Organizations and the Sustainability Mosaic

Crafting Long-Term Ecological and Societal Solutions

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NEW PERSPECTIVES IN RESEARCH ON CORPORATE SUSTAINABILITY

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8. Who can act on sustainability issues? Corporate capital and the configuration of organizational fields

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In 1997, John Browne set the British Petroleum Corporation (BP) on a new course, acknowledging that climate change was a significant issue, vowing to control the corporation's carbon footprint by reducing greenhouse gas emissions and devoting resources to the development of renewable energy sources. For this bold plan, the company received tremendous accolades from the press, non-governmental organizations (NGOs) and world governments. What is most exceptional about this event is that the company was seen as credible when the oil industry as a whole was suffering from some of the lowest public perceptions of any industrial sector (Cambridge Research, 1992). Soon after BP made its announcement, Shell and other large multinationals followed suit and the trade association opposing action on climate change – the Global Climate Coalition – collapsed. Why was BP able to do this? Could other competitors, such as Exxon, do the same? What are the attributes of a company that allow it to be seen as a valid spokesperson on issues of environmental and social sustainability? This is one form of the question we address in this chapter.

Another form of the question goes to more fundamental aspects of strategic success in an increasingly globalized marketplace, one where corporate actions must increasingly address social and environmental issues in developing countries (London and Hart, 2004; Hart and London, 2005). How do companies credibly enact new ways of doing business that engage new stakeholders? Consider the following example.

When electronics giant Hewlett-Packard (HP) decided to pilot a new solar-powered digital camera/printer that was small enough to fit into a backpack, it went not to California but to Kuppam, India, where it put the equipment into the hands of young women with grade-school education.

More than 100 miles from Bangalore, Kuppam and its rural surroundings are home to 300 000 people, half of whom live below the poverty line, and one-third of whom are illiterate (Dunn and Yamashita, 2003). In addition to turning these women into entrepreneurs running their own photography businesses, HP provided equipment and designed web-based services for locally-run community information centers. Why is a leading technology company like HP developing such products and services in a poor community like Kuppam? Leaders on the Kuppam initiative acknowledge that the project has significant social benefits. HP is changing the lives of people in the Kuppam region. The women photographers now have an income that will provide an education for their children and a water tap for their homes. And further, these women now have the self-confidence to seek further loans for larger initiatives.

While some within the company argue that it is simply pursuing business as usual – applying HP's core capabilities of discovering customer needs, deploying a diverse management team, creating a leading technology platform, and partnering with others to make it work (Dunn and Yamashita, 2003) – this is more than business as usual. HP's actions are different from other corporate initiatives in that they directly engage non-traditional beneficiaries in new ways. Kuppam's residents and local leadership gain access to information and economic development opportunities that are different from the products and services traditionally provided by an electronics company. In short, HP is creating new 'rules of the game' (Friedman, 1970, p. 126), challenging traditional conceptions of market expansion by introducing concerns for sustainable development.

HP is not alone in pursuing new social initiatives as an emerging part of its core business. Numerous other companies are taking actions to address social and environmental needs around the globe. With these efforts, companies are expanding who they influence and how that influence is felt; they are redefining who they see as key stakeholders for the company. For example, Anglo American, a global mining company, announced in 2003 that it would provide anti-retroviral drugs to its HIV-infected employees in South Africa, estimated at nearly one-quarter of its 130 000-person workforce, and that it would fund 900 rural clinics to enable employees' families and others to obtain HIV and tuberculosis treatment (*The Economist*, 2003). To accomplish this objective, Anglo American found itself engaging with unfamiliar constituencies including local community groups, rural healthcare workers, pharmaceutical providers and government leaders. Or, more specifically, Anglo American had redefined its organizational field (Scott, 2002) shifting from a relatively stable set of relationships with suppliers, regulators, competitors and customers to a less structured set of relationships in an enlarged and emergent field (Rao et al., 2000; Maguire et al., 2004).

These examples raise several questions that are critical for understanding the role of corporations in moving towards environmental and social sustainability. What capabilities do firms possess that enable them to take on the challenges associated with moving towards environmental and social sustainability? Why are firms differently positioned to address these challenges? While more traditional methods for environmental management, like pollution prevention, life-cycle analysis, and others, demand a technical, engineering focus largely within firm boundaries, moving towards environmental and social sustainability demands the company think beyond its borders in new ways, pursuing sustainability by engaging with non-traditional stakeholders and using non-traditional business logics and methods. To do this, they must have amassed a pre-existing cache of the appropriate social, political and cultural standing that enables them to pursue these actions credibly and to influence others.

In this chapter, we draw on recent work in institutional theory (Fligstein, 1997; Greenwood et al., 2002) and the related theory of fields (Bourdieu and Wacquant, 1992) to argue that corporate actions on social and environmental sustainability must be understood as embedded in a field of other actors with differential power to influence broad norms. We argue that companies that will successfully move towards environmental and social sustainability are those that possess distinct forms of social, cultural and economic capital. In the rest of this chapter, we first review the literature on environmental sustainability and organizations. We then outline recent developments in institutional theory and the theory of fields that can inform work on environmental and social sustainability. We consider different field conditions corporations may face when initiating actions that address sustainability, and discuss the role of various forms of capital in overcoming the associated challenges. Finally, we discuss implications for theory and practice of corporate actions towards sustainability.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

Sustainability is a concept that has acquired many definitions over the years and continues to be mired in debate over what it really is, how to achieve it, and whether and how modern corporations have a role in achieving it. Many begin with the definition offered by the World Commission on Environment and Development (the Bruntland Commission) which states that 'sustainability is development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987, p. 43). Those who focus on environmental sustainability incorporate more specific ecological concepts such as carrying capacity and a systems view of natural resource extraction, consumption and recovery (Jennings and Zandbergen, 1995) and point to limitations in the Bruntland definition such as its lack of specificity on needs, their prioritization, and the role of entities in balancing such needs (Starik and Rands, 1995). One definition of environmental sustainability developed to apply to individual companies reads:

> Ecological sustainability is the ability of one or more entities, either individually or collectively, to exist and flourish (either unchanged or in evolved form) for lengthy time-frames, in such a manner that the existing and flourishing of other collectivities of entities is permitted at related levels and in related systems. (Starik and Rands, 1995, p. 909).

While this definition is focused only on environmental sustainability, it importantly draws attention to the embeddedness of companies within larger systems of industrial production and social systems. Adding social sustainability to the discussion demands a broader view of the need for existence and flourishing beyond the needs to sustain ecological and natural resource systems (Ehrenfeld, 2004). Indeed, social sustainability brings questions of social equity and economic prosperity into the debate (Bansal, 2005; Hart, 2005), suggesting that major corrections are needed to the considerable gaps between developed and developing nations, and rich and poor within those nations. Further, social sustainability demands attention to the maintenance of differing cultural systems and the lifestyles with which they are associated. Our goal here is not to offer a definitive definition of sustainability, but to highlight key issues that have been identified in the literature as important to understanding and assessing actions by companies along paths to sustainability. There are three issues that are particularly relevant to our analysis: first, sustainability is a construct that is socially defined and ever evolving; second, sustainability demands a multilevel view of organizations as embedded in larger systems; and third, addressing issues of sustainability involves considering the concerns of new stakeholder groups.

On the first point, sustainability, like other social constructs, has meaning only in a particular social and historical context. Its meaning emerges from dialogue and practices of numerous entities, such as governments, non-governmental organizations (NGOs) and corporations, over time and it therefore can be understood through the lens of institutional theory which focuses on the processes by which concepts and norms are developed, maintained or changed (DiMaggio, 1995; Jennings and Zandbergen, 1995; Greenwood and Hinings, 1996; Hoffman and

Ventresca, 2002). While earlier work on ecological sustainability from an institutional theory perspective has emphasized that the theory enables us to understand 'how consensus is built' around the meaning of sustainability and how it takes on a 'rule-like' quality (Jennings and Zandbergen, 1995, p. 1016), we emphasize that sustainability is an emergent concept. It is subject to considerable debate and simultaneously allows multiple meanings. A key focus of recent institutional theory addresses questions of how meanings emerge in concert with practices, and how differentially powerful actors influence that debate over meaning. Precisely because sustainability is an emergent concept, it is well suited to institutional analysis.

On the second point, a key insight from the literature on sustainability and organizations is that no single organization can be sustainable on its own. Sustainability is inherently a more systemic view, invoking multiple levels of action – individual, organizational, political and cultural – and interactions between these levels (Starik and Rands, 1995). The most appropriate level of analysis may not be the level of the individual organization; for example, industry-level analysis has proved fruitful for understanding the conditions that lead to environmentally sustainable companies (Russo, 2003). Others have argued that no company has the 'capability or market power to alter unilaterally entire socio-technical systems' (Hart, 1995, p. 1003), observing that environmentally favorable technologies often require associated changes in infrastructure. Our focus on institutional theory, and in particular on the theory of fields and the embeddedness of companies in fields, incorporates this inherently systemic view of sustainability.

Finally, recent work on sustainability identifies a wide range of stakeholders who are influencing corporate actions towards sustainability, and a wide range of tactics used by these stakeholders (Christmann, 2004; Sharma and Henriques, 2005). This suggests that the drivers for change on the issue are coming from a broader set of social interests, not simply from the traditional regulatory and economic drivers that have strongly influenced environmental or labor practices in the past. As departments within a company engage with different external stakeholder groups and issues, new types of stakeholder demands can challenge traditional ways of doing business, bringing the concerns to the core of marketing, research and development, or product development groups as never before (Howard-Grenville and Hoffman, 2003). This marries the multilevel challenges and changes associated with sustainability with the core capabilities of a business, suggesting that we need to understand the interaction between the broader organizational fields and the company's own actions and history within the field.

ORGANIZATIONAL FIELDS, CAPITAL AND CORPORATE ACTIONS

Institutional theory offers several key constructs for understanding the interaction of firms within and between their broader social environments. First, the 'organizational field' is defined as a community of organizations whose members interact with each other and share common norms or rules (Scott, 1995). Until recently, organizational theory has depicted a limited role for agency and change within fields (DiMaggio and Powell, 1983, 1991; Hoffman and Ventresca, 2002). Early institutional theory, in particular, focused on homogeneity of organizational forms or isomorphism as its primary phenomenological emphasis (DiMaggio and Powell, 1983). Organizational and other actors were regarded as 'passive recipients' (Fligstein, 2001, p. 110) of the norms operating within fields rather than active contributors to them.

More recent work has focused on the formation and change of institutions by analyzing the role of institutional entrepreneurs (Fligstein, 1997; Lawrence, 1999) in shaping the discourse, norms and structures that guide organizational action (Maguire et al., 2004), the importance of the distribution of power among actors within a field (DiMaggio, 1988; Brint and Karabel, 1991; Fligstein, 1991; Beckert, 1999), and the idea that fields are arenas of debate and contestation (Hoffman, 1999). Others add that fields can remain conflicted even when institutional norms are apparently settled, because powerful actors are continually working to maintain their legitimacy (Lounsbury and Glynn, 2001).

These two concepts directly parallel the issues identified from the literature on sustainability. First, like the meaning of sustainability itself, organizational field-level norms are socially defined and ever evolving. Second, understanding organizational action demands a multilevel view of organizations as embedded in larger fields, including attention to the range of stakeholders who are active in these fields.

In contrast to earlier work on institutional theory that depicted fields as having strong tendencies towards homogeneity, Bourdieu's theory of fields has always portrayed fields as dynamic. Organizations within fields continuously act to defend or improve their relative positions, so a field is always a field of struggles (Bourdieu and Wacquant, 1992). Organizations 'increase or . . . conserve their capital . . . in conformity with the tacit rules of the game . . . but they can also . . . transform, partially or completely, the immanent rules of the game' (Bourdieu and Wacquant, 1992, p. 99). The domain of sustainability is a perfect example of field-level jockeying. Who gets to define the term, assign status, or measure progress? Is it NGOs like the World Resources Institute, trade associations like the Chemical

Manufacturer's Association, industry groups like the World Business Council on Sustainable Development, government organizations like the EPA or companies like DuPont? As in all field-level debates, organizations vary individually and as groups in their ability to reshape the rules of the game (Fligstein, 1990). Some occupy positions of domination (Oakes et al., 1998) or possess superior skills with which to enact change (Fligstein, 1997). Rewording the question that opened this chapter: Why did BP's position in a field allow it to reframe the debate over corporate responses to climate change?

Even powerful actors cannot simply impose new logics and norms on a field because, at some level, the norms must be accepted by other actors (Beckert, 1999). And for action on social and environmental issues, traditional forms of power are insufficient because of the value-based nature of the norms at play (Wade-Benzoni et al., 2002) and the critical role that cultural and social credibility plays in influencing those values. Only certain firms that are entrepreneurial in nature, skilled at implementation, and credible within critical field-level constituencies can 'seek to differentiate through innovation and gain competitive advantage from opportunities in environmental [and social] strategies' (Troast et al., 2002, p. 249). Two key variables that determine whether a firm can act credibly and effectively on social and environmental issues are its position within an organizational field, and the level of economic, cultural and social capital it possesses.

Position and Capital within the Field

Each corporation occupies a unique position in a field. A key starting point for our discussion is the observation that not all positions in a field are equivalent. Some will be inherently more valuable than others because in every field there is a struggle for limited or scarce resources, be they economic, cultural or social (Bourdieu, 1986). There are relatively few valued positions within a field (Maguire et al., 2004) and those who occupy them will be continually working to maintain their position (Lounsbury and Glynn, 2001) while others may challenge the dominant positions or seek to establish new positions that are valued (Aldrich and Fiol, 1994). This dynamic suggests that companies can initiate change from a number of positions in the field, not just those traditionally regarded as powerful or dominant (Maguire et al., 2004; Smith, 2003). However, the ability to do so relies heavily on the capital or resources a company can muster and exchange, and the value that is ultimately placed on this capital by others. At any given point in time, some positions will be more valuable than others, shaping the strategies available to companies as they attempt to maintain, improve or capitalize on their unique position.

An organization's position in a field is inseparably related to the quantity and types of capital it holds (Bourdieu, 1985; Bourdieu and Wacquant; 1992). Capital exists in several forms – economic, cultural and social – and 'represents a power over the field (at a given moment)' (Bourdieu, 1985, p. 724). But beyond reflecting power, capital also draws attention to a variety of modes of influence an organization may possess, the relative value of these different modes, and their interaction with each other. Each type of capital is necessary, but on its own insufficient, for a corporation to engage in actions directed toward sustainability. Some combination of economic, cultural and social capital is essential and the type, as well as quantity, of capital is important.

Economic capital is perhaps the most familiar form and is represented by the possession of monetary resources, or other material resources that enable a company to detect and pursue particular goals. A company's revenues, size (number of employees), geographic distribution (number of locations and global spread of locations), and market share can be considered indicators of its economic capital. These factors can affect how a company undertakes actions towards sustainability by influencing both demand and supply conditions. On the supply side, companies with sufficient revenues and employees are more likely to have both the organizational slack and the specialized expertise (for example departments for community relations, corporate social responsibility, and so on) that enable them to detect social needs, generate responses and implement solutions. On the demand side, companies that are more highly geographically distributed and have a higher market share will be more visible to critical stakeholders – customers, regulators, suppliers and diverse communities. This increases their exposure to a range of social needs and stakeholder concerns, possibly making them more aware of sustainability concerns.

Cultural capital is the competence or authority to define and defend expertise in a particular arena of social life (Bourdieu, 1986). Like economic capital, it derives value from its scarcity and is unevenly distributed. Unlike economic capital, cultural capital is rarely represented in material form. The erosion of a corporation's cultural capital is perhaps more obviously observable than its existence, for erosion of cultural capital is accompanied by the loss of broad social legitimacy (Oakes et al., 1998) which may be marked by media exposure of a corporation's practices, lawsuits, boycotts of products or increased regulatory scrutiny (Smith, 2003).

The importance of cultural capital for acting on sustainability cannot be overstated; a corporation must possess a particular type of cultural capital in order to initiate credible actions on social and environmental issues. A corporation with appropriate cultural capital will hold broad socio-political legitimacy which may be manifested in public acceptance, government approval (for example, provision of subsidies or reduction of close scrutiny by government bodies), and public prestige of its leadership (Aldrich and Fiol, 1994; Rao, 1994). A clearly articulated identity of being socially responsible, a strong reputation among competitors, suppliers and customers, high brand equity, and relative transparency in a company's reporting practices are also indicators of the type of cultural capital that is valued for action on social and environmental issues (Scott and Lane, 2000; Smith, 2003; Bhattacharya and Sen, 2003).

Cultural capital, however, can be quite ambiguous. For example, if a brewer which produces alcoholic beverages has a strong reputation for its sound and progressive environmental management, and embraces social and environmental causes, will it hold valuable cultural capital? Or will its cultural capital be dominated by the fact that its core product, if abused, is harmful to individuals and their families? The answer depends on the composition and concerns of other participants in the various fields in which the company participates, and the answer may differ across fields. This example is a reminder that cultural capital has many facets, and the value of cultural capital is always judged relative to a complex and ever-shifting set of social standards. As a result, sustaining broadly valued cultural capital across a range of fields involves consistent actions by the company on a range of issues, over a long period of time. The cultural capital needed to act credibly on issues of sustainability may well rely on capital built up by actions on issues that have little to do with sustainability per se.

Finally, social capital is the 'sum of resources . . . that accrue to an [actor] by virtue of possessing a durable network of . . . relationships of mutual acquaintance and recognition' (Bourdieu and Wacquant, 1992, p. 119). Companies with high social capital gain greater access to information and have greater potential to notice opportunities in the environment (Davis, 1991). They may be more likely to initiate actions directed towards sustainability simply because they are well connected to other actors – either stakeholders who bring new demands, or other companies who share ideas of best practices. Even without direct contact between organizations in a network, membership in diverse networks will expose companies to a variety of possibilities because they will be able to observe structurally equivalent organizations and possibly imitate them (Burt, 1987; Galaskiewicz and Burt, 1991). A large number of relatively weak network ties may be more important in this regard than a smaller number of strong ties (Granovetter, 1973), particularly when it is desirable to access new organizational fields and the ideas and norms circulating within them.

Indeed, social capital is a key asset needed by companies seeking to operate in multiple, diverse fields. Whereas cultural capital lends reputational authority to a company and is critical to its credibility in acting on issues of social and environmental sustainability, social capital is what actually enables the company to implement its actions. Social capital yields the connections and contacts that allow members of a company to deeply understand local issues, and to identify those who will assist and those who may block efforts at change. Building and maintaining valued social capital involves attention to both the quantity and quality of relationships with others, with emphasis on building trusting, reciprocal relationships that endure meaningfully. There is a connection between the quality of cultural capital a company possesses and the social capital it can build through its members' interactions. A company with little cultural capital will not likely build social capital with stakeholders, who may be skeptical of the company's aims or sensitive to 'selling out'. On the other hand, a company with valued cultural capital may more easily build or maintain valued social capital. The relationship between social and cultural capital works the other way too, with social capital contributing to cultural capital (or not).

In the next section we consider several different field conditions in which corporations may act to alter institutional norms as they address issues of social and environmental sustainability.

FOUR FIELD CONDITIONS FOR CHANGE

While all fields may be arenas of struggle (Bourdieu and Wacquant, 1992), they need not all be highly uncertain domains. Certain fields are mature or stable, with the dominant actors holding the majority of valued resources. Change in these fields will involve the destruction of old ways of acting and interacting, as well as the reconstruction of new action patterns and logic (Greenwood et al., 2002). In contrast, there is likely to be much greater uncertainty in emerging or fragmented fields where norms and relationships are still in flux (Fligstein, 1997) or mature fields in crisis where relatively stable relationships and norms have been sharply disrupted (Hensmans, 2003; Maguire et al., 2004). In each type of field, the strategies and skills used by individual organizations to shape the field will be quite different (Fligstein, 1997; Rao et al., 2000; Fligstein, 2001).

Issues of sustainability may be manifested in different ways, sometimes precipitated by critical events (Hoffman and Ocascio, 2000) which can thrust a field into crisis, and at other times precipitated by gradual shifts in attention to emerging concerns. How a corporation fosters change in a particular instance will depend on the conditions of the field and the nature of the issue itself. Institutional entrepreneurship can take place within each of at least four field conditions: capturing an issue within a mature field, bridging between fields, creating a new field and defending a mature field in crisis.

Each is described below, along with the particular challenges it presents for companies and the type of capital needed to act in such field conditions. Table 8.1 summarizes the four field conditions, key challenges and the types of capital needed under each field condition.

Capturing an Issue within a Mature Field

First, members of a mature field may 'capture' a social or environmental issue, bringing it within the domain of the existing field. This move involves expanding the norms and rules that operate in a field, but not fundamentally altering the membership of the field or relationships among members. An example of this is the adoption by chemical manufacturers of Responsible Care® codes of environmental, health and safety practices to which all members of the industry's dominant trade association must adhere. In this case, there was generalized coercive pressure for the industry to improve public confidence in its operations, but there was no specific single event that triggered this move, nor did the membership of the field change significantly (Howard et al., 2000). The largest corporations in the industry initiated the change, with the explicit goal of gradually changing the field while maintaining their existing positions of power. They recognized this would need, in their words, 'long term investment of effort and the painstaking cultivation of various audiences, opinion formers, and decision makers on whom we depend' (Simmons and Wynne, 1993, p. 203).

The challenge for corporations in these situations is credibly to attain moral authority on an issue that was once considered outside their purview. They must have or work hard to build the cultural capital which enables them to be seen as credible leaders on the issue in a field where others have prior claims. For example, regulators were the key actors that set the norms for environmental practices in the chemical industry, so in introducing Responsible Care®, chemical manufacturers had to demonstrate collectively that their voluntary standards went beyond compliance, were meaningful and were diligently adopted. To bolster and maintain the cultural capital of its members and enable it to take this unilateral action, the American Chemical Council (ACC, formerly Chemical Manufacturers Association) launched an extensive print and television advertising campaign, and hundreds of individual manufacturing facilities formed community advisory panels to communicate directly with local communities. A few years later, following criticism of the extent of adoption and effectiveness of its standard, the ACC implemented mandatory third-party verification of Responsible Care® compliance.

This example demonstrates that such a move of capturing an issue within an existing field demands building new forms of cultural capital, which may

Table 8.1 Four field conditions for corporate action on social and environmental sustainability

Field condition	Key challenges	Types of capital needed
Capturing an issue within a mature field	• Establishing authority over a new issue • Shifting capacity of others to define the issue	Cultural capital Perhaps economic capital Relatively less social capital
Bridging between fields	• Building resources, expertise, and legitimacy in a peripheral field while remaining successful in traditional field(s)	Social capital
	• Managing possible internal conflicts arising from operating in multiple fields	Cultural capital
Creating a new field	• Breaking from old field logics and relationships and credibly building new ones	Social capital
	• Managing high uncertainty within the emerging field	Economic capital in proportion to scope of change Relatively less cultural capital (for start-ups in new fields)
Defending a mature field in crisis	• Restore trust and regain social 'license to operate' without significantly reshaping the norms and relationships in the field	Economic capital Relatively less cultural and social capital

involve the use of considerable economic capital to carry through on claims over time. Social capital is important in these cases to make connections that bring others within the field, for example in the case of community advisory panels. But social capital is not the most critical form of capital as interactions with new stakeholder groups may be quite limited in this case.

Bridging Between Fields

This move recognizes that corporations are simultaneously members of multiple, partially overlapping fields (Hoffman, 2001) and that, particularly when complex social issues are concerned, there will be interstices between fields (Rao et al., 2000). In these cases, corporations may act by bridging between fields. Rather than expanding the norms of an existing mature field (as in the case above), corporations act and seek to influence action in a peripheral field where they may hold little in terms of resources, expertise or legitimacy. The corporation does not abandon a valued position in a mature field and create or move into an emerging one, but it does deliberately engage a new set of actors, form new relationships and adopt new strategies while at the same time retaining many of the old ones.

For example, Anglo American bridged into a peripheral field by taking responsibility for aspects of healthcare in rural African communities. It worked to improve existing clinics, influencing government agencies and policy, but it did not capture the issue. In fact, while Anglo American's actions were seen as 'vital to the country's development model' they were not intended as a substitute for government action (*South Africa Quarterly Forecast Report*, 2002, p. 18). Indeed, they were intended to send a strong message for more government involvement. Similarly, BP moved into, and helped create, a field in which companies from many industries interacted with governments and NGOs around the issue of climate change. While this triggered internal change at BP and some redirection of strategy, BP continued to operate as a dominant player in the mature field of petroleum producers.

The challenge for corporations in these situations is to remain successful and credible in the mature field while simultaneously building resources, expertise and legitimacy in a peripheral or emerging one. Along with this comes the challenge of managing the possible internal conflicts between the logics of the two fields, and the opportunities afforded by the possible emergence of new organizational forms (Rao et al., 2000). Social capital is particularly important in overcoming these challenges and bridging to new fields. Establishing and maintaining a diverse network of relationships enables a company to learn about and effectively and credibly operate within fields that might be quite different from the traditional fields surrounding their core business. It may actually be more effective for companies to work in partnership with others in peripheral fields, as such partnerships can bring them capabilities and contacts that they do not possess and would not be effective at developing, For example, a nuclear power plant operating company engaged the help of a non-profit environmental group when it embarked on the years-long process of decommissioning the plant. Decommissioning involved a series of actions that required interaction with the community and with regulators in agencies the plant had no prior involvement with. In this situation, the environmental group brought credibility and experience in interfacing with these stakeholders, skills that the plant did not (and one could argue could not or should not) possess on its own. While social capital is critical, broad cultural capital is also valuable for companies seeking to bridge between fields. Cultural capital within a mature field will enable the company to maintain its position within that field while also credibly acting in a new field or fields.

Creating a New Field

Less frequently, corporations may strategically exit a mature field and/or attempt to create or move into an entirely new one. This type of move is often precipitated by a renunciation of the logic of the old field. New, small or less powerful actors may take on this role, drawing a stark contrast between the old norms and those they seek to establish (Rao et al., 2000; Hensmans, 2003). Corporations have been founded with the explicit goal of advancing a social agenda and perhaps disrupting the operation of a mature field in the process. For example, the No Sweat company sells clothing and running shoes produced only at factories that meet high labor standards. It includes details of laborer's wages and benefits on its shoe boxes and has challenged leading apparel companies like Nike to do the same (English, 2004). Creating a new field in which issues of social and environmental sustainability are central is not always the work of upstart corporations. For example, chemical giant Monsanto literally and symbolically shed its chemical operations and embraced the goal of being a life science company in the late 1990s. It strategically reshaped relationships in this emerging field, engaging farmers, scientists, regulators and governments in developing nations, while much less skillfully influencing public opinion (Simanis and Hart, 2001).

The challenge for corporations attempting to create new fields oriented around social and/or environmental sustainability is to break successfully from the old logic and relationships and credibly build new ones, particularly when there is high uncertainty in the emerging field and a large number of new stakeholders need to be taken into consideration. The type of capital most valued will likely be social capital, again because it enables access to a wide range of stakeholders and ideas. Cultural capital may be relatively less valued in an entirely new field with high uncertainty, as there is likely little consensus around what is expected of various players. As a result, a company in such a field may be able gradually to build its own distinctive reputation over time and define for itself and others that follow a new logic for business and for engaging outsiders. Sufficient economic capital is required and it must be held in proportion to the scope of change. For example, small start-up companies founded with social or environmental goals often have low economic capital, but a company like Monsanto held and used considerable economic capital to exit its chemical manufacturing field and attempted to enter, by acquiring a large number of biotech companies, the new field of agricultural biotech.

Defending a Mature Field in Crisis

Finally, companies may be members of a mature field in crisis. This is perhaps the most familiar case, with companies acting to respond to damaging external events caused by their past (or current) social or environmental actions. The recursive effects of a corporation's actions (or inactions) are felt in the field as a whole. For example, in the critical hours immediately following the *Valdez* shipwreck, Exxon was reluctant to acknowledge responsibility or take action to rectify the situation. The company resisted external pressure, endured public condemnation and faced significant financial penalties (which are now approaching $7 billion). But this very resistance empowered interest groups and the government to push through the Oil Pollution Prevention Act of 1990, further increasing regulatory restrictions on crude oil shipping which influenced Exxon and others' subsequent actions (Hoffman, 2001).

In another example, the Coca-Cola Corporation is facing mounting criticism for alleged environmental abuses in India and alleged labor rights abuses in Colombia (Stecklow, 2005). Coca-Cola has continued to argue that it has no control over the labor situation in Colombia and has full government approval to draw water from local aquifers. But activists have been able to control the form of the debate, engaging college students in pressing administrators for campus boycotts of Coca-Cola products and union representatives in filing lawsuits. Coca-Cola has been hesitant to engage these activists and, therefore, has ceded the field-level debate.

The challenge for companies, like Coca-Cola, in these situations is to regain their social 'license to operate' and restore trust without significantly reshaping the norms and relationships in the field. In these situations, high economic capital serves as a way to launch public relations campaigns designed to discredit detractors and affirm the norms of the company and its operations. Direct engagement with stakeholders through the use of cultural or social capital is relatively limited. As such, a company with economic clout but little cultural or social capital might engage in this kind of defensive action. Ironically, if allegations become widespread through the mainstream media, they may be quite damaging to the cultural and social capital of the company, at a point when it is already relatively low. This vicious cycle of low cultural and social capital can act against a company's efforts to address sustainability issues; in other words, defending a mature field in crisis is a reactive rather than proactive strategy, unlikely to result in effective, credible actions towards sustainability.

PATHWAYS TO SUSTAINABILITY: IMPLICATIONS AND FUTURE RESEARCH DIRECTIONS

While there is a long-standing academic debate about the objectives of the corporation (Freeman et al., 2004; Sundaram and Inkpen, 2004) and the connection between social performance and financial performance, these questions remain largely unresolved (Margolis and Walsh, 2001). Empirical evidence suggests that their resolution is not critical, however, as many corporations do act in ways that advance social issues while at the same time improving strategic position (Porter and van der Linde, 1995; Margolis and Walsh, 2003). In this chapter, we have sought to shift attention away from the question of why companies undertake actions on social and environmental issues, and towards outlining different ways that corporations do so as members of different types of organizational fields. Our goal has been to use recent insights from institutional theory to consider the dynamics of a firm's interactions with its external environment, recognizing that a company's actions can be both the product and, more importantly, the perpetrator of broader social change. To do this, our discussion has built on ideas of institutional entrepreneurship, using insights from Bourdieu's theory of fields to show how some corporations hold valued positions and capital that enable them to act credibly on issues of sustainability.

Our analysis makes both theoretical and practical contributions. First, our attention to companies as embedded in organizational fields captures the co-evolution of corporate actions, the fields in which companies reside, and issues of social and environmental sustainability themselves. Attending to field-level dynamics enables one to see issues of social and environmental sustainability as shifting rather than static, in accordance with how they are actually experienced by companies. The importance of a given issue at a given time is almost impossible to predict as there are many contributing

factors from catastrophic events like oil spills or toxic releases, to geopolitical shifts that result in the displacement of people. Therefore, seeing a corporation as embedded in and possibly capable of shaping fields is essential to understanding its actions in such a complex environment.

A second theoretical contribution is the use of the notion of capital to enrich the institutional conception of fields, thereby giving us a language with which to discuss what is being exchanged, shared, accrued or contested within a field. Using the constructs of economic, cultural and social capital, we offer a way to distinguish why different organizations can act differently from their respective field-level positions. Those who hold certain quantities and types of capital may have the ability to act effectively and credibly on issues of sustainability, while others may not. The possession of cultural and social capital, in particular, are especially important for action on social and environmental issues, replacing economic capital as the central determinant of dominance in more traditional field-level interactions. Importantly, both social and cultural capital can not only be further enhanced by successful action on issues of sustainability, but they can also be dramatically eroded as a result of failures, highlighting the fragility of a company's ability to act effectively on issues of sustainability.

Finally, we contribute to theory on emerging fields by suggesting that corporations traditionally regarded as less powerful (for example, those that do not possess large quantities of economic capital) may nonetheless be able to develop and capture cultural and/or social capital by skillfully framing the debate, bridging disparate interests, or seeing and creatively developing new ways of acting. The result may be the emergence of entirely new fields or effective bridging to peripheral fields. Socially oriented start-ups such as Tom's of Maine, Ben & Jerry's and The Body Shop are all examples of firms that created new fields centered explicitly on social issues and offered alternatives to traditional products.

For practitioners, our discussion gives greater depth to the importance of managing a company's external interactions for taking action towards sustainability. External stakeholders that go far beyond traditional supply chain relationships hold ever-increasing power and influence on corporate action. Companies are subject to demands for greater transparency created by NGOs; consider the impact such demands have had on the actions of Nike, Wal-Mart, McDonald's, Coca-Cola, Monsanto, Shell and others. From a more proactive stance, companies expanding into new regional markets within developing countries are finding that successful implementation requires engagement with new forms of business partners. These may include local suppliers, distributors, NGOs and governments to help create opportunity for on-the-ground action (London and Hart, 2004; Prahalad, 2004; Hart, 2005; Hart and London, 2005). By engaging with such new forms of business partnerships, new types of activities are initiated, ones that have impacts that diverge from traditional forms of corporate action. Companies are developing hospitals, HIV clinics, community centers, water treatment facilities and housing facilities.

While managers cannot necessarily predict or control how issues of social or environmental sustainability relevant to their businesses arise, they can certainly understand the fields they operate in and the type of change they seek to undertake (or the type of change imposed upon them by others), and thereby cultivate the appropriate capital to act appropriately. Capturing an issue within an existing field, bridging between fields or creating a new field all invoke social and cultural capital in particular, though in different measures. The reactive stance of defending a mature field in crisis may rely less on these non-traditional forms of power. Our framework provides a starting point for understanding the competencies that must be developed to address issues of sustainability proactively. We forewarn practitioners that such assets are acquired over the long term, through persistent and patient internal development. But conversely, there is also an element of spontaneity in such actions – effective change agents act opportunistically to take advantage of the situation at hand and improvise and negotiate creatively to appeal to diverse interests and actors. And where the necessary capital cannot be developed by one company alone, it can partner with others in order to 'borrow' their capital. This is evidenced by the increasing number of alliances between businesses and NGOs on complex environmental and social issues.

Future Research

Several questions and directions for further research are raised by our discussion. First, while we identify a number of field conditions and suggest types of capital that would be particularly important in each, a more rigorous mapping between field conditions and the capitals necessary for acting on sustainability issues would be helpful. Empirical work in this area could confirm whether these field conditions are accurate descriptors, and which types of capital are critical under which conditions. Further, empirical work could assess whether different forms of capital are valued across field conditions between different geographical or cultural contexts. For example, are there settings in which social capital is always significantly more valuable than economic capital? In Western industrialized countries we are accustomed to thinking of economic capital as critical to gaining traditional power within an organizational field, but this may not be the case in other countries or market systems. In such settings, the capital necessary to act on issues of environmental and social sustainability may be more closely

aligned with the capital needed to participate in commerce in general, and acting on sustainability may therefore not demand such a shift from 'business as usual' as it appears to demand in Western industrialized economies.

Second, future research might explore the skills necessary to take action. Mustering cultural and social capital in moments of flux and ambiguity is a necessary but not sufficient condition for effective change. Even the most respected and effectively connected corporations can make missteps, create inadvertent outcomes or even misread the situation. More work is needed on connecting the innate traits of the sustainable corporation to the active skill set necessary to carry out successful initiatives.

Third, our contribution towards examining the role of capital in determining a corporation's ability to act on social and environmental issues opens new research questions. How is cultural and social capital measured? How is it developed? How is it spent or, more importantly, lost? And if it is easily lost, will companies perhaps show a more conservative approach towards expending it on social issues since they may have more to lose? These kinds of questions offer a new direction in organizational research that has parallels to issues of brand equity in marketing while also incorporating issues of agency and action. Corporations with high cultural capital may not necessarily be the most likely to act because they may see actions on sustainability as risky, making leaders on possibly controversial social and environmental issues into lightning rods for criticism. Companies with very high social capital might be less open to possibilities for acting because they do not want to 'rock the boat' among their valuable network ties (Davis, 1991) and do not want to attract attention in a highly interconnected field.

Finally, longitudinal case-studies of corporations addressing issues of sustainability, both successful and unsuccessful, would be valuable in identifying how capital is accrued and used in acting on issues of sustainability. Longitudinal studies would also allow one to consider the recursive effects of action over time. Such a study would require either extended real-time study through interviewing, observation and document analysis, and/or extensive archival research. Because of the co-evolution of issues, fields, and a corporation's capital and actions, particularly when dealing with social or environmental issues, teasing out causality would be challenging in any such study. However, one need not establish absolute causality in order to contribute to understanding of the dynamics of change agency around sustainability. Indeed, in certain conditions, corporations can inadvertently trigger actions that result in change in a broader field, suggesting that intention to create change is not even an essential precursor.

In conclusion, corporate actions towards sustainability represent a unique type of change that is firmly embedded within field-level dynamics.

To understand how corporations are effective at making change in this area, that is, why some corporations can act credibly on social and environmental issues while others cannot, we need a way to describe the corporation's position in a field and its relevant economic, cultural and social capital. This chapter contributes to this understanding by outlining four field conditions in which issues of social and environmental sustainability are manifest, discussing the challenges associated with each and suggesting ways in which different forms of capital are used to address the challenges. Attention to field dynamics and the embeddedness of companies in multiple, complex fields highlights the fact that social and cultural capital, not merely economic capital, are essential assets for companies to possess on the journey towards sustainability.

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