

SUMMARY

DECIPHERING THE INSTITUTIONAL ARRANGMENT: TOWARDS A FRAMEWORK FOR CONSTRUCTIVE ENGAGEMENT IN THE PRIMARY SECTOR

The overall goal of my research project in its entirety is to understand how primary sector multinational enterprises (MNEs) operating in complex business environments respond to institutional pressures to demonstrate legitimacy in terms of social sustainability. A central theme running through my work is what happens when managers are challenged to respond to a wide array of pressures and to balance organisational goals with the requirements of a multitude of institutions in order to gain and maintain legitimacy. This matters for MNEs because the way they manage this institutional complexity, in terms of what is legitimate, has important implications for determining what the organisation can and cannot do and also for organisational survival (Scott, 2001).

Multinational enterprises (MNEs) in the primary sector are the subject of considerable controversy regarding their legitimacy in terms of the social sustainability of their operations. Primary sector MNE managers are challenged to develop and apply strategies that achieve both business and social sustainability goals while responding to significant, and varied, institutional pressures on both global and local levels. Primary sector MNEs also face particular challenges in demonstrating the legitimacy of their operations because they often operate in the global periphery, sometimes alongside vulnerable communities, and are subject to complex institutional arrangements governing both the policy environment and social sustainability standards. Interestingly, current interdisciplinary research in the field of sustainability and management has only recently begun exploring institutional dynamics affecting the construction of sustainability and legitimacy (Ehrnström-Fuentes, 2016; Jamali & Karam, 2016; Rathert, 2016; Yin, 2017).

My paper applies qualitative methods to developing a theoretical framework in order to understand the institutional dynamics that managers need to navigate to achieve organisational goals while maintaining organisational legitimacy in terms of social sustainability. Qualitative methods are useful particularly in developing practicable frameworks of how primary sector project legitimacy, in terms of social sustainability, is constructed in complex institutional environments. A further reason to adopt a qualitative approach is that my research aims for a holistic, and context-sensitive, understanding (Eriksson & Kovalainen, 2015, p. 5; Strong, 1992) of the institutional processes of pressure and response that construct legitimacy (Oliver, 1991; Scott, 2001). The complexity of the phenomena such as the interaction between organisations, institutions and their contexts also warrants the use of qualitative methodology (Easton, 2010).

Building on recent interdisciplinary developments in institutional legitimacy approaches to sustainability research, this study contributes a bargaining framework for primary sector project legitimacy. The framework proposes a model of institutional dynamics between host communities, the host government, non-governmental organisations and the MNE. The model of institutional dynamics is intended to help primary sector MNE managers gain and maintain organisational legitimacy through constructive engagement with host communities, governments and NGOs in multifaceted institutional environments. This research will also contribute to an ongoing discussion regarding socially sustainable approaches for mining investment and operations (Gifford & Kestler, 2008; Owen & Kemp, 2014; Prno & Slocombe, 2014). Another contribution lies broadening that discussion to include other industries in the

primary sector such as palm oil (Corley & Tinker, 2003) and the dynamics of sustainability governance there (Köhne, 2014). Different industries in the primary sector may face similar challenges, and cross pollination of potential solutions and methodologies in practice and in academic literature can, potentially, contribute to more sustainable outcomes.

Preliminary results suggest that MNEs hold a bundle of potentially contradictory legitimacies within multiple institutional arrangements, and that these are subject to change as institutional priorities evolve over time. Importantly organisational legitimacy at the local level underlies some of the ways in which institutional dynamics play out between the MNE and other institutional stakeholders, for example governments and non-governmental organisations (NGOs). This makes gaining and maintaining local legitimacy an important strategic imperative for primary sector MNEs, while also being important for managers to achieve in practice.