Approaches to Corporate Sustainability

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Approaches to Corporate Sustainability

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We are pleased to present one article in the Current Empirical Research section of the summer issue of *OMJ*. This article nicely demonstrates the macro-analytical approach with an organization theory article. Here, we introduce this intriguing and informative article exploring the factors that underlie an organization’s decision to adopt sustainable practices.

In “Institutional Theory and Corporate Sustainability: Determinant Versus Interactive Approaches,” Jeffrey Gauthier examines two competing arguments within institutional theory. Determinant arguments suggest that a firm’s institutional environment constrains firm strategic choices. Conditions dictate the actions that firms must take to maintain legitimacy. Over time, firms within the same organizational field begin to take on similar characteristics as a result of environmental forces. Interactive arguments, on the other hand, suggest that firms have choices and are not constrained. The different ways in which they respond to environmental forces result in variation rather than similarity among firms within organizational fields.

Gauthier examines both determinant and interactive arguments in explaining the choice of firms to adopt sustainable practices. Using firms from the S&P 500, Gauthier examines the choice to adopt the Global Reporting Initiative guidelines, the world’s leading voluntary sustainability reporting system. Gauthier finds that interactive arguments better predict firm behavior than determinant arguments. Specifically, he finds variation within organizational fields, suggesting that firms do indeed have options when facing strong environmental forces.

Gauthier’s work shows support for the shift from determinant to interactive arguments within institutional theory and demonstrates that this trend is applicable to research in sustainability.

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