“Norming” and “Conforming”:

Integrating cultural and institutional explanations for sustainability adoption in business

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Abstract

Sustainability is increasingly a matter of concern in the corporate world. Many business scholars have analyzed the phenomenon from institutional and cultural perspectives, addressing the key questions of what drives the spread of sustainability principles, and also why sustainability adoption varies so widely amongst organizations and cultures. In this article we propose that sustainability adoption can be better explained by integrating the insights from the institutional and cultural perspectives. This would break the current practice of choosing one approach or the other, a trend that has estranged these fields despite their obvious overlap in questions, core constructs, and theoretical arguments. We therefore introduce a model that emphasizes a dual-effect of culture—namely, culture plays a role in “norming” the proliferation of sustainability-relevant institutions, while also influencing the “conforming” to pressures for sustainability emanated from these institutions. We offer theoretical insights not only for explaining sustainability adoption, but also for addressing the recognized challenge of bringing culture back into institutional theory.

Keywords: sustainability, institutional pressures, culture

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Sustainability is a topic of increasing interest in contemporary society, and businesses must inevitably incorporate this issue into their agenda as well. Applying the concept of sustainability to the corporate world has generated multiple definitions (van Marrewijk, 2003), but in essence corporate sustainability means creating long-term value by adopting a business approach that is equally mindful of economic, social and environmental implications. This regulatory nature of sustainability, its operationalization into guidelines and norms, and the inherent moral stance associated with sustainability have garnered the attention of both institutional theorists and cultural studies researchers trying to explain why and how sustainability becomes institutionalized, or respectively, culturally sanctioned. While a large body of knowledge has been accumulated in both research streams, several questions remain unanswered.

It has been established that stakeholders value sustainability (Freeman, 1984; Orlitzky, Schmid, and Rynes, 2003; Porter and Kramer, 2011), and the research based on the old institutionalism postulated that increasing pressures for sustainability will lead to isomorphic adoption (e.g., Aguilera et al., 2007; Campbell, 2007; Gardberg and Fombrun, 2006). Indeed, a recent survey conducted in 113 countries revealed that 70% of respondents believe sustainability is important to their companies, and that sustainability is a competitive necessity (Kiron, Kruschwitz, Haanaes, and von Streng Velken, 2012). The same survey, however, also revealed that sustainability ranks only eighth in importance on the management agenda. Moreover, examples of profit concerns trumping the concerns for sustainability are not uncommon. In other

words, valuing sustainability does not always translate into practicing it – and this remains a concern for both researchers and policy makers, if not for society in general.

Variation in sustainability adoption has been largely explored and explained with reference to cultural differences (e.g., Beekun et al., 2008; Christie et al., 2003; Haxhi and van Ees, 2010; Husted, 1999; 2005; Ringov and Zollo, 2007; Waldman et al., 2006). From a different perspective, the new institutionalism increasingly recognizes the potential for resistance to institutional pressures (e.g., Dacin, Goodstein, and Scott, 2002; DiMaggio, 1988; Maguire, Hardy and Lawrence, 2004; Oliver, 1991). Yet, it is not clear why some contexts generate or adopt institutional pressures for sustainability quicker than others; nor do we have a satisfactory explanation of why under the same institutional pressures, some organizations implement sustainability in their activity, while others do not (e.g., Franzen, 2012; Jamali, 2010; Lee, 2011; Monteil and Husted, 2009). In fact, these questions are not limited to the case of sustainability: in their quest to account for variation in compliance with institutional pressures, institutional theorists constantly expand their domain and redefine the focus of institutional theory (e.g., Lawrence, Suddaby and Leca, 2010). But the case of sustainability adoption is particularly interesting because, as a topic situated at the intersection of interest from both institutional theory and cultural studies, it illustrates the surprising lack of integration between these two disciplines that, in fact, may have more in common than is currently recognized (Aten, Howard-Grenville, and Ventresca, 2012).

In this paper we build on previous theoretical models and empirical findings focused on identifying the major contextual drivers of sustainability adoption in the corporate world. We go beyond previous explorations of this question by simultaneously paying attention to both the institutional and culture literatures, consistent with the observation that the cultural frameworks

represent “the deeper foundation of institutional forms” (Scott, 2008a, p. 429). In doing so, we contribute to the identified challenge of bringing culture back in (Suddaby et al., 2010), an important recent preoccupation among institutional theory scholars: a recent special issue in the *Academy of Management Journal* focused the attention of institutional theorists on the symbolic, cultural, and value-based elements largely ignored by the field, stating that “actors (individuals, organizations, or states) attain their agency substantially as a result of their embeddedness in culture” (Suddaby et al., 2010, p. 1234). Similarly, the *Journal of Management Inquiry* captures this new (and justified) interest in a dialogue addressing the question of “why don’t organizational scholars who study ‘culture’ also study ‘institutions’ and vice versa?” (Aten, Howard-Grenville, and Ventresca, 2012, p. 78).

Using the case of corporate sustainability adoption, we illustrate how culture can aid in distinct ways in detailing the existence of, and reactions to, institutional pressures beyond explanations already formulated within the institutional framework. More specifically, we propose that the pre-existing culture of a particular context (be it an organization, nation, or region) has a *norming* effect, facilitating (or hindering) the development or adoption of institutional pressures for sustainability in that particular context; in addition, we propose a *conforming* effect based on the culturally-defined propensity to adhere to social norms (“tight” cultures) as opposed to tolerance for deviance and norm violation (“loose” cultures) (Pelto, 1968; Triandis, 1989; Gelfand et al., 2006; 2011). In other words, we present culture as a context in which institutional pressures for sustainability are both generated and observed.

We begin by reviewing relevant insights from both the institutional and cultural literatures, with a focus on highlighting their unique contribution to explaining sustainability adoption, while also uncovering the fact that both bodies of literature shy away from recognizing the other’s

contributions. Next we discuss the points of convergence between the two perspectives, summarized in the striking similarity between the notions of culture and institution. Capitalizing on this discussion, we propose a theoretical model that integrates cultural and institutional insights, and specify specific propositions for the role of culture as a fundamental contextual factor in driving institutional pressures for sustainability, and ultimately, sustainability adoption. Finally, we apply our model to known puzzles in the sustainability literature, illustrating its usefulness. We conclude with theoretical and potential practical implications and formulate suggestions for future research.

Sustainability adoption from an institutional perspective

Society creates pressures for sustainability adoption by building a so-called “institutional infrastructure” for organizational sustainability (Table 1 summarizes this infrastructure based on a review provided by Gilbert, Rasche, and Waddock, 2011; Waddock, 2008).

Insert Table 1 about here

Compliance with such standards confers legitimacy in the current business context (Gilbert et al., 2011), and therefore it is not surprising that researchers have often used an institutional lens to explain the responses of firms to pressures for sustainability (e.g., Campbell, 2007; Doh and Guay, 2006; Gardberg and Fombrun, 2006; Greening and Gray, 1994; Jones, 1999; Marquis et al., 2007; Schuler and Cording, 2006; Terlaak, 2007). We review this literature with two objectives in mind: a) to determine to what extent the institutional theory insights succeeds

inexplaining sustainability adoption, and b) to explore to what extent the cultural context is recognized in the relevant institutional theory literature.

The early ‘new’ institutional literature focused solely on the isomorphic effects of institutional pressures and the key role of legitimacy in organizational success (Handelman and Arnold, 1999; Ruef and Scott, 1998): firms that deviate from what is considered legitimate will become subject to legitimacy challenges (Deephouse and Carter, 2005; Handelman and Arnold, 1999) and illegitimate behaviors become costly, if not impossible (DiMaggio and Powell, 1983; Fairclough, 1995; Jepperson, 1991; Meyer and Rowan, 1977; Phillips, Lawrence, and Hardy, 2000). The emphasis was upon all-powerful institutions and passively conforming organizations. However, in the case of sustainability, the postulated isomorphism (e.g., Aguilera et al., 2007; Campbell, 2007; Gardberg and Fombrun, 2006) has not fully materialized. For instance, the aforementioned institutional infrastructure for sustainability has not yet gained full or equal recognition in legislative systems around the world. Consequently, companies do not always, or not equally, comply with these pressures even where they exist (Gilbert, Rasche, and Waddock, 2011; Scherer and Palazzo, 2011).

The limited isomorphism, as observed in the case of sustainability, called for new trends in institutional theory, which began to recognize non-conformance to institutional pressures (e.g., Dacin et al., 2002; DiMaggio, 1988; Oliver, 1991), variability within conformance (Deephouse, 1999; Friedland and Alford, 1991; Lounsbury, 2001), and the change brought about by actors within institutions (‘institutional entrepreneurship’; see, for example, the special issue in *Organization Studies*, 2007, 28/7). Applying this line of work, Lee (2011) argued that heterogeneity in conformance in the sustainability domain arises from variability in both institutional and stakeholder pressures. He argued that institutional pressures provide a distal

effect, while stakeholder pressures are more proximate and may mediate the effect of institutional pressures. Indeed, stakeholders (such as activist groups) were found to purposely deinstitutionalize and then reinstitutionalize sustainability norms based on their interests, derived from their ideology (Den Hond and de Bakker, 2007). But when it comes to detailing the source of this ideology, we may need to step outside of institutional explanations.

An important contribution of the institutional theory framework to understanding sustainability adoption is the recognition of potential decoupling between a displayed commitment to sustainability and actual practices. For instance, the standards provided by the aforementioned institutional sustainability infrastructure are defined as ‘soft’ (versus ‘hard’) due to their largely voluntary, non-enforceable, and non-specific nature (Gilbert et al., 2011). The United Nations Global Compact, for example, despite the delisting of some companies, has been actively criticized as a public relations tool (‘bluewash’) and as a barrier for harder, more effective forms of corporate accountability (www.globalcompactcritics.net). The list of critiques also includes: the power imbalance of many multi-stakeholder agreements; the inbuilt flexibility of mechanisms allowing decoupling of global norms at the local level; the proliferation of mechanisms creating confusion and legitimacy problems; and the lack of accountability of the standard setters, which leaves them open to corporate capture (Gilbert et al., 2011). This decentralized system of sanctioning sustainability both supports and limits conformance (Terlaak, 2007). Indeed, Jamali (2010) found evidence of true conformance to such pressures, but also evidence of symbolic conformance, ‘cherry-picking,’ and resistance. The symbolic conformance seems to be more likely in purely business-driven (as opposed to multi-stakeholder-governed) programs (Fransen, 2012), perhaps reflecting the impact of increased pressure in the case of multi-stakeholder-governed organizations.

The new trends in institutional theory did not completely remove the interest in the ‘old’ institutionalism, which focused mainly on formal institutions and comparative systems. Macro-level sources of institutional pressures were identified, such as state regulations, industrial self-regulation, monitoring organizations (e.g., NGOs, institutional investors and the media), business publications and education, trade or employer associations, and formal processes of stakeholder engagement (Jones, 1999; Campbell, 2007). What is important to note is that such formal institutions can also impede the adoption of sustainability principles. For instance, Conzelmann (2012) found that the global chemical industry's efforts to implement a standardized Responsible Care program have been thwarted by national associations defending their particular interests. Answering the question of what drives these interests may be outside of the scope of institutional theory, yet may be relevant to a more complete explanation of why ultimately the adoption of the sustainability initiative has failed.

A related relevant concept is that of the National Business System (NBS)(Maurice,Sorge, and Warner, 1980; Whitley, 1999). The NBS approach suggests that national institutional frameworks consisting of specific combinations of political, financial, educational, and *cultural* systems affect behaviors, accounting for why sustainability is explicitly (voluntary and proactive) or implicitly (through adherence to other codified and mandatory requirements) practiced. A recent study by the European Sustainable Investment Forum, for example, reported substantial variation between developed and emerging nations (and also amongst the emerging nations themselves) when it comes to the adoption of sustainable business practices (Eurosif, 2010). Matten and Moon (2008) argued that the cultural systems of Western Europe and the U.S. have manifest contrasting beliefs and values regarding the relationships of society, business, and government, where the U.S. holds relatively stronger views regarding the moral worth of

capitalism and the philanthropic capacity of business people, and relatively critical views of the effectiveness of government. Empirical work found supporting evidence for Matten and Moon's (2008) propositions in Western Europe (Jackson and Apostolakou, 2010; Witt and Redding, 2012). Gond, Kang, and Moon (2011) further emphasized the role of government in the diffusion of sustainability. Finally, Kang and Moon (2012) introduced the notion of institutional complementarity to argue that the recent, rapid uptake of explicit CSR in Europe is explained by the fit of sustainability with the indigenous corporate governance systems embedded within the European varieties of capitalism.

Other authors have tried to detail further the nature of these 'national systems' in terms of focusing on certain national characteristics that may be relevant to the adoption and implementation of sustainability. Angus-Leppan, Metcalf and Benn (2010) found that explicit CSR is related to an autocratic leadership style, whereas implicit CSR relates more with emergent and authentic leadership styles – a feature that is not 'national' per se, but which captures a potentially cultural causality. Jamali and Neville (2011) take a step further in this direction by drawing upon the cultural crossvergence thesis (Ralston, 2008) to explain the hybridized implicit/explicit CSR practices, including symbolic explicit CSR, in Lebanon. Their study conjoined the NBS approach with the recent process focus of institutional theory (Scott, 2008b), suggesting that the NBS mediates the effect of global pressures for sustainability, leading to hybridized CSR practices. The above studies acknowledge national influences on conformance to institutional pressures for sustainability, hinting at a role of culture; however, this role is rather implied than specifically explored.

Corporations do not always take as their reference point the national context. Özen and Küskü(2009) argue that companies from developing countries that are oriented to markets in

developed countries, operate in highly concentrated industries, and have missionary identities, are more likely to practice sustainability behavior that is beyond imposed environmental regulations. Similarly, maquiladoras and other Mexico-based firms that traded internationally were first movers in adopting voluntary environmental management programs (Monteil and Husted, 2009). But external, global influences may sometimes be challenged by local, national meanings. For instance, Meyer and Höllerer (2010) analyzed the struggle over the meaning of the Anglo-American concept of ‘shareholder value’ when borrowed into the Austrian context, implying an important normative role of the local culture in the adoption of external (i.e., global) institutional pressures.

There are three main conclusions to be taken from reviewing the literature on sustainability through an institutional lens. First, institutional theory offers good – but not necessarily complete – explanations for sustainability adoption. Second, the role of national context (or geographies, per Suddaby et al., 2010) in determining how organizations respond to institutional pressures for sustainability is recognized. Third, the more specific notion of culture (as implied by the concepts of national contexts or geographies) is occasionally mentioned, but typically in the form of ‘systems’ that may be cultural, but never detailed to a level that fully takes into account culture per se, or that uses the knowledge from cultural studies. To our knowledge, only Gardberg and Fombrun (2006) have explicitly combined cultural and institutional arguments. Of relevance to our argument, they suggested that local institutional pressures, including cultural values, serve to limit the range of legitimate sustainability initiatives. We build on this view to argue that culture not only influences the development of legitimation pressures (what we call a norming effect), but also the responses to such pressures (the conforming effect).

Sustainability adoption from a culture perspective

Culture is notorious for its multiple and sometimes inconsistent conceptualizations. We subscribe to the conceptualization of culture as patterns that are produced in (inter)action and which also condition further (inter)action (Adams & Markus, 2004; based on Kroeber & Kluckhohn, 1952). This definition is cited as an improvement upon the widespread association of culture with a national context (Gould & Grein, 2009), an association that is receding in relevance in an increasingly globalized world. Nevertheless, culture's manifestation at the national level remains the focus of most studies, and as such, we will be referring to national cultures as well. Our objective in reviewing the cultural studies relevant to sustainability is a) to determine to what extent culture can account for sustainability adoption, both in terms of valuing sustainability (norming) and acting according to such values (conforming); and b) to explore to what extent the insights from institutional theory are recognized by cultural studies.

The relationship between culture and sustainability attitudes and behaviors is well entrenched, especially in reference to the cultural aspect of ethics. Christie et al. (2003) identified over thirty empirical studies that had recognized the influence of national culture on the ethical attitude and behavior of individuals. This relationship holds irrespective of economic or wealth effects (Arnold et al., 2007; Haxhi and van Ees, 2010; Parboteeah et al., 2012). Table 2 provides an overview of the empirical culture and sustainability studies.

Insert Table 2 about here

It is important to note that many of these studies were conducted with very large datasets and across multiple countries, which render the findings rather credible. However, it is clear that sustainability has been operationalized as the dependent variable in myriad ways, which may explain why we could not find a meta-analysis of these studies. In addition, the overwhelming operationalization of culture is via Hofstede's (2001, 2005) cultural values. Despite receiving significant criticism in recent years (e.g., Earley, 2006; Javidan, et al., 2006; Kitayama, 2002; McSweeney, 2008; Miller, 2002; Osland and Bird, 2000), the predominant Hofstede operationalization of culture in the sustainability literature (Husted & Allen, 2008) is consistent with the general focus of the business literature (Taras et al., 2009). The well-known Hofstede's cultural dimensions are: power distance (PDI), individualism/collectivism (IDV), masculinity/femininity (MAS), uncertainty avoidance (UAV) and short/long-term orientation (LTO); these dimensions have been repeatedly defined in the literature by each study utilizing them, so we will refrain from doing so here. The other oft-used framework of culture in the sustainability literature (and in general in the business literature) has been that of the GLOBE project (House et al., 2004). This project built on Hofstede's dimensions and added new dimensions (future orientation, humane orientation, performance orientation, and assertiveness, as well as distinguishing in-group and institutional collectivism, and redefining masculinity-femininity as gender egalitarianism). Given the significant degree of overlap (see also Taras et al., 2009), in Table 2 we collapsed the GLOBE dimensions within their original Hofstede dimensions for ease of use. We will return to particularities of the GLOBE model later on, as its proposed distinction between desired and actual values is relevant to our distinction between norming and conforming effects of culture.

Of the aforementioned cultural dimensions, the most consistently significant and positive relationships with sustainability were found for low power distance (Beekun et al., 2008; Christie et al., 2003; Husted, 1999; 2005; Ringov and Zollo, 2007; Scholtens and Dam, 2007; Waldman et al., 2006; Williams and Zinkin, 2008) and low masculinity (Arnold et al., 2007; Husted, 1999; 2005; Parboteeah et al., 2012; Ringov and Zollo, 2007; Scholtens and Dam, 2007), with one exception (Williams and Zinkin, 2008). Individualism/collectivism and short/long-term orientation show ambiguous results, while studies on uncertainty avoidance provided mixed results, with most of them suggesting no relationship to sustainability (Arnold et al., 2007; Christie et al., 2003; Husted, 2005; Paul, Roy and Mukhopadhyay, 2006; Ringov and Zollo, 2007). Given the aforementioned limitations (operationalization of culture and sustainability), we must consider these findings with caution, but it seems reasonable to conclude that certain cultural values seem to be associated with sustainability adoption.

In contrast to the majority of the above-cited researches featuring multi-country, etic methodologies, some studies have taken a single-country, emic approach, with a recent increased focus on China. In particular, researchers are interested in explaining the role of guanxi (Lin and Ho, 2010) and traditional Chinese philosophy (Chan, 2010). Other etic studies come close to specifying processes that we see as related to institutional theory, although not explicitly stated as such. For instance, Haxhi and van Ees (2010) showed that sustainability leadership in high power distance cultures emanated from government and business associations, and in low power distance cultures from the sharemarket and investors. In other words, they showed that certain cultural features (such as power distance) may facilitate certain sources of institutional pressures or stimulate certain institutional agents in the process of sustainability institutionalization.

The conclusion of this literature review is that culture matters: principles of sustainability seem to be more compatible with certain cultures, or cultural values, than others. While most studies are correlational and may suffer from the above-mentioned limitations, it seems reasonable to assume that culture is the antecedent, or the condition, influencing the adoption of sustainability. This suggests that the adoption process is due to already existing compatibility between cultural dimensions and sustainability principles. Another concluding observation is that the institutional theory insights seem to be largely missing from the studies informed by the culture-focused literature. However, as noted above, it appears that culture may play a role in explaining which institutional sources are activated in a certain context.

Identifying points of convergence between culture and institutions

The notions of *institution* and *culture* are uncomfortably similar: it is impossible not to notice the common elements of values, beliefs, norms, taken-for-granted traditions and routines that are easily identified as being “core” to both theoretical camps. Definitions of the concepts are also often intertwined. Institutions have been conceptualized as cultural themes (Weed, 1981) or as “wide cultural and symbolic patterns” (Meyer and Rowan, 1977). Scott (2001) defined institutional logics, an important theme in institutional theory (Greenwood, Oliver, Sahlin, and Suddaby, 2008), as “belief systems and related practices” (p. 139), which is the essence of many definitions of culture (Hofstede, 2001; Kluckhohn and Strodtbeck, 1961). To Selznick (1975), to institutionalize meant “to infuse with values” (p. 16), and more recently, Scott (2001) attempted to account for the cultural context of institutions (and of actors within institutions) by redefining the cognitive pillar of institutions as cultural-cognitive. In fact, recent commentary has questioned the veracity of Scott’s typology overall, particularly in regards to the boundaries and relationships between the well-known pillars of institutions – regulative, cognitive and normative

environments (Phillips and Malhotra, 2008). This ambiguity has been exemplified by references to culture in the sustainability and institutional literature reviewed above. While Marquis et al. (2007) adopted Scott's (2001) cultural-cognitive approach to culture as taken-for-granted values, Gardberg and Fombrun's (2006) conception of culture's role was positioned within the normative pillar. Clearly, the relationship between culture and institutions is problematic (i.e., insufficiently specified) and in violation of basic rules for construct clarity (see Suddaby, 2010).

The way the concepts of institution and culture are used in the sustainability literature hints at a potential solution to the above-mentioned problem of construct clarity. It appears that, in most cases, the institutions identified as relevant to sustainability adoptions are more or less formal in nature (i.e., policies and regulatory bodies, etc.), while culture is conceptualized in terms of more informal elements (values, dispositions, unwritten rules, etc.). Mirroring this observation, we suggest that perhaps by refocusing the scope of these two constructs, so that institutions are the formal guiding elements and culture is the informal one, we could achieve the necessary differentiation of scope that would bring clarity to both concepts by themselves, and in relation to each other. Old institutionalism, in fact, did focus more on formal social structures, and culture was always about those guidelines, conventions, and norms that regulate behavior without being officially sanctioned or stipulated by law. Unfortunately, this distinction between *formal* and *informal* is not clearly made, either in the institutional theory literature or in the culture literature. Certainly, exceptions exist, especially at the more detailed level of constitutive elements of cultures and institutions. For instance, norms are clearly defined as rules that are "neither promulgated by an official source, such as a court or legislature, nor enforced by the threat of legal sanctions, yet [...] regularly complied with" (Posner, 1997: 365). We believe the literature will gain clarity by, for instance, accepting norms as elements of culture; this does not

preclude them from becoming formalized (i.e., institutionalized) as the society decides to build laws and regulations that capture the cultural features it wants to reinforce in a controlled manner. Institutions, therefore, could be conceptualized as formal expressions of culture (including norms), consistent with Scott's (2008a) setting of culture as the foundation of institutions.

We are aware that many adherents of both camps will be rather uncomfortable with (if not strongly opposed to) a distinction of the sort we propose. One simple reason for such a reaction may be the fact that a broader definition of both institutions and cultures has become institutionalized (sic!), but the stronger motivation may be the fact that the two streams of research are competing for the same intellectual space (Morrill, 2012). Still, we will illustrate how the distinction is actually useful, in the model we present later.

Aten et al. (2012) provide a very useful analysis of the differences between *organizational culture* and institutional approaches, which we argue is applicable to the distinction between institutions and culture in general. They explain that the potential divergence may emanate from the different origins (anthropology versus sociology, respectively), different methods and strategies (ethnographies focused on meaning versus a more analytical focus on structures and practices that increasingly neglects meaning), and different mechanisms for explaining stability (source of normative social control versus adaptation via isomorphism). Nonetheless, they have also identified emerging similarities: an increased focus on processes, and a trend toward (and necessity for) considering different levels of analysis. We suggest that the next step in realizing more powerful explanatory models and theories will be to go beyond exploring how the two fields are becoming more similar (in terms of topics and methodologies), and begin to explore how the two can inform each other.

Hatch (2012) suggests that it is culture that can help institutional theory reconnect with the concept of meaning, and we agree with her remark that organizational culture researchers have somewhat lost their focus on meaning (just like institutions) by losing touch with their origins (anthropology). The connection with the broader culture, outside of organizations, is interestingly highlighted by Zilber (2012), who believes that it is institutional theory that can help with that connection. What we view in Zilber's (2012) argument is mainly a proposal for applying institutional theory to the study of organizational cultures – and in this regard, our view coincides with Hatch's (2012): institutional theory “has done enough already” (p. 87).

An interesting (and useful) idea that has sprung from the dialogue between organizational culture and institutional theory scholars is the specific relationship proposed by Schultz (2012): cultural filtering of institutional pressure for isomorphism. He presented as an illustrative example the differences in how two banks have been damaged by the financial crises – differences that he attributes to the organizational cultures of these banks. They were exposed to the same regulations and pressures, but one, much more risk-averse, interpreted and applied these regulations with more caution than the other. In the next section, we expand this idea to show how *culture in general* can act as a facilitator (or inhibitor) of sustainability adoption, while also elaborating further on the role of culture not just in terms of compatibility between culture and regulatory or policy pressures (the “norming” effect), but also by a feature of culture that facilitates (or inhibits) compliance (the “conforming” effect).

Framework for integrating cultural and institutional perspectives on sustainability

As noted earlier, the focus of our theoretical investigation is on contextual factors that can explain the considerable local variation in sustainability adoption – a topic of high interest in the

literature, yet still not completely understood (e.g., Brammer et al., 2009; Jamali and Mirshak, 2007; Maignon, 2001; Matten and Moon, 2008; Waldman et al., 2006). We reviewed explanations based on the cultural and institutional perspectives as the two most utilized lenses in understanding this phenomenon. The contributions based on cultural studies revealed a potential (in)compatibility between sustainability principles and pre-existing cultural norms and values in a certain context (e.g., Gardberg and Fombrun, 2006; Husted and Allen, 2008; Ringov and Zollo, 2007; Waldman et al., 2006). These norms and values may contribute in a different way and the overall effect may be difficult to predict with high certainty, but in general, a culture defined by predominantly sustainability-compatible dimensions is more likely to facilitate sustainability adoption, and vice versa.

While these associations between certain cultural dimensions and sustainability are useful, it is also important to account for the insights provided by institutional theory: pressures from local, national, or global institutions that promote sustainability directly contribute to sustainability adoption via the well-known legitimacy and mimetic mechanisms. It is important to note that some of these institutions are local and perhaps reflective of the local culture, but at the same time, “external” institutions become relevant either by their globalized status, and/or by organizations expanding their activities outside of the local context. Consequently, the aforementioned congruence between culture and institutions may be disrupted, with external institutional pressures carrying cultural preferences that may be inconsistent with the local culture (and institutions) of a particular context. Consequently, we propose that the interplay between such institutional pressures – reflective, or not, of the local cultural context – and the cultural context itself can better explain the variation in sustainability adoption. We detail this institutions-culture interplay in Figure 1.

Insert Figure 1 about here

Institutional pressures stemming from different sources (local, national, and global environment) create an institutional context that promotes sustainability (or not) depending on the consistency across these different sources, and the extent to which they are relevant and/or enforced in a particular situation. But this institutional effect is embedded in and “filtered” by culture (Suddaby et al., 2010): the extent to which institutions (such as those listed in the institutional infrastructure presented in Table 1) have an impact in a particular context depends – as with NBS explanations (Jamali and Neville, 2011; Matten and Moon, 2008; Kang and Moon, 2012) – on the extent they are compatible with the local culture. In other words, the culture contains elements that facilitate an orientation towards sustainability. We synthesize this line of argument in the following proposition:

Proposition 1 (the “norming” effect): *the more a cultural context includes norms and values compatible with sustainability principles, the more this context will generate and/or embrace sustainability-relevant institutions (P1a), increasing the likelihood for sustainability adoption (P1b).*

As we noted in our literature review, more sustainability-relevant institutions (and the associated increased institutional pressure for sustainability) does not automatically translate into sustainability adoption. In other words, *valuing* sustainability at a policy or institutional level does not automatically translate into *practicing* sustainability. This aligns with the distinction in institutional theory between the presence of pressures and an actor’s agency in responding to

these same pressures (e.g., Dacin et al., 2002; DiMaggio, 1988; Oliver, 1991), and is reflected in certain studies in the sustainability and institutionalism literature (e.g., Franzen, 2012; Jamali, 2010; Lee, 2011; Monteil and Husted, 2009). What remains to be fully investigated is why individuals and organizations choose to resist, or conform to, institutional pressures. There are certainly many reasons, but from a context perspective (which is our focus), exploring cultural reasons can be very useful, as we will show below.

There are two major insights that culture brings to the question of what may drive non-conformance. First, the GLOBE studies, as mentioned before, identified a potential mismatch between desired cultural values (the *what should be*), and practices (the *what is*): in seven out of nine dimensions, there was a negative correlation between values and practices. Leaving aside the fact that there is much debate on whether this counterintuitive finding may be an artifact of methodology (e.g., Maseland & van Hoorn, 2009), the desired/practiced distinction seems to be confirmed for sustainability: the evidence suggests that in some cases, actual adoption lags behind declarative commitment to sustainability. Beyond the explanation of decoupling detailed in the institutional theory literature (e.g., Weaver, Treviño, and Cochran, 1999) we suggest that the extent to which there is a gap between what is valued and how things are done may also vary cross-culturally. This is our second, and most important insight based on the cultural perspective: conformance to norms (and implicitly, to institutional pressures) may be culturally determined.

Indeed, cultures have been characterized, among other things, by their *tightness-looseness* (Pelto, 1968; Triandis, 1989; Gelfand et al., 2006): social and cultural norms are stronger in some cultures than others, and consequently tolerance for deviation from the norm is sanctioned at different levels, even in cultures that are otherwise similar. For instance, both Japan and Hungary rate very high on masculinity (95 and 88 out of 100, respectively, based on Hofstede country

level scores), yet it is possible that the effect of this cultural value is more visible in Japan than in Hungary given the different tightness scores (8.6 and 2.9, respectively; Gelfand et al., 2011).

Gelfand et al. (2006) propose that tight cultures promote narrow socialization (emphasizing rule compliance and punishment of deviance), associated with an enhanced level of felt accountability at both the individual and the organizational level. Practices and values are more aligned in organizations from tight cultures, and this alignment, we argue, should extend to alignment between practices and institutional constraints. In other words, in tight cultures, the institutional pressures will have a stronger effect than in loose cultures. Consequently we propose a second “conforming” (moderating) effect of culture:

Proposition 2 (the “conforming” effect): *the impact of institutional pressures for sustainability will be greater in tight, than in loose, cultural contexts, such that cultural tightness increases the likelihood for sustainability adoption.*

Culture, therefore, presents dual effects on sustainability adoption: a “norming” effect manifested by facilitating (via different cultural dimensions) the proliferation of sustainability-relevant institutions which ultimately drive sustainability adoption; and a “conforming” effect by moderating compliance to institutional pressures (via tightness-looseness). The interplay of these effects may produce variability in both the existence of, and the response to, institutional pressures, thereby generating multiple possible outcomes in terms of sustainability adoption.

It is important to note at this point that we do not intend to claim that culture is the only factor that should be considered in understanding sustainability adoption. Institutional explanations (e.g., Aguilera et al., 2007; Campbell, 2007; Jones, 1999; Richter, 2011), including those considering NBS (e.g., Jamali and Neville, 2011; Matten and Moon, 2008; Kang and Moon,

2012) are not to be overlooked. Our model recognizes the essential role of institutional pressures as an important antecedent of sustainability adoption – but we expand this relationship by positing culture as an antecedent of institutional pressures, and also as a moderator of the relationship between institutional pressures for sustainability and sustainability adoption.

Applying the cultural-institutional model to real world examples

To illustrate our model, we look back to three qualitative sustainability studies that collected data on culture through the guise of an institutional lens. Hiss (2009), Jamali and Neville (2010), and Muthuri and Gilbert (2011) each found evidence that local culture affected the “conformance” of organizations to sustainability. Indeed, Muthuri and Gilbert (2011) stated, “the role of social and cultural pressures as enabling and constraining the uptake of [sustainability] cannot be overlooked” (p. 477). In both Muthuri and Gilbert’s (2011) and Jamali and Neville’s (2010) studies, the local cultures of Kenya and Lebanon, respectively, direct sustainability adoption toward a philanthropic outcome. In Kenya, this is driven by the cultural importance of the local community as a key stakeholder group and the African humane philosophy of cooperativeness and harmony, known as “ubuntu” (Muthuri and Gilbert, 2011). In Lebanon, it is driven by “a moral filter rooted in Islamic values, seeking spiritual enhancement and salvation through dignified work, ethical business conduct, charity, and Zakat,” i.e., the Islamic requirement to provide 2.5% of income to charitable causes (Jamali and Neville, 2010; p. 613). In their study, Jamali and Neville (2010) described the localized “conforming” of organizations, filtered through cultural and other elements of the NBS, as “hybridized.”

A more complex picture of culture’s effect upon sustainability adoption arises in Hiss’ (2009) study of the German transformation from an implicit to more explicit forms of sustainability. The

new explicit sustainability practices were the result of a contentious and negotiated process – a “fight for myths” – amongst government, economic and civil society actors. For example, the refined focus upon shareholder value led to a reduction in the working conditions in the supply chains of large German firms, which in turn led to stakeholder protests. The resultant “fight for myths” eventually culminated in the firms’ acceptance of a code of conduct for labor standards in their supply chains. Hiss (2009) explained that the German firms “had to accept as a compromise that NGOs, trade unions, or other civil society organizations have a say in the process” (p. 444). Despite the refined focus upon shareholder value, the conforming of German firms to these pressures was path-dependent and embedded within the German culture of social welfare and consensus, including the tradition of collaboration between governments, business, and trade unions (Hiss, 2009).

We also suggest that our dual effect model has the capacity to explain seemingly counter-intuitive observations that previous theories cannot explain. For example, we observe that within some cultures, despite supposedly strict and explicit norms and regulations in support of high standards of sustainability, the adoption (or sustaining) of sustainability is rather limited.

The French Government, forexample, has been world-leading in passing laws mandating social reporting by large companies (in 1977 and updated in 2001), yet these laws have been poorly observed by firms and badly enforced by authorities (Russell, 2006). This case demonstrates that the conformance assumed in Campbell’s (2007) proposition that state regulations constrain sustainability – to take one example – is not always observed. Antal and Sobczak (2007) explain how the observed contradiction is partly due to the French catholic culture of discretion about good deeds, and in general, they emphasize the importance of national traditions. We suggest that the paradox may be explained by cultural compatibility with sustainability principles (e.g.,

the French culture is low on masculinity, a dimension associated with sustainability initiatives), combined with cultural flexibility when it comes to conformance. The tightness score for France is slightly below the average of a 33-country sample (Gelfand et al., 2011), and the French culture has been historically characterized by tendencies toward non-conformism (e.g., the “Non-conformists of the 1930s” movement). The dual effect of culture, coupled with the usual mechanism of institutionalism, can better explain the perceived paradox of strong institutions for sustainability with limited consequences on practice.

Another example is the case of China: the Chinese government instituted the concept of the Harmonious Society (*he xie*) as its central, guiding norm in 2005. This underpinned the introduction of a mandate to “undertake social responsibility” in Article 5 of the company law in 2006, as well as a plethora of environmental regulatory strategies and instruments, both mandatory and voluntary (Sarkis, Ni, and Zhu, 2011). But despite these efforts, “enforcement has been relatively lax,” which Sarkis et al. (2011) explain is due to the conflict between these environmental efforts and other policies, at the national and regional level, focused exclusively on encouraging economic growth. We propose that cultural factors may be at play as well. If we consider for instance the fact that China has high scores for both power distance and masculinity, then we might actually predict an orientation against sustainability. Repeated media reports on incidents that suggest poor CSR and limited concern for sustainability principles in China confirm this prediction. It is possible that the symbolic adoption of sustainability serves both to promote legitimacy and, perhaps, to satisfy another important cultural norm, that of “saving face”; the compliance with such principles may be low because, as noted above, these principles are not sprung from, or compatible with, local cultural dimensions. Certainly, alternative institutional and economic explanations must be included for a complete understanding of the

phenomenon – but our model contributes by explaining part of the variance in sustainability adoption, in particular assisting with explanations where institutional theory by itself has limited explanatory power.

Discussion and Conclusion

Our model furthers the understanding of sustainability by exploring the role of culture via a novel and complex framework, including an explanation for contradictory observations on attitudes towards sustainability (as reflected in laws and regulations) and actual adoption of sustainability (as reflected in practices and compliance to regulations) in certain cultures. It explains that sustainability adoption might be the result of dual cultural effects, influencing both the development of institutional pressures for sustainability and the conformance to these pressures. Our model suggests that cultures featuring certain cultural values (see Table 2) will be more likely to exhibit sustainability practices, but details this relationship by distinguishing between two effects of culture, a “norming” effect whereby culture plays an antecedent role in the generation and the assimilation of institutions for sustainability, and a “conforming” effect whereby culture moderates the effect of these institutions on society, i.e., the conversion of institutional pressures into actual sustainability adoption.

Our incorporation of culture in institutional explanations for sustainability adoption provides particular theoretical insights. The culturally-infused, dual-pathframework goes beyond the institutionally-based literature that identified sources of sustainability pressures (Aguilera et al., 2007; Campbell, 2007; Jones, 1999; Richter, 2011), as well as that which recognized that actors do not passively conform to these pressures (den Hond and de Bakker, 2007; Franzen, 2012; Jamali, 2010; Lee, 2011; Monteil and Husted, 2009). We also provide a more culturally-imbued model than those studies that recognized the importance of national context (Conzelmann, 2012;

Meyer and Hollerer, 2010; Özen and Küskü, 2009), including a study incorporating a more limited role of culture (Gardberg and Fombrun, 2006), and those works that built the case for the role of the NBS in sustainability adoption (Angus-Leppan et al., 2010; Jackson and Apostolakou, 2010; Gond, Kang, and Moon, 2011; Kang and Moon, 2012; Jamali and Neville, 2011; Matten and Moon, 2008; Witt and Redding, 2012). Our culturally-infused, dual-path model draws upon insights from cultural studies previously not accounted for in explaining sustainability, setting the platform for an integrated research agenda that we believe will also contribute to institutional explanations beyond the case of sustainability.

Similarly, our propositions go beyond previous insights in the culture and sustainability research by recognizing that the role of culture is rather complex, not only as a foundation for institutional forms related to sustainability, but also as a catalyst of conformance to institutional pressures. We reviewed the empirical culture and sustainability literature and found that the distinction between the “norming” and “conforming” effects has not been previously recognized. Indeed, the majority of studies operationalize sustainability adoption itself as valuing sustainability rather than applying it, without always recognizing that intentions, or even the adoption of regulation supporting sustainability, may have limited impact on actual behavior. By distinguishing between the processes of norming and conforming, our model incorporates the important link between institutional pressures for and adoption of sustainability, allowing for a more in-depth analysis of cross-cultural variability in sustainability adoption.

By conjoining cultural and institutional insights within the context of sustainability, our framework also contributes to a broader challenge in the institutional literature. Institutional researchers have recognized the need to account for culture in institutional processes (Suddaby et al., 2010), a necessity underscored by the plethora of shared terminology and theorizing in the

two research streams. We address the previous overlap of terminology and theorizing, parse cultural effects from institutionalization processes, and suggest ways in which the scope of the two disciplines could be clarified by facilitating a constructive dialogue between two disciplines concerned with very similar questions, yet for the most part ignoring each other.

Culture is one explanation amongst many for variability in sustainability performance, but it appears to be an important contextual factor acting via multiple mechanisms in influencing sustainability adoption. Our model provides the foundation for understanding the role of culture in the norming of and conforming to institutional pressures for sustainability. Nevertheless, the detailing of these processes remains an opportunity for future research. Culture, as patterns that are produced in (inter)action and also condition further (inter)action (Adams & Markus, 2004a), will influence the diffusion, imposition, translation, socialization, inducement, and sanctioning processes of institutionalization (Scott, 2008b). It will also influence actors' interpretations, selective attention, sense making, innovation, and negotiation processes of institutionalization (Scott, 2008b). These processes need further detailing, and represent an interesting puzzle with potentially fantastic opportunities for further theorizing, beyond the testing of the propositions we formulated. For instance, the exploration of how different cultural values produces a cumulative norming and conforming effect is an area with great potential. Cultural values do not act independently, but in interaction with each other (Lytle et al., 1995), and a configurational approach (Tsui, Nifakdar and Oul, 2007), whereby concomitant cultural effects are considered, should further increase our ability to explain and predict sustainability adoption. Future elaboration of the model should also benefit from more emic studies, where processes specific to certain cultures are explored in more detail. For instance, Husted, Dozier, McMahon and Kattan (1996) found that although convergence in ethical orientation across nations is observed among

MBA students from Mexico, Spain and the United States, their moral reasoning remains divergent across the three cultures. By extrapolation, interpretations of sustainability and associated concepts may vary, and by going native – that is, focusing on country-specific explanations (Tsui et al., 2007) – there is potential for new insights, as revealed in the research on the meaning of CSR (e.g., Hiss, 2009; Meyer and Höllerer, 2010).

It may also be useful to further detail the different sources of institutional pressures (local versus global), and the differentiated role culture may have in generating local institutions and in localizing institutions provided by external (e.g., global) contexts. Future research could detail further the global-local interaction from a cultural perspective, including the trans- or multi-national organization experience of “institutional duality” (Kostova and Roth, 2002). Finally, future work could look to understand the relative power of cultural effects we have outlined in contrast to other institutional effects such as those from the NBS (Matten and Moon, 2008), religiosity (Brammer et al., 2007), or North-South wealth and colonial/imperial power effects (Gugler and Shi, 2009).

From a practical perspective, our model suggests that increasing sustainability adoption by continuing with the trend of creating more sustainability-relevant institutions may prove to be an inefficient approach: the success of these institutions in facilitating adoption will depend highly on the extent to which they are mindful of cultural constraints. At the same time, conformance to institutional pressures formulated in a society will be mostly dependent on these pressures being aligned with pre-existing cultural concerns, and on the degree to which a particular context sanctions compliance to norms in general. In loose cultures it may be more efficient to focus on alternative mechanisms for promoting sustainability (such as emphasizing the economic benefits, for example), as the institutional mechanism may have a limited impact. On the other hand,

building institutions that capitalize on pre-existing cultural norms may, at times, be even more efficient than punitive mechanisms in tight cultures, where conformance to established conventions is very strong.

In this paper, we have argued that understanding the contingency effect of culture upon sustaining sustainability is an important task, and that it includes acknowledgement of both the “norming” and “conforming” effects of culture. In a world struggling to meet the Millennium Development Goals or to agree on an appropriate framework for climate change mitigation, expectations upon firms to minimize harms and maximize social and environmental good are likely to increase, while cultural effects, in spite of increased globalization, are unlikely to vanish in the short term, if ever. Consequently, the understanding of how culture influences the sustaining of sustainability may represent an issue of global importance, and we hope our model will inspire further theoretical insights necessary for the successful development of policies and practices aimed at addressing such global issues.

Table 1. Emerging Global Institutional Infrastructure for Sustainability

(Adapted from Waddock, 2008)

Institution	Objective	Process	Example
Market/business institutions	Responsibility assurance	Codes of conduct, standards, and principles	Equator Principles
		Verification, monitoring, and certification services	Transparency International Global Reporting Initiative
	Consultancies and standard setters	Consulting and mentoring	AccountAbility
		Standard setting	Fair Trade Labeling Organizations
	Business and other associations	Research and benchmarking	Boston College Center For Corporate Citizenship
		Open forum for practitioners	Association of Sustainability Practitioners
Civil society/societal institutions	Multi-stakeholder initiatives	Tracking and reporting	Business and Human Rights Resource Center
		Sharing best practices and management tools	Enterprises and Social Policy Instituto Ethos
State/government institutions	Improved environmental performance	Global regulation	Kyoto Protocol
	Improved regulation	Country-specific regulations	UK Socially Responsible Investment Regulation

Table 2. Empirical research on the relationship between culture and sustainability

Source	Sample/Context	Cultural dimensions included in the study*	Sustainability conceptualization	Significant positive correlates
Arnold et al. (2007)	294 managers from 8 European countries	PDI, IDV, MAS, UAI	Perceptions of unethical scenarios	low IDV, low MAS
Beekun et al. (2008)	283 managers in Egypt and the US	PDI, IDV	Judgments of ethical scenarios	low PDI, high IDV
Christie et al. (2003)	345 managers from India, Korea and US	PDI, IDV, MAS, UAI, LTO	Ethical attitudes	low PDI, high IDV
Haxhi and van Ees (2010)	237 codes in 67 countries	IDV	Diffusion of codes of good governance	high IDV
Husted (1999)	Hofstede scores and Transparency Int'l samples	PDI, IDV, MAS, UAI	National corruption	low PDI, low MAS, low UAI (reversed)
Husted (2005)	Hofstede scores and Enviro-Sustainability Index from 122 countries	PDI, IDV, MAS, UAI	National capacity for enviro-sustainability	low PDI, high IDV, low MAS
Parboteeah et al. (2012)	42,346 individuals from 33 countries	(‘what is’) GLOBE values: uncertainty avoidance, future orientation, humane orientation, performance orientation, assertiveness, institutional collectivism	Financial support for sustainability initiatives (intentions)	high future orientation, high humane orientation, low performance orientation, low assertiveness, high institutional collectivism
Paul, Roy and Mukhopadhyay (2006)	298 students from India and the US	PDI, IDV, MAS, UAI, LTO	Marketing ethical norms	low IDV, high LTO (mixed results for others)
Ringov and Zollo (2007)	463 firms from 23 countries	PDI, IDV, MAS, UAI	Social/environmental performance	low PDI, low MAS
Scholtens and Dam (2007)	2700 firms in 24 countries	PDI, IDV, MAS, UAI	Ethical policies	low PDI, high IDV, low MAS, high UAI
Waldman et al. (2006)	Managers from 561 firms in 15 countries	PDI, in-group collectivism, institutional collectivism	CSR values	low PDI, high institutional collectivism
Williams and Zinkin (2008)	88,074 stakeholders in 28 countries	PDI, IDV, MAS, UAI, LTO	Punishing of unethical companies	low PDI, high IDV, high MAS, low UAI, low LTO

* PDI = power distance; IDV = individualism; MAS = masculinity; UAI = uncertainty avoidance; LTO = long-term orientation

Figure 1. The dual role of culture (norming and conforming effects) on adopting sustainability

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