as part of the feasible set of socially and environmentally responsible activities.

As noted above, Unilever is a very large global corporation that sells Eco Certified teas. Within SRI, they are also rated highly on many social ratings and were carried on socially responsible mutual funds. However, in comparison to some of the smaller producers certified by agencies working at a smaller market scale, some of my respondents did not consider them to be socially responsible:

> Unilever's a great example. They're on most of the, or they are carried by a lot of socially responsible funds. They put a lot of money into—I think it's clean water programs—and they've got a lot of programs that work with communities in

> Africa and you have to look at their report because I don't know the specifics. But I know they do donate a lot of money and they get a lot of praise for that, but they're the largest company in the world when it comes to teas [and] tea distribution. And if you know anything about the tea industry, you know that the tea farmers are suffering and they get a lot of it from India; these farmers make a pittance. And Unilever is perfectly fine with that because that means that their teas are cheap. Well how about, if you're really a responsible company, you would say "we want to pay you more for you tea, so that you can actually send your children to school." I think that that is a perfect example of a company that is considered to be socially responsible but does not have sustainable practices in place. (Natalie, Responsible Economy)

Like labor advocates quoted in chapter four, Natalie does not accept the claim that many of these large corporations are socially responsible. While they achieve the relatively lower standards in certifications and ratings that target larger market scales, their practices do not hold up to the standards that some smaller (but more niche) producers are able to meet. Natalie went on to describe the challenges that these larger companies face:

> I don't think that a company has to be small in order to be sustainable, but it definitely … the difficulty of achieving sustainability across the board is exponentially more difficult the larger a company gets. (Natalie, Responsible Economy)

Not only must larger companies be able to source larger volumes from their supply chains, they must also be able to implement their practices throughout much larger organizations. This requires a dramatic wholesale change in the ways that corporations are run, which can increase costs (at least in the short term). If these costs cannot translate into identifiable market advantages, then companies are much more likely to adopt piecemeal changes that are less extensive to keep prices low (including low wages to its workers and fewer safeguards for the environment) and remain competitive. Thus, these voluntary, market-based schemes are less capable of incentivizing the organization-wide changes that can be more quickly implemented in smaller businesses producing for niche markets.

## Organizational Infrastructure

One of the fundamental goals of the social responsibility movement is to promote transparency and accountability within business operations. At the center of this goal are systems of independent monitoring, auditing, and verification. Therefore, one of the standards for social and environmental responsibility that exists is for independent monitoring and auditing of company practices. A major motivator for these systems is the fact that corporations have often used deception and made dubious claims about their own socially responsible practices (Laufer 2003). In response to "greenwashing" and deceptive practices, movements have sought to build these systems of monitoring and verification into their standards. These external third-party assessments about a producer's practices (and their claims about those practices) promote greater legitimacy and incentivize compliance by increasing transparency in a producer's practices.

The degree that advocates could incorporate auditing and monitoring into their standards depended on the organizational infrastructure within a particular context. These contexts are shaped by both national and institutional structures, and are a source of contention for some actors seeking to promote further change.

Karl described an SRI conference that brought together various stakeholders within the field. Some SRI advocates and institutional investors expressed concern about whether or not company practices matched up with their claims. As noted in chapter three, socially responsible investors' social ratings of companies is largely dependent on information provided by the companies themselves. This included data reported to the SEC, published in their CSR and sustainability reports, or provided to other reporting agencies and public statements. Given this form of voluntary reporting, in which companies have a high incentive to paint themselves in a positive light (especially when social movements have exposed negative corporate practices), advocates and investors wanted more transparency in their reporting and accountability in their practices. They proposed on-the-ground monitoring systems that would be able to independently monitor, audit, and verify company practices regarding their social and environmental practices. As an organization that provides social ratings data and socially responsible mutual funds, Corporate Responsibility Researchers had this reaction:

> The general response was what do you want us to do about it? We don't have enough money or infrastructure to do anything about it. I mean, yeah it would be nice if we had a monitoring infrastructure you know, on the ground wherever that is around the world. But you know it's simply not gonna happen. Who is gonna do it? Where is the money gonna come from? Imagine the massive bureaucracy you'd have to create just to—[it is] simply a question of how do you do it? And nobody has an answer to that. (Karl, Corporate Responsibility Researchers)

At Corporate Responsibility Researchers, they perceived this proposal to be highly unrealistic because it would require large resources and organizational capacity that simply did not exist in the field of SRI. Based on how SRI evaluates companies—which is to rely on unaudited self-reported data and to evaluate large numbers of companies across all industries—advocates lacked the capacity for requiring and implementing any type of monitoring or verification system.

Yet, there are already systems in place where such infrastructure and monitoring practices exist. These systems are at the heart of all third-party social certification systems. Certifiers including Eco Certified, Justice Certifiers, and Ethical Sourcing all have on-the-ground monitoring and auditing systems to evaluate producer practices and compliance with their criteria. It is inherently tied to the standards themselves, and such monitoring practices are not independent of the standard-setting process either. Indeed, they are intricately connected whereby standards are constructed only to the degree that they are verifiable and auditable.

Part of what enabled such a system, however, was certifiers' focuses on specific industries and sectors. While SRI adopted a blanket approach, whereby they evaluated all industries (like conventional investing) from the beginning, certifiers have constructed standard setting and verification systems one industry at a time. This has enabled them to develop the specific organizational, technical, and professional expertise necessary to monitor and implement their standards. This institution-building project (Bartley 2007a) facilitated the gradual development of these systems of global monitoring and auditing.

While the fields largely differed in how they monitored and verified company practices on the ground, there was some national variation in the auditing of corporate claims for social responsibility:

> Speaking of verification, this is a benchmark that we also did look at; whether companies actually subject themselves to third-party auditing, to external verification, and very few companies actually do in the states. Very, very few. Very few companies subject their annual reports or their CSR reports to third party auditing. A lot of Japanese companies do. In fact it's a big section in many Japanese public reports; there's a whole section on how that report was factually verified by an external third party auditor. If we saw that, then we would—that was a benchmark that we had—then we would record that, but mostly we didn't have, but Corporate Responsibility Researchers, we certainly didn't have a third-party auditor, and most American companies don't subject their own documentation, I don't think, to that. (Karl, Corporate Responsibility Researchers)

In this case, while third-party auditing was nearly nonexistent with US companies, it was very common in the Japanese context. This national variation enabled some higher level of independent auditing to provide external validation and legitimacy for their claims of socially responsible practices. With this information, it enabled socially responsible investors to evaluate different companies regarding their social responsibility reports and made possible these definitions of social responsibility within SRI. However, some critics have questioned the actual efficacy of auditing in general, suggesting that auditors focus more on technical aspects of auditing requirements than the production of credible proof (Power 1997).

In sum, for independent auditing and the evaluation of data on social and environmental performance, organizational and institutional practices converge in unique ways to enable and constrain specific demands of, and criteria for, socially responsible practices. For many movement activists, they expect that socially responsible companies have transparent business practices that are verified by independent third parties. This has always been a fundamental dimension to social certifications, which are built on a network of organizations that monitor, audit, and enforce social and environmental standards. In SRI, many markets lack the capacity for this due to insufficient organizational infrastructure and resources in countries where it is not normative to have reporting verified, and reporting on social and environmental performance is voluntary and uneven. However, in national contexts where external auditing has been normative, there is organizational infrastructure for these criteria to be integrated into social standards. Such reporting does not go as far as social certifications (in terms of on the ground monitoring), but it nonetheless signals a more complex approach to auditing and verification than has been implemented in the US context or emphasized in exiting studies on SRI.

<u>Institutional Context</u>

When we look across fields, there are further institutional factors that shape standard-setting processes for social and environmental responsibility. Within each field, there exists institutions or institutions have been developed that orient actors toward specific goals and outcomes. They prioritize actions, influence how actors evaluate competing meanings and decisions, and shape how they collectively select among the alternatives for social and environmental standards. When comparing SRI and social certifications, these institutional contexts ultimately lead organizational actors down divergent paths as they engage with companies and construct their social and environmental standards.

Compared to social certifications, advocates in SRI have a much more constraining set of institutional priorities in which they must navigate. For example, consider Responsible Economy, an organization that promotes socially responsible consumption. Responsible Economy works with many businesses (especially small businesses) selling socially certified products to help them develop their businesses. However, they also partner with SRI organizations, and I spoke with Natalie who had knowledge of both certifications and SRI:

> I feel like outside of investing—there's a little bit—I feel like groups that work on sustainability or responsibility issues are a little bit … less forgiving. Just because a company donates money to a charity or donates to an educational project does not make it responsible. I think we're a lot more focused on hard issues that pertain to companies' actual workings. So I think that that's the main difference. That's not to say that socially responsible funds don't look at any of that stuff, but sometimes it's not enough to keep a company off of a responsible fund … I think that we have the pleasure of taking it, the most objective stance possible, and maybe that is what makes the difference. (Natalie, Responsible Economy)

For Natalie, SRI has lower standards and is more “forgiving” for poor social performance. She noted that her organization can be more “objective” than advocates working in SRI. When I asked her what she meant by this “objectivity,” she stated

> I think maybe objectivity in this case would be tantamount to being as critical as we feel like we need to be for a company to make good on its commitment to its workers, to the community, to the environment. (Natalie, Responsible Economy)

While Natalie over-simplified the types of criteria that socially responsible investors use to evaluate companies, she held a common view within the social responsibility movement that is critical of the types of practices that allow a company to meet investors’ standards for social and environmental responsibility. She felt that, within her field, she was able to be more critical and develop more rigorous standards than socially responsible investors.

The objective therefore, is to understand, what mechanism enables and constrains this ability to be more “objective.” Of course, power relations, market scale strategies, and other mechanisms identified above play a role in shaping this perceived objectivity. However, layered on top of these factors is an institutional context that shapes the standard-setting process in other important ways. As a representative of the Association for Socially Responsible Investment (and a partner with Responsible Economy) stated:

> I think part of what Responsible Economy is pushing … is a full-scale change in the way that corporations behave and the way that consumers behave and their consumption patterns. So because they’re dealing with consumers, they’ve got a lot of leverage that we as an SRI industry don’t have … They can put their money into all sorts of different areas, and by their money, I mean encourage consumers

> to put their money, whereas investing is much more narrow and limited, and on top of trying to make social and environmental [and] governance changes, investors have a duty to make money for those people whose money they're managing … So I think that, by the different nature of the investment world versus the consumer marketplace world, there are real differences … and organizations like [consumer-oriented organizations] that use similar tactics have much more flexibility than you do in the investment world, because there's so many things that investors have to comply with that just restrict their ability. (Kristen, Association of Socially Responsible Investment)

Kristen stated that SRI is "much more narrow and limited" because of their "duty to make money for those people whose money they're managing." As noted in chapter three, this duty refers to the notion of fiduciary responsibility, or the laws that require fund managers and money managers of all funds (including SRI funds) to prioritize the financial interests of the investor. Henry (Corporate Responsibility Researchers) stated that "If you don't comply with your fiduciary responsibilities, then you'd get thrown in jail … The law is a big player when it comes to investment." Unlike social certifiers and other advocates of socially responsible consumption, SRI must consider these laws that regulate the institution and guide its priorities.

The institution of investing, however, is more than just formal laws and regulations. As David (Responsible Investment Initiative) described it, "there are all kinds of cultural barriers that I think are very important but they are also incentive structures." To promote SRI, advocates must interact with conventional investment professionals, accountants, and money managers—and these actors have all been trained in business schools and through professional licensing examinations to focus exclusively on financial criteria when evaluating companies and making investments. They follow principles of investment, including portfolio diversification, that promote favorable evaluation across industries with poor social and environmental performance. In addition, incentive systems are structured within the institution to make as much profits (especially short-term profits) as possible, regardless of the social or environmental costs (although it is normally expected that they must stay within the law). These institutional actors play a central role for SRI advocates, with whom they must continuously interact and navigate in pursuing their own objectives.

One of the ways that the institution shapes these interactions is in struggles over passing shareholder resolutions. Jeremy described attempts by investors to pass shareholder resolutions at Exxon, but how the company has largely been able to deflect these challenges by drawing upon their institutional resources:

> The challenge that those guys [SRI advocates] have is that industry knows how to respond to that. There's a routinized system. You put a question before the shareholders [and] you got a very tough set of rules that you gotta' go by, and they know how to deflect it. So, the best you're gonna' get is that you get three or six or whatever percentage vote of the shareholders … and you're not gonna' get them um to vote for something that sends some sort of signal. So in a sense if you actually get six percent—okay say you sent a signal, but that's happened a couple of times with Exxon and it hasn't moved a needle at Exxon. (Jeremy, Climate Change Action)

The “very tough set of rules” includes SEC regulations that allow management to omit or restrict certain types of shareholder proposals (A. O’Rourke 2003). While the institution is not without its own contradictions (Schneiberg and Lounsbury 2003) that can be leveraged by movement actors (see chapter three), it has more “routinized systems” (i.e. institutional constraints) in place where actors heavily endowed with capital within the field can use it to respond to, and thwart, efforts at change. Such actors can draw on their social capital to mobilize shareholders against a proposal and their cultural capital (e.g. as successful businessmen) to reframe social performance as irrelevant for the company’s financial gains. Accordingly, the overall structure and culture of the institution continuously orients actors toward the financial criteria, and mediates the alternative framing of SRI investors and their advocates. In the example above, it constrains SRI advocates’ ability to identify and promote particular socially responsible practices when drafting shareholder resolutions. While they may desire higher standards, the institutional structure, alters their desired standards and reduces them to lower, institutionally-compatible expectations for corporate practices.

The institutional constraints have additional effects on the social ratings within SRI. Specifically, they shape where standards for social responsibility can be set in order to meet the demands and priorities of the institution. For example, consider Jennifer’s attempt to make a rigorously benchmarked fund and how it shaped her perceptions of social ratings:

> When I first started at Corporate Responsibility Researchers, I was like I am going to make the perfect fund … I’m gonna be the bad guy and see if there’s any really good companies out there. I had like five companies in my universe! I think

human rights is important, I think environment is important, animal testing—and I had zero tolerance on all those things. And you know, I had like five companies [laughs]. So clearly you can't be as restrictive as you would like to be in an ideal world; it's impossible to do that. (Jennifer, Corporate Responsibility Researchers)

The importance of this cannot be underestimated because it is in these moments that shape how actors construct what is actually considered a social problem, how they differentiate between the real and the ideal world, and what social changes are considered possible and impossible. As Jennifer sought to use SRI to produce a really socially responsible fund—the "perfect fund," she came to the conclusion that there was not enough companies that lived up to her values. At that point, Jennifer could have gone in one of two directions. First, she might have concluded that there simply are not many truly responsible corporations out there. She could have criticized the social ratings systems as being too weak and not recognized companies that pass with such low scores. Jennifer might have decided to focus on shareholder resolutions, or given up on SRI and promoted more socially responsible practices through other means, maybe joining the social certification movement.

Indeed, some of my respondents that worked outside of SRI saw these types of social ratings as too "watered down." For example, Natalie (Responsible Economy) said "In investing, CSR is a little bit different what I'm looking for, and so a lot of times, I feel like, it's a lot more watered down than what we're looking for." Jessica's experiment could have led her in that direction. But instead, she took a second path. She lowered her expectations and considered that kind of evaluation impossible and idealistic. This is one of the fundamental functions of institutions, which is to "render alternatives unthinkable, irrational, or inefficient" (Schneiberg and Lounsbury 2007). In this case, Jennifer's sense of reality was adapted to fit the needs and priorities of the institution, of financially-motivated investors. From her perspective within the institution, and its need to produce diverse and profitable portfolios that meet their fiduciary responsibility, such rigorous standards seemed unthinkable. It serves as an example of how an institution can mold how actors perceive competing cultural frameworks, assigning some alternative meanings as irrational, and thus constituting a sense of reality.

But as Kristen discussed above, consumer organizations like social certifications have "much more flexibility" than investors do. They operate independently of the institutional restrictions of SRI. Without the laws of fiduciary responsibility, SEC regulations, principles of portfolio diversification, and educational/training systems that shape the standard-setting process in a largely conservative manner (i.e. they reproduce the status quo rather than more significant change), standard-setting processes in social certifications function with fewer institutional constraints. As Natalie put it, they can be more "objective" and "critical."

Of course, this is *not* to say that social certifications are a neutral field or that certain priorities and practices have not been institutionalized. As I showed above, both SRI and social certifications are subject to market logics and asymmetrical power relations that often heavily favor producers (especially when large corporate producers are involved) and support for existing practices. The data does, however, emphasize the very different institutional trajectories that characterize the two fields. Within SRI, advocates have entered a field that has long been institutionalized and has fairly well developed rules. Social certifications on the other hand, have only recently emerged as an institution (Bartley 2007a). As an institution, it is comparatively less dependent on (or almost entirely independent of) governmental regulation, and is not embedded within the same systems of education and training. To the degree that it has been institutionalized (e.g. through organizations like the Global Certification Coalition), standard-setting is facilitated by best practices within the field, such as multi-stakeholder involvement, emphasis on transparency and openness, and cross-certification learning. Such institutionalization is more enabling than constraining within standard-setting and engagement processes.

**Conclusion**

This chapter examined patterns in processes of engagement and mechanisms within standard-setting that shape the construction of private standards within the social responsibility movement. By building upon chapters three and four that individually examined cases within SRI and social certifications respectively, I looked across all five cases in my study to understand both the interactional context and higher-order mechanisms that shape the standard-setting process. After identifying some patterns in how the relational and interactional field is structured, I focused on the conditions that alter standard-setting in unique and identifiable patterns across the cases. First, I discussed how power relations structure standard-setting processes, demonstrating the fragile relationships that movement actors navigate to maintain engagement with voluntarily participating companies, and how they leverage outsider campaigns to increase their symbolic capital in negotiating standards. Second, I show that while movements promote universal cultural principles, the actual standard-setting process is shaped by different cultural contexts. Third, I illustrated how movement actors' ability to draw on scientific discourses can serve as an additional resource in promoting strong environmental standards, but not social (e.g. labor) standards, which tend to be low compared to other criteria. Fourth, market scale strategies dramatically shape how high (or low) of a bar gets set for social and environmental standards, with standards aimed at corporate producers being set much lower. Fifth, the organizational infrastructure within social certifications and some national SRI contexts enabled standards for auditability and monitoring in some cases, while constraining it in others. Finally, institutional contexts, including formal laws and regulations, and informal norms and practices, shaped how actors perceived and developed thresholds for socially responsible practices.

# Chapter 6:  Conclusion

In the last several decades, there has been an explosion in the discourse around social responsibility and what constitutes a socially responsible business. This has been driven by social movement organizations seeking to regulate global corporations, and has proliferated in the new strategies used to develop standards for socially responsible practices. In promoting this agenda, virtually every organized labor group and every environmental or human rights NGO that works with business today has made some type of demand for business to adopt such practices. And in response, at least every major US corporation today makes some kind of claim—even if it is more rhetoric than reality—that they are a socially responsible member of society. These claims of social responsibility vary so wildly that it can be hard to differentiate between them or make sense of what it all means.

For instance, consider Nike, the iconic apparel manufacturer that was discussed at the beginning of chapter one. After years of struggle with Nike in the late 1980s and 1990s, the company eventually relented to movement pressure. By the early 2000s, Nike finally began engaging with stakeholders to develop social responsibility standards and adopt such practices. As a result of Nike's new commitments, they were able to meet and pass the minimum standards established by the Fair Labor Association (FLA) (MacDonald 2011). While they had been ejected from the Domini Social Index and other social ratings in the late 1990s, Nike's new practices allowed it to later pass their social ratings. As of this writing, Nike passed the vast majority of SRI ratings (including the social ratings discussed in this study) and is a part of many socially responsible investors' portfolios. According to these standards, Nike has emerged as a socially responsible company and a corporate leader within the apparel industry.

At the same time, the anti-sweatshop movement continues to be highly critical of Nike's business practices. Many in the movement see the Fair Labor Association (FLA), which is not a social certification but rather a mechanism for evaluating "the presence of systems and procedures required for successfully upholding fair labor standards," as having too weak of standards. For example, United Students Against Sweatshops has started a group called FLA Watch to monitor the organization and argues "the organization has demonstrated itself over the years to be nothing more than a public relations mouthpiece for the apparel industry" (FLA Watch n.d.). As recently as 2008, human trafficking was found in Nike factories and activists have documented continued worker abuses with Nike workers (Associated Press 2008). No Nike products are likely to be certified by Justice Certifiers, which recently developed a social certification for garments and apparel. From these perspectives, Nike is clearly not a socially responsible corporation.

The dilemma of how Nike could meet certain standards for socially responsible practices, but yet fail other standards with such heavy criticism, is a central theme in understanding the field of social responsibility. To determine whether Nike truly meets standards for a socially responsible business or if they produce socially responsible products, we must look at the standards themselves, and how they were constructed. This research has shed much light on the processes through which these standards are built and, in the process, it addresses several major issues for understanding the field of social responsibility and its potential as a site for regulating business in our era of global capitalism.

First, this study helps us understand what it means for companies (such as Nike) to be identified as a socially responsible company (or not), and to differentiate between claims, within the fields of SRI and social certification. For example, for Nike to pass Corporate Indexing's social rating, they were first evaluated based on five broad issue areas: labor/workplace, human rights, community relations, the environment, and governance. Each issue area consisted of multiple indicators, using data about company programs and practices, and collected mostly from company self-reports rather than audits of independently verified practices. The available data was then aggregated on a scale and Nike earned a total score for each area. Nike was then plotted with all the other companies in their sector (manufacturing and apparel) and the scale was normalized. It was very intriguing to find that for any given industry, the threshold was arbitrarily set so that approximately the bottom thirty-five percent of the companies in their industry would not pass the rating. For Corporate Indexing to proclaim Nike a socially responsible company, which passed their rating, means that they were among the top sixty-five percent of the largest corporations (which excludes smaller producers). While Nike was *not* involved in Justice Certifiers' certification system, if they were, their products would have needed to meet more strict standards and undergone independent monitoring to verify their practices were actually compliant. Furthermore, the standards would have been approved by an even broader set of stakeholders, even if some dissenting voices (i.e. labor) had viewed them as too weak.

Second, this study can shed light on the role of cultural ideas in challenging or reproducing capitalism. When beginning this research, I largely viewed the social responsibility movement from a Gramscian point of view. Cultural ideas—like the social ratings that deemed Nike socially responsible—were used to create a new moral vision for corporations that legitimate and uphold their dominant position within society. These standards, which guarantee most corporations are considered socially responsible *ipso facto*, do not change the structure of capitalism (Brown and Gertz 2008) and actually serve the ideological function of reproducing its relations of domination (Gramsci 1971; Manokha 2006). I began to see that my respondents viewed capitalism as both inevitable and simultaneously a socially responsible system; it was "common sense" among those involved within the social responsibility movement (Gramsci 1971). However, it became clear that, for at least some of my respondents, their perceptions of capitalism and their strategies in using the market to promote counter-hegemonic ideas was more nuanced than this.

Third, by identifying the mechanisms that shape standard-setting processes, this research has built knowledge about the opportunities and constraints in promoting socially responsible business practices through SRI and social certifications. For example, my findings presented earlier revealed many constraining mechanisms that movement actors face in developing more strict standards for social and environmental responsibility. However, these sites were not entirely dominated by corporations and imbued with hegemonic ideas, but allowed for certain opportunities in which movements could leverage the market to promote alternative arrangements that benefitted workers, local communities, and the environment.

I link my findings to these broader themes throughout the remainder of this chapter. In the next section, I return to my original research questions to summarize my findings and show how my findings can inform these issues. I then discuss the main contributions of this study for understanding the field of social responsibility and theorizing social movements. Because the findings also have important implications for globalization, I situate these findings in discussions about global culture, power, and global governance.

## Constructing Private Social Responsibility Standards

This dissertation has raised several important questions. First, how are standards for social responsibility constructed? Second, what field-level conditions shape the standard-setting process? Third, how are standards embedded within processes of engagement? Fourth, what do these practices and the construction of these standards tell us about the organization of power between corporations and the movements seeking to regulate them? In this section, I will summarize my findings to address the first three questions. In the following sections, I will extend these findings and discuss the final question, while addressing larger theoretical and substantive issues related to the social responsibility movement and the regulation of global capitalism.

### Standards and Engagement

While investigating how movement advocates developed social responsibility standards, I found it was important to understand the interactional context in which the standards were embedded. Positions within each field are linked relationally and the strategies advocates used to mobilize investors or consumers and engage companies reveals how they are positioned and respond to one another (Emirbayer and Johnson 2008). Engagements with companies were particularly fundamental because it was through these strategic engagements that social movement actors sought to get the buy-in from participating businesses and translate standards into actual practices. In this section, I briefly summarize how standards are embedded within these processes of engagement. While they are deeply connected to the standard-setting process and mechanisms that shape its outcomes discussed in the next section, I present it separately here for analytical purposes and clarity.

In SRI, movement actors worked to engage companies with standards through shareholder resolutions, social ratings, and multi-stakeholder dialogues. In each case, they attempted to link social and environmental factors to financial performance to reconstruct institutional logics (Thornton and Ocasio 2008). In shareholder resolutions, this meant that socially responsible investors identified specific social and environmental practices that they request or recommend that a company adopts to mitigate their risk. Shareholder resolutions are generally used when other attempts to engage a company has failed. They become a public means that can draw negative attention to a company, and use institutional channels to force some level of dialogue (A. O'Rourke 2003). For many socially responsible investors, the value in shareholder resolutions is less about the specific request in the resolution than about developing a dialogue with the company itself. Thus, standards embedded within shareholder resolutions are entry points for engaging companies on a broader array of socially responsible practices that they identify and develop through social interaction.

Through social screening, the standards also became a lever for engagement. For example, Corporate Indexing used their social rating to publicize when a company moved from pass to fail on a social rating. They found that some previously unengaged companies would then be willing to enter into dialogue with them. Adam and Shavit (2008: 899) argued that “when all firms are publicly ranked according to SRI index parameters, such indices can indeed create a market incentive for increased investment by firms in improving their performance in the area of social responsibility.” While they based this relationship on a mathematical model, other empirical studies have showed how these engagements can be a pathway for communicating social and environmental standards to companies and an attempt to “discipline” corporations into adhering to industry norms (Chatterji and Toffel 2010; Slager 2010).

In the social certifications discussed in this research (and in multi-stakeholder dialogues within SRI), engagement occurs throughout the standard-setting process. In these cases, participating businesses are central actors in developing standards, and the standards could not exist without their participation. The engagement is meant to get producers invested in the process and facilitate the development of “feasible” or “realistic” standards that socially responsible companies are able to meet. While the standards must be set in a way that they do not make it impossible to meet the standards, the certification network actively seeks to develop strict standards that will achieve the best outcome in regards to their issues of interest. They draw upon scientific experts and a wide range of stakeholders to engage companies throughout the development of initial standards, public consultations, and field-testing in preparation for a final set of standards. Once standards are adopted, certified companies must agree to audits that facilitate continued engagement over time.

Furthermore, as discussed in chapter five, these engagements share several similarities in relationship to standard-setting. For example, while they depend on confrontational outsider strategies to motivate company engagement (discussed below), they are cooperative processes in which advocates work constructively with companies. They are at least partial insiders whose interests align, to some degree, when setting and promoting social and environmental standards. They also draw upon, and interact through, a diverse set of stakeholders that shape the standards and company practices. Given this context, movement advocates maximize the level of engagement with companies and the legitimacy of social standards that they develop (Bernstein 2011; Conroy 2007).

It is also important to note that throughout the engagement, participants have the opportunity to shape each other and the process itself; influence is multi-directional. So while movement advocates strive to develop rigorous standards with a high bar, businesses have incentives to change as little as possible and influence the process in ways that benefit themselves. For example, corporations may attempt to coopt movements to serve their own agenda (Jaffee 2010). Like we have seen in cases throughout SRI and social certifications, they are likely to promote weaker standards (Jaffee and Howard 2010). Each weakening of the standard, whether it is done to attract larger corporate producers or to achieve some more seemingly feasible set of criteria, makes that standard closer to the status quo. At the same time, it makes these corporations appear to be socially responsible and moral actors, thus legitimating their dominant position (Gramsci 1971).

By examining how my respondents interpreted this interactional context and adopted strategies within it, I explored not only how movement actors shaped business practices through engagement, but how they themselves were influenced by businesses promoting their own agenda. In many cases (e.g. Corporate Responsibility Researchers, Corporate Indexing, Eco Certified), my respondents significantly altered their beliefs about business and their standards after engaging with companies. They greatly admired companies that engaged with them and viewed them as exemplary of a form of capitalism that was genuinely more socially responsible. They echoed the need for "realistic" and "feasible" standards used by their business partners and promoted standards that other respondents viewed as too diluted. Consider Jessica who, like some other respondents, was highly critical of corporations when entering the field of SRI but, after determining that her "perfect" socially responsible fund was impossible to construct, she ultimately abandoned her critical edge. She lowered her expectations to fit existing corporate practices and the needs of the institution; she viewed the existing system as a natural, even common sensical way of organizing the world. In short, the field of social responsibility provides capitalism with moral leadership and helps promote capitalism as a hegemonic form (Manokha 2006).

Some other respondents held more firmly to their expectations of business, but interpreted these engagements as a long-term strategy for change. For example, two of my respondents that were fully ingrained within SRI self-identified as socialists and were highly critical of SRI and the institution of investing. They acknowledged all sorts of limitations with SRI, but emphasized the opportunities it provided to engage corporations in new ways and make incremental changes at a time when they believed that other political opportunities for broader social change did not exist. Many of my respondents who worked in the field of social certification, especially those who worked with Justice Certifiers and others that did not work with corporations, promoted alternative forms of business such as cooperatives and worker-owned small businesses. They were changed less by the engagement process, but interpreted it as an imperfect but necessary strategy in promoting long-term change. They can be interpreted as struggling against cooptation in a counter-hegemonic war of position for broader structural change (Gramsci 1971; Jaffee and Howard 2010).

These engagements emphasize the importance of the interactional context for developing social responsibility standards. They are essential to understanding how actors perceived power, their taken-for-granted assumptions about social institutions and change, and how they believed that they could affect the most social change given the structure of political and cultural opportunities. The standards themselves are embedded within these interactions between relationally situated actors. The ultimate outcome is a politically-mediated set of standards that is further shaped by the mechanisms discussed in the next section (Bartley 2007a).

## Constructing and Shaping Standards

The interactional context, within which movement actors engage business with social standards, is only one dimension of the standard-setting process. I will now summarize my findings on how standards for social responsibility are constructed more broadly and what field-level mechanisms shaped the process, which are linked to broader theoretical and substantive issues within the social responsibility movement.

In SRI, advocates develop piecemeal standards through shareholder resolutions and broad sets of standards through social ratings. In shareholder resolutions specifically, socially responsible investors identify specific practices that they request or recommend that management take. Under SEC guidelines, anyone who owns $2,000 US (or 1%) of a company’s stock for at least one year qualifies to file a shareholder resolution (A. O’Rourke 2003), and my respondents discussed social ratings agencies, mutual fund producers, NGOs, and institutional investors that initiated shareholder resolutions. The issues proposed in the resolutions cover the entire range of concerns expressed within the social responsibility movement, from human rights to labor and environment (Monks et al 2004; Proffitt and Spcier 2006). Each proposal, however, identifies very specific practices (e.g. publishing a sustainability report, disclosing campaign contributions, limiting executive compensation) within these broad issue areas. They frame the social or environmental practice in financial terms to reconstruct the institutional logic and appeal to mainstream investors. Their sponsors seek to get as many co-signers as possible for the proposal and thus consider potential co-signers and their audience when identifying practices within the proposal.

The SRI cases I examined also developed standards for social ratings used in socially responsible mutual funds. These social ratings agencies identified issue areas and criteria from their network of partners, clients, and the broader field. Some ratings (and mutual funds) were unique to particular ideologies (e.g. religiously based funds), but I focused on indices that covered a broad array of issues. As emerging issues became more important (e.g. climate change) or less important (e.g. ending apartheid in South Africa), the issue areas and criteria within social ratings changed with these trends. As competitors developed new criteria, social ratings agencies were likely to develop similar benchmarks to keep pace, and strive to stay at the cutting edge of emergent issues. They identified these new issues by working with NGOs and through interactions with other agencies, clients, and industry-level associations and research institutions.

Once they have an issue area of concern, the subsequent phases of the standard-setting process are very similar to sociological research. The social ratings agency operationalizes each issue by identifying specific criteria to measure the issue and combine multiple criteria into scales or indices. Next they collect data on every company for those particular criteria. However, developing standards for these issue areas was dependent on their ability to operationalize and systematically collect this data (Chatterji and Levine 2006). This ability to collect data and measure specific aspects of socially responsible practices functioned as the socio-technical infrastructure for social ratings systems and mediated what types of criteria could or could not be integrated within their standards. If sufficient data was not available across the universe of companies, that particular issue or criteria was excluded from the ratings. Data availability also varied, to some degree, across national contexts and was shaped by public issues in these unique cultural contexts.

The most interesting part of the standard-setting process within social ratings agencies was how they developed thresholds for socially responsible practices. At Corporate Indexing, they took each of five scales across issue areas and normalized company data on those scales. With the normal distribution, they then established a threshold that excluded a certain percentage of companies that was one or two standard deviations *below* the mean. This ensured that a total of thirty-five percent of firms failed the social ratings *ipso facto*. This strategy was meant to promote “best-in-class” investing whereby they excluded the poorly performing companies and invested in the top two-thirds of firms. However, it also meant that if poor social performance (e.g. poor labor practices) was the norm in an industry (e.g. apparel), then those companies could still be considered socially responsible. Furthermore, other ratings (e.g. Corporate Responsibility Researchers) sought to exclude as little as five to ten percent of companies, thereby defining more companies as being socially responsible.

Beyond the socio-technical infrastructure of data and measurability, there were several other field-level mechanisms that shaped social responsibility standards within SRI. While movement actors sought broader criteria and more rigorous thresholds, these mechanisms altered their expectations in similar ways across cases and ultimately shaped how those demands were encoded within the standards themselves. First, power relations shaped the standard-setting process in several ways. While I discuss this issue in detail in the following sections, an effect of power was that social ratings agencies low in economic resources and dependent on corporations for data required that they take the data at face-value and engage companies on friendly terms to acquire additional information. Another instance of power illustrated how SRI activists self-censored their demands in multi-stakeholder dialogues and led them to look the other way when companies violated the principles to which they committed.

Second, financial concerns and investment principles constrained demands for higher social responsibility standards. For example, social ratings that appealed to more market-oriented investors tended to have lower standards, and principles of portfolio diversification prevented strict standards that might exclude entire sectors or investing in countries where companies help prop up regimes that systematically violated human rights. Third, socially responsible investors had to continuously work with investment professionals trained in conventional business programs and operating with traditional financial incentives, thereby excluding criteria that could not be linked convincingly to financial outcomes. By trying to transform the institution of investing, SRI advocates had to struggle endlessly to link social responsibility to the accepted methods of financial analysis central to conventional investing, which was often difficult for a field that cannot easily quantify and monetize social criteria. Finally, formal investing laws and regulations added an additional institutional layer that constrained social responsibility standards. For example, management was able to exclude many SRI-related shareholder resolutions because they did not meet SEC regulations. Social ratings agencies avoided rigorous standards that might prevent them from meeting their legally mandated fiduciary responsibility. All these mechanisms mediated how socially responsible investors constructed standards in shareholder resolutions and social ratings.

I also examined standard-setting within three social certification cases. Based on their membership in the Global Certification Coalition and the GCC’s principles for best practices, the social certifications each adopted similar processes in developing their standards. Preliminary standards were developed through multi-stakeholder dialogues that included members from NGOs, large and/or small businesses, the certifier, academia, and sometimes government. Certifiers took care to enlist representatives from different parts of the world where their production took place and from people with expertise across the relevant issue areas. Through these processes, they identified specific criteria that could be audited and established thresholds for socially responsible practices. A preliminary set of global standards was then developed and made available for public consultation for a specified period of time. The thousands of comments that were generated were then reviewed for support or criticism of the criteria and analyzed by stakeholder group (e.g. NGO, industry, government, etc). If the certifier did not receive what they considered to be sufficient stakeholder balance or support, then they would work through multiple rounds of public consultations to attract broader participation and consensus in developing the standards (although not all stakeholders were evaluated equally, as demonstrated by high business involvement and often low labor participation). The standard would then go into a pilot phase where it would be tested in a limited number of locations before being fully implemented.

Throughout this process, my respondents discussed the need to develop feasible standards, but several mechanisms shaped what they considered to be realistic standards and how that translated into the final standards to be implemented. First, power relations shaped this process in several ways. For example, certifiers relied on voluntary company participation, which meant that they could not push companies too hard on standards or they risked company exit. Instead, certifiers and NGOs had to rely on their cultural capital and external pressure, while mobilizing consumers and other businesses (Conroy 2007) to develop the markets for their socially responsible products. I will address the role of power relations more fully in the following sections. A second and related mechanism that shaped standard-setting was the market scale strategies adopted by the certification network. Certifiers differed in how they believed they could make the most change, with some certifiers believing they needed high standards even if that meant working with fewer producers and niche markets. Other certifiers argued that working with big corporations who controlled large percentages of their markets, and which could increase the visibility of certified products, would lead to the most change. Certifiers adopting this latter approach worked with corporations that needed high volumes which were more difficult to meet in the long process of certifying farms and other producers. Change in these corporations also required massive resources which may not give them the return on their investment, thus creating a disincentive for wide-scale change, and resulted in more piecemeal efforts. Furthermore, they have much greater economic capital and were able to pit one certifier against the other, giving them more power to negotiate lower standards, relative to certifiers with smaller market strategies. So even though these actors preferred higher thresholds, larger market scale strategies clearly led to lower thresholds in the standards.

Several other field-level mechanisms further shaped standards within social certifications. For example, certifiers operated with a conscious understanding of competing certifiers within the field. On the one hand, given the highly competitive market they were operating in, they sought to differentiate their standards by establishing unique criteria for their brand. On the other hand, as new issues emerged like in SRI, they also worked to keep up with the competition. This led to some isomorphism across standards to include common types of criteria (e.g. workplace and labor standards, environment, human rights, etc). Given that different commodities also have very unique production processes within global supply chains (Gereffi et al 2005; Gereffi 2012), there were technical dimensions that shaped what criteria and thresholds were applicable in a given context. In the case of Ethical Sourcing, they found that handmade carpets are produced in such a way that forced them to exclude certain ILO conventions, such as the regular provision of work. Finally, while certifiers promoted universal principles, cultural differences shaped how a global standard could be developed for local contexts. For example, criteria for racial discrimination varied with how race was conceptualized in different cultures, reflecting how some criteria may have to be defined differently or excluded altogether.

In addition to the power relations, market scale strategies, and cultural contexts, there were several other mechanisms that operated across both SRI and social certification fields and were important forces shaping private standard-setting processes more generally. For example, movement actors' ability to draw on scientific discourses enabled an additional cultural resource in developing standards. This particularly enabled stronger environmental standards while constraining social standards, which were harder to link to scientific legitimacy or financial performance. The organizational infrastructure of monitoring and evaluation in different fields and countries also shaped auditing standards. Most importantly, institutional contexts shaped standard-setting. While institutional practices associated with the Global Certification Coalition strengthened multi-stakeholder dialogue and enabled broader participation within social certifications, SRI was largely constrained by existing institutional contexts. For example, formal laws of fiduciary responsibility, SEC regulations, and the training and incentives of mainstream investment professionals, all constrained socially responsible investors in how they developed and framed social responsibility standards, consistently pushing the bar for social responsibility lower and making it closer to the status quo.

These processes of engagement and mechanisms expose a variety of opportunities and constraints in the fields of SRI and social certification. On the one hand, they have functioned as additional pathways for promoting more socially responsible business practices. Movement actors can leverage these opportunities when their cultural capital relative to corporations or industries is relatively high, when they can translate social or environmental criteria to financial performance, or when they can draw upon scientific discourses to legitimate their criteria. They can increase their organizational capacity by developing coalitions with other groups (including participants in local contexts) and developing infrastructure for monitoring and enforcement.

On the other hand, there are many constraints that force investors and certifiers to exclude particular criteria or to accept a lower thresholds for social responsibility. These include the lack of social and environmental data, a dependency on voluntary company participation, certain institutional laws and practices, powerful corporate involvement in standard-setting, and differences across local cultures and production processes. Movement actors that understand these power dynamics and cultural rules of their particular field, and can maximize the opportunities available to them, will be more effective advocates for social responsibility.

## Theorizing the Social Responsibility Movement

The research findings summarized above have many important theoretical and substantive implications for the study of social movements in general and the social responsibility movement in particular. I discuss these issues below by first focusing on how this study can help us make better sense of the explosion of social responsibility discourse that has emerged in recent decades. Next, I discuss how implication of my findings for our conception of social movements and theorizing insider and outsider strategies. In the following sections, I will go on to discuss the role of the social responsibility movement within globalization, including the spread of global culture and its effects on structures of global governance and power.

## Making Sense of Social Responsibility

One of the most important contributions of this study is to better understand the complex world of social responsibility. By studying the actual *practices* of developing these standards, I have positioned the study of social responsibility in its material and symbolic contexts to examine the many forces shaping the process of standard-setting. This research has offered a theoretical framework for understanding these broad discourses by analyzing what social responsibility means, how it is encoded within particular standards in the fields of SRI and social certifications, and how these standards are used to influence company practices. By examining these processes, this research reveals how meanings get assigned to these claims of social responsibility and how these relate to movement attempts to regulate business.

The evidence presented here emphasizes both the need and method to differentiate between competing claims, showing that claims can vary significantly across standards inside or outside of the same field, even for the same company, industry, or commodity (Raynolds et al 2007). While they share similar language, and all seek to make business practices more socially responsible, claims made in one field or set of standards are not the same as those made in another. But because they vary dramatically across particular indicators and measurement, it can actually make Millsian comparisons of similarities and difference (and subsequent explanations) impossible (McDermott et al 2008, 2009). Instead, each case must be examined in its own unique context of development (process-tracing) and then compared to one another on a relative basis (George and Bennet 2005; Bartley 2007a, 20011). Depending on *how* a particular set of standards is constructed, it will be more likely to include or exclude certain criteria, or to have higher or lower thresholds of social responsibility. The emphasis therefore is on process and the use of analytic generalization to identify causal mechanisms (Yin 1994; Firestone 1993).

These standards analyzed here, which were all third-party standards, are believed to have the greatest degree of legitimacy (Conroy 2007; Berstein and Cashore 2004; Bernstein 2011). It is expected that these types of systems would lead to the highest standards possible, although this study cautions against making such broad generalizations. If I would have examined other standards, such as industry-led certifications, we could have developed an even fuller picture of the social responsibility field. While this is one limitation of this study, it is likely that we would have observed many of the same mechanisms, but without broader stakeholder involvement, they may lead to even lower standards. Such a study might also reveal additional mechanisms unique to industry-led initiatives.

Nonetheless, this study does offer a framework for analyzing and making sense of these other social responsibility initiatives and fields. One might consider that another lively area in which definitions of social responsibility has proliferated is the business literature. For example, in a highly cited article, Carroll (1999) traced the "evolution" of corporate social responsibility (CSR) as a construct since the 1950s. Many other studies have examined how businesses themselves have measured (Korhonen 2003) and defined CSR (Silberhorn and Warren 2007), or differentiated between social responsibility as an ethical position or business strategy (Wan-Jan 2006). These studies have all made claims about what social responsibility is supposed to mean and what responsibilities business has to society.

The business literature is often heavy on normative prescriptions for social responsibility. In contrast, they are weak on understanding how these definitions themselves are constructed and how they translate into specific practices and standards. This study suggests that this business literature itself should be conceptualized as a field where not only businesses struggle to shape meanings of social responsibility (as a countermovement) but that academics are also active agents in the social responsibility field. Like SRI advocates and certifiers, they are embedded within particular networks, have taken-for-granted assumptions based on their location within certain institutions, and have specific interests in shaping the discourse around social responsibility.

To understand what social responsibility means requires an examination of individual fields within which such meanings are constructed. I have examined two fields which have become increasingly important sites for framing social responsibility and demanding more socially responsible practices from businesses. On the one hand, the cases in this study suggest that meanings of social responsibility can vary wildly. Some socially responsible investors focus on narrow religious concerns while some social certifications emphasize individual issues (e.g. child labor). On the other hand, most broad social ratings and social certifications tended to emphasize similar issues related to human rights, labor rights and the workplace, and the environment. They struggled in a competitive field to stay on the cutting edge of social issues and typically covered similar concerns.

A casual observer might expect, therefore, that the standards themselves look very similar. But this was not necessarily the case. By examining how these broad discourses about social responsibility are translated into concrete standards for business practices, I showed how seemingly similar claims actually had very different meanings. A company like Nike, which is carried on many socially responsible funds, could not come close to passing Justice Certifiers' new standards for garments and apparel. Some coffees certified by Eco Certified could also not meet the coffee standards with Justice Certifiers. Some companies certified by Ethical Sourcing would not even be found on a social ratings index because they're not large publicly traded corporations.

In short, the context in which these claims are made is incredibly important for shaping what social responsibility means. How social responsibility is defined in business journals will be different than how SRI ratings evaluate corporations or whether a company meets a social certification. While they share some important similarities, conceptions of social responsibility will differ in legislation or in court cases (Dale 2011; Shamir 2004). These fields will all function in different ways compared to how social responsibility is framed in the media. Each field has a game-like structure with its own objects of value, cultural rules, forms of social control, and objectives, which converge to provide unique structures of opportunity and constraint (Crossley 2002a). As shown above with SRI and social certifications, certain social conditions including the power relations, institutional context, or organizational and socio-technical infrastructures shape how social responsibility is defined. How movement actors interact and engage with companies, and their strategies of creating the best possible outcomes, will ultimately shape how meanings of social responsibility become encoded within sets of standards. Only by understanding what a particular rating, certification, or other claim for social responsibility represents, and how it was constructed, can we evaluate competing statements about the social responsibility of particular actors. Furthermore, it is by analyzing these processes that we can better understand the nature of power between corporations and social movements seeking to regulate them, and discern the opportunities and limitations for shaping global corporations with private social responsibility standards. These issues will be taken up in the next several sections.

## Theorizing Social Movements, Insiders, and Outsiders

In terms of social movement theory, the most important implication of this research concerns how we define social movements, the distinctions between insider and outsider strategies, and distinctions between institutional members and challengers. Traditionally, social movement theorists have defined movements as existing *outside* of institutional channels with clear distinctions between movement actors and their targets, and an emphasis on shaping the state (Armstrong and Bernstein 2008). However, scholars have increasingly noted that much contemporary movement activity, including the social movement fields discussed here, take place *within* institutional channels and seek to transform not only the state, but corporations, culture, and other non-state targets (Benford et al 2000; Polletta 2006; Staggenborg and Taylor 2005; Snow 2004; Crossley

2002a, 2002b). This research lends further support for this broader view of social movements.

Within this broader movement paradigm, the distinction between insiders and outsiders is increasingly blurry and the relationships between them are complex. On the one hand, in this study, movement actors that challenged market institutions and sought to transform them in new ways were often members of those same institutions. Shareholder activists held shares in a corporation and were therefore partial owners of it. Certifiers offered business services to small producers, and in some cases, integrated economic criteria into their standards. On the other hand, they sometimes also adopted contentious tactics or had close ties to organizations that adopted highly contentious outsider strategies.

The relationships that these insider organizations had to outsider organizations can also help us better understand the interplay of movement organizations and the structure of political opportunity (Meyer and Staggenborg 1996). A good illustration of these relationships is discussed in an edited book, *Good Cop/Bad Cop* (Lyon 2010), where contributors from academia and major environmental NGOs discussed their strategies toward business through different roles of being a "good cop" or a "bad cop." By being a good cop, NGOs serve as partners with corporations and engage them to construct new alternatives, such as the ones we find in SRI and social certifications. By being a bad cop, NGOs function as corporate critics that use confrontational outsider tactics. While many observers tend to view these movement actors as "either confronters or cooperators," the NGOs increasingly prefer to have flexibility in selecting their roles depending on a particular context or situation (Lyon 2010).

Lyon and his contributors go further to discuss the *relational* dynamic between the good cop and bad cop. Kert Davies, research director at Greenpeace, noted that its "reputation for radical actions positions it particularly well to play the bad cop that can drive a target organization to partner with groups that seem more middle-of-the-road in orientation" (Davies 2010: 199-200). Lyon (2010: 169) argued that "sometimes a coordinated effort between different NGOs taking on good cop and bad cop roles can have an ever greater impact" than a single strategy in isolation. This is similar to the notion of a radical flank effect, in which radical movement can create (or close off) opportunities for more centrist activities (Meyer and Staggenborg 1996). In the interplay between insiders and outsiders in this study, they worked by deploying social capital in *restructuring* the cultural capital of the field to create political opportunity. By mobilizing their network of NGOs to serve as bad cops and attack corporate brands, they devalued corporate cultural capital and thereby enlarged the relative volume of cultural capital for the good cop, thus creating company incentives to engage with them. This is one of the primary tools for NGOs to leverage their capital into a more powerful position in developing stronger standards for social and environmental responsibility.

However, Lyon and his collaborators often assume clear and consistent boundaries between NGOs and their targets and across their strategic actions. Evidence presented in this study suggests this view can be problematic. NGOs like Green Economy and Ethical Traders, and social ratings agencies, purchased shares of corporations to be able to file shareholder resolutions and develop socially responsible mutual funds. At the request of participating companies, Eco Certified and others began to incorporate economic productivity criteria into their social and environmental standards. In these and other cases, movement actors did not only partner with corporations but became a part of them and their structure of accumulation, blurring the boundaries between outsider and insider, and aligned their market interests.

Furthermore, an additional strategy for NGOs is to also play good cop and bad cop *simultaneously*. For example, in chapter three, I discussed an example at Ethical Traders, where Simon and his colleagues deployed confrontational tactics both inside and outside a shareholder meeting *at the same time* that Simon manipulated cultural symbols within the meeting to serve as a financially-motivated investor that supported their shareholder resolution. They functioned simultaneously as insider and outsider, strategically blurring the boundaries between the tactics, which was unknown to their targets. These examples highlight the increasing fluidity of boundaries between these roles and troubles the traditional mutually exclusive distinctions between them (Tarrow and della Porta 2005).

One function of being both insider and outsider can be access to additional cultural resources to innovate and challenge existing frames within a field. On the one hand, as insiders, actors have a "feel for the game" and know the language, practices, and rituals of the field to be taken seriously by their audience (e.g. investors, business, regulators, etc). On the other hand, as outsiders, they have "alternative institutional logics from which to draw" (Markowitz et al 2012: 2). Rather than taking dominant institutional orders for granted, this access to competing messages enables actors to better see institutional contradictions and ambiguities that are opportunities for change (Rao and Giorgi 2006; Thornton and Ocasio 2008). Blending these qualities as insider and outsider can be effective means for field innovation, such as the reframing of social and environmental costs as financial concerns (De Clercq and Voronov 2009; Markowitz et al 2012).

This emergent set of relationships raises an entire new series of questions relevant for movement research. For example, when does an organization adopt particular good cop (insider) or bad cop (outsider) roles? How do they coordinate these roles across advocacy networks within a field? When do actors strategically adopt both roles simultaneously? When do these coordinated efforts create political opportunities and shape outcomes? These are all interesting questions for future research and will contribute to theorizing contemporary social movements.

## Globalization and Culture

These social responsibility fields also have interesting implications for shaping and theorizing globalization, including cultural globalization. The social responsibility movement and its associated NGOs are major drivers of global cultural principles of rationalization and norms such as human rights (Ritzer 2004, 2006; Boli and Thomas 1999). But, as I show below, the processes by which they promote globalization are different from the type of globalization promoted by TNCs. These struggles over shaping globalization, and the unique ways that they interact with local cultural contexts, merit a closer look in the context of contemporary debates within globalization theory.

Theorists of global culture agree that globalization produces both cultural homogeneity at the same time global-local interactions produce new and diverse cultural forms. However, they disagree over which force tends to dominate in the production of cultural outcomes. According to Roland Robertson (1992, 1995), the intermixing of these forms lead to many more diverse forms as local actors interpret and reconfigure global meanings in new ways. Emphasizing the local forces in shaping cultural processes, he refers to increasingly cultural heterogeneity as “glocalization.”

In his book *The Grobalization of Nothing 2*, Ritzer (2006) constructs a theory of grobalization that counters the glocalization hypothesis. Grobalization refers to “the imperialistic ambitions of nations, corporations, organizations, and the like and their desire, indeed need, to impose themselves on various geographic areas” (Ritzer 2006: 15). From this perspective, the world is becoming more homogenous because the power behind these “imperialistic ambitions” far outweigh the capacity of localized individuals and groups to construct themselves and their own worlds. It emphasizes the uni-directional flows from the grobal to the local/particular forces. The global media and commodities are particularly important in these flows because of their relatively coercive power over the individual. However, such grobalizing forces are not total; local/glocal forces continue to exert influence and interact with the grobal.

In global capitalism, TNCs are largely a grobalizing force in that they seek to impose themselves on localities throughout the world (Ritzer 2006, 2010). In pursuit of greater accumulation, corporations adopt similar labor and environmental practices that maximize their profits. They also promote similar consumption practices by developing McDonaldized systems of efficiency, calculability, predictability, and control (Ritzer 2004). While the content of these systems may vary from place to place (e.g. McDonald’s serve McSpaghetti in the Philippines), thus promoting some glocalization (Caldwell 2004; Simon 2009), the overarching principles and rationalized forms of accumulation are overwhelmingly grobalized. Like actors within the social responsibility movement discussed in this study, local groups can, and do, resist such forces and seek to reshape how global processes interact at the local level. While individuals can impart some local interpretations to these grobalizing practices, they lack the time, resources, and power that corporations do in shaping the end outcomes (Ritzer 2006, 2010).

The implications of the social responsibility movement for the grobal/glocal debate are interesting, and they do not fit neatly along the global/local continuum. On the one hand, transnational NGOs and the transnational networks involved in SRI and social certifications, are the conduits of global cultural principles, including global norms for social responsibility (Boli and Thomas 1999; Boli and Lechner 2005). They draw upon conceptions of universal human rights, which are a largely individualized, Western approach to rights. They promote universal principles and standards to "help regulate and calibrate social life by rendering the modern world equivalent across cultures, time, and geography" (Timmermans and Epstein 2010: 70). Like TNCs and other organization, in this sense, they are a grobalizing force that aims to reproduce itself on further areas of the world.

On the other hand, many of these broad principles are meant to both allow for local interpretation and empower local groups to shape business practices in response to powerful globalizing corporations. Global standards were shaped by local contexts in both fields. In SRI, standards for social responsibility were shaped by local norms in company reporting and societal expectations. For example, concerns about job creation and job benefits in Europe led to different standards for companies operating there as compared to the US. Social certifications produced global standards, but permitted national variation to account for local differences. They also altered some criteria (e.g. for racial diversity or against discrimination by sexual orientation) to reflect how local cultures interpreted different social categories and how they related to business practices. Within standard-setting processes, these global-local interactions resulted in unique glocal standards for social responsibility.

However, these interactions go further than processes of glocalization, which merely emphasize local cultural interpretation in the production of new cultural forms. Instead, the standards themselves draw upon global principles to *empower* local groups to exercise greater control over the economic practices within their communities. For example, social standards drew upon global ILO conventions for workers' rights to self-organize and for indigenous communities to help decide about the fate of local forests (Bartley 2011). The standards promoted global cultural principles, implemented through transnational advocacy networks (Keck and Sikkink 1999) to strengthen local communities in shaping how global processes shaped their own lives. As such, local and national struggles were nested within broader global grievances and mobilizing efforts (Smith and Johnston 2002), even if global-local cleavages do exist within the movement (Boström and Hallström 2010). The cultural processes, therefore, are not simply unintended interactions, but can also be conscious coordination of local and global needs and interests. This suggests that the global social responsibility movement may be better conceptualized as a multidimensional process of grobalization and glocalization, rather than on a continuum between the two.

Global Governance and the Impact of Private Regulation

A final implication of this study is for global governance and the potential impacts of rule-setting that takes place outside of the state and legally mandated regulation. Global governance has become an increasingly important topic within globalization and especially in relation to transnational corporations. In our era of globalization, transnational corporations have dispersed their networks of production all across the world through global commodity chains (Gereffi et al 2005; Gereffi 2012). These TNCs grown dramatically in size, number, and power since the 1970s (Sklair 2007/2010). At the same time, nation states have either undergone deregulation or failed to pass regulations on TNCs (Stigler 1971; Strange 1996; Hale and Held 2011; Robinson 2004; Harvey 2007).

While the social responsibility movement continues to promote corporate regulation through state policy, they have used SRI, social certifications, and other means to influence corporate activity directly. Through these fields, movements have sought to embed corporate practices in standards or rules that exist outside the state. This form of rule-making has been referred to as "governance without governments" (Rosenau and Czempiel 1992) or "governance beyond the state" (Hale and Held 2011). As Conroy describes social certifications, "when a wide range of stakeholders comes together with corporate representatives to develop standards for social and environmental behavior by corporations, both the outside stakeholders and the corporations are participating in collaborative rule setting, which is collaborative governance" (Conroy 2007: 39; Zadek 2006).

This trend in global governance of corporations and the economy should be seen as part of a broader trend of private governance structures that have proliferated in recent decades (Klooster 2005, 2010). Hale and Held (2011) view states as insufficient rule-makers for activity that is simply much bigger than their geographic area. They argue that "in an interdependent world, no individual state, no matter how competent, can address transnational issues" which vary from technocratic problems like basic Internet architecture to political issues like those discussed in this research (Hale and Held 2011: 3). Private governance has been seen by some as a way to address many transnational problems and business practices are only one manifestation of this larger process. Others view private governance more critically as part of a more market-driven model that simply reproduces the power of corporations and forestalls the passing of more aggressive legal regulations.

While private governance structures have proven effective at many problems, have they effectively shaped business practices in a more socially responsible manner? While evaluating the implementation of standards is beyond the scope of this study, other research has begun to look at the actual impacts of social and environmental standards. The results, thus far, are mixed. In SRI, one study found CSR rankings as having no significant impact on corporate practices (Scalet and Kelly 2010) while others have shown them to be effective at shaping political and economic activity (Paul and Aquila 1988) by "disciplining" corporations to a norm of prescribed practices (Déjean et al 2004; Chatterji and Taffel 2010). A qualitative study has shown that social ratings are successful at getting corporations to measure and manage their social practices (Slager 2010). Shareholder resolutions on social and environmental issues have historically received incredibly low favorable votes, but much of the gains from resolutions increasingly comes from engagement with the associated dialogue than the content of the resolution itself (A. O'Rourke 2003). So there is evidence that limited gains have been made, but they do not challenge the notion of fiduciary responsibility or the overall structure of corporate capitalism (Markowitz et al 2012).

The results on social certifications are similarly mixed. Studies of Fair Trade have found that it has provided community development and other limited gains for small coffee farmers (Valkia and Nygren 2010) but very little impacts for tea plantations (Moore 2010). Forestry certifications have had some effects, but this has varied by region (McDermott et al 2008). For example, Bartley (2010b) has found some disturbing results in certified areas like Indonesia (Bartley 2010b). Amongst other results, he identified the certification of labor standards in Social Accountability-certified factories in Indonesia where companies violated labor standards (Bartley 2010b). In one case, a factory lost their certificate, but in another case where a factory fired union organizers and violated freedom of association requirements, they did not lose their certificate. The problems with auditing for standards are widespread and can cast doubt on the integrity of a certification system. Like SRI, we can still only conclude that social certifications have had limited gains on business practices.

In conclusion, private governance structures like SRI and social certifications are imperfect mechanisms for regulating transnational corporations. But while the standard-setting process is fraught with power struggles and heavy constraints, and their impacts have been limited, some gains can be seen. At a minimum, corporations have ceded ethical ground to the social responsibility movement and have come to accept progressive norms even if the standards have not been fully implemented (Rowe 2005). Furthermore, as my cases illustrate, they have facilitated NGO engagement with corporations in a way that never existed before, giving them access to individuals and groups from which they were previously cut off. Even if the systems have their flaws, this is an improvement over self-regulatory systems and industry-led certifications. They have also facilitated transnational advocacy network (Keck and Sikkink 1999) whereby actors in one country can help to empower local actors in their own struggles. Companies have also begun to open themselves to monitoring and auditing, enabling them and their critics to identify problems in factors and on farms, and sometimes these opportunities have led to changes. It has also mobilized and educated more investors and consumers about these issues, which can build broader markets for socially responsible goods. As the movement continues to grow and reaches more investors and consumers, it is likely to help further pressure corporations and increase their incentive to participate in these types of programs in a meaningful way. Yet while there is reason to be hopeful, continued practice and further research is needed to know if the standards will ultimately deliver on their promise to significantly improve outcomes for workers, their communities, and the environment. Finally, these gains can be fleeting and private regulations should never be viewed as a replacement to law and regulation (Bartley 2011).

# Appendices

**Appendix 1.** List of Respondents

| Int | Title | Organization(s) | Interview Date |
|---|---|---|---|
| 1 | Research Analyst | Corporate Responsibility Researchers | 9/27/2006 |
| 2 | Operations Manager | Corporate Responsibility Researchers | 11/26/2006 |
| 3 | Research Analyst | Corporate Responsibility Researchers | 11/1/2006 |
| 4 | Research Analyst | Corporate Responsibility Researchers | 10/16/2006 |
| 5 | Team Lead | Corporate Responsibility Researchers | 11/19/2006 |
| 6 | Director | Corporate Responsibility Researchers | 11/17/2006 |
| 7 | Research Analyst | Corporate Responsibility Researchers | 12/11/2006 |
| 8 | Working Group Coordinator | Association of Socially Responsible Investment | 11/7/2006 |
| 9 | Research Analyst | Responsible Economy | 10/31/2006 |
| 10 | Advocacy Manager | Corporate Indexing | 11/28/2006 |
| 11 | Research Manager | Corporate Indexing | 11/28/2006 |
| 12 | Director<br>Director (Former) | Climate Change Action<br>Environmental Advocates | 10/6/2009 |
| 13 | Director | SRI Research Institute | 3/18/2010 |
| 14 | Research Scientist | Biodiversity Labeling | 3/24/2010 |
| 15 | Director | Trade Justice Network | 4/5/2010 |
| 16 | Director | Sustainability Guide | 6/21/2010 |
| 17 | President<br>President (Former) | Building a Better America<br>Responsible Investment Management | 7/22/2010 |
| 18 | Research Analyst | Responsible Economy | 7/26/2010 |
| 19 | Screening Director<br>Development Office (Former) | Responsible Economy<br>Ethical Sourcing | 7/26/2010 |
| 20 | Director of Sustainable Agriculture | Eco Certified | 7/27/2010 |
| 21 | Senior Program Advisor | National Religious Aid | 7/30/2010 |
| 22 | Vice President | Eco Certified | 8/25/2010 |
| 23 | Research Director<br>Research Analyst (Former) | Green Business Network<br>Corporate Indexing | 8/31/2010 |
| 24 | Vice Chair, Board of Directors<br>Director | Eco Certified<br>Ethical Consumers | 9/3/2010 |
| 25 | Executive Director | Ethical Sourcing | 9/7/2010 |
| 26 | Deputy Director | World Workers Association | 9/9/2010 |
| 27 | Executive Director | Ministry Alliance on Ethical Business | 9/16/2010 |
| 28 | Standards Manager | Ethical Sourcing | 9/28/2010 |
| 29 | Vice Pres, Sustainabile Investing<br>Board Member | Sustainable Investing<br>Responsible Investment Coalition | 10/8/2010 |
| 30 | Corporate Programs Manager | Responsible Investment Coalition | 10/14/2010 |

| | | | |
|---|---|---|---|
| 31 | Impacts Manager | Global Certification Coalition | 10/15/2010 |
| 32 | Senior Vice President<br>Executive Director (Former)<br>Advisory Board Chair (Former) | Social Asset Investors<br>Ministry Alliance on Ethical Business<br>Corporate Indexing | 12/8/2010 |
| 33 | Economic Justice Coordinator | Ethical Traders | 12/17/2010 |
| 34 | Chair, Board of Directors | Justice Certifiers | 1/20/2011 |
| 35 | Operations Manager | Eco Certified | 2/10/2011 |
| 36 | Relations Manager | Justice Certifiers | 2/10/2011 |
| 37 | Board Member | Justice Advocates | 2/11/2011 |
| 38 | Standards Manager | Justice Certifiers | 2/18/2011 |
| 39 | Policy Coordinator | United Workers for Justice | 3/15/2011 |
| 40 | Standards Manager | Eco Certified | 3/18/2011 |

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