

# **Institutionalisation of sustainability reporting in Pakistan: The role of field-configuring events and situational context**

**Purpose:** This paper investigates the role of field-configuring events (FCEs) and situational context in the institutionalisation of sustainability reporting (SR) in Pakistan.

**Method:** This paper uses insights from the institutional logics' perspective and qualitative research design to analyse the interplay of the institutional logics, field-configuring events, situational context, and social actors' agency for the institutionalisation of sustainability reporting among leading corporations in Pakistan. A total of 28 semi-structured interviews were carried out and were supplemented by analysis of secondary data including reports, newspaper articles, and books.

**Findings:** The emerging field of SR in Pakistan is shaped by societal institutions, where key social actors (regulators, enablers, reporters) were involved in institutionalisation of SR through FCEs. FCEs provided space for agency and were intentionally designed by key social actors to promote SR in Pakistan. The situational context connected the case organisations with FCEs and field-level institutional logics that shaped their decision to initiate SR. Overall, intricate interplay of institutional logics, FCEs, situational context and social actors' agency has contributed to the institutionalisation of SR in Pakistan. Corporate managers navigated institutional logics based on situational context and initiated SR that is aligned with corporate goals and stakeholder expectations.

**Originality:** This paper focuses on the role of field-configuring events and situational context as key social mechanisms for explaining the institutionalisation of sustainability reporting.

**Practical implications:** For corporate managers this paper highlights the role of active agency in navigating and integrating institutional logics and stakeholders' expectations in their decision-making process. For practitioners and policy makers this paper highlights the importance of FCEs and situational context in the emergence and institutionalisation of SR in developing countries. From societal point of view dominance of business actors in FCEs highlights the need for non-business actors to participate in FCEs to shape logics and practice of SR for wider societal benefits.

## **Keywords:**

Sustainability reporting, Institutional logics, Field-configuring events, Situational context, Developing countries, Pakistan.

## 1. Introduction

This paper originates from an interest in understanding key social mechanisms that explains the institutionalisation of sustainability reporting (SR) in Pakistan. Early studies that explored the institutionalisation of SR (Higgins and Larrinaga, 2014) aims to understand the dynamics of its emergence and patterns of its diffusion across societal levels (Mahmood, 2015). The establishment of powerful institutions that influence the thinking and behaviour of social actors (individuals and organisations) in legitimization of SR among organisations has also been studied (Larrinaga & Bebbington, 2021). Such investigations shed light on (1) the role played by institutions, (2) institutions' associated pressures and logics/rationales, and (3) social actors operating at different levels of society, contributing to the institutionalisation of SR. However, extant literature lacks understanding of social mechanisms that connect institutions and agency at various levels and results in the institutionalisation of SR. This paper fills this gap.

Much of the research conducted on the institutionalisation of SR has taken stock from institutional theory (Larrinaga and Bebbington, 2021). Institutional theory attributes social actors' behaviour to the presence of institutions (for example, coercive, normative, and cognitive) that structure society (DiMaggio and Powell, 1983). Departing from a content analysis of disclosures, recently researchers have sought to gain a more in-depth understanding of the institutional pressures facing sustainability reporters. For example, Higgins et al. (2018) have interviewed managers of non-reporting entities to understand the field-level norms and pressures influencing SR. At an organisational level, Contrafatto (2014) identifies three phases in the institutionalisation of the SR of Italian organisations. However, excluded from the scope of both studies (i.e., Contrafatto, 2014, Higgins et al., 2018) are a look at the intersection of the broader institutional environment, field-configuring events, situational context, and the question of how these dynamics interact, leading to the institutionalisation of SR practices. Therefore, this paper addresses the following research question: "How does the interplay of FCEs and situational context at multiple levels of analysis (field and organisational) result in the institutionalisation of SR in Pakistan?"

This paper draws on the institutional logics perspective that posits society as composed of mega institutions, or institutional orders, including family, community, state, religion, market, profession, and corporation (Thornton et al., 2012). These orders provide actors with a set of beliefs and practices, known as institutional logics, that guide actors' social action in various situations. Institutional logics help individuals make sense of social reality, but they also constrain and enable social action. Institutional logics mainly emphasize macro-level dynamics associated with institutional heterogeneity and practice variation (Lounsbury and Wang, 2020, Yee, 2020), but it also allows for multiple levels of analysis, including societal, field, organisational, and individual ones (Cerbone and Maroun, 2020). In contrast, the much researched in the literature 'institutional isomorphism' downplays conflict, politics, and practice variation and emphasizes the homogeneity of social structures and the way in which organisations adopt similar structures and practices (Lounsbury and Wang, 2020). The institutional logics perspective is more nuanced than institutional isomorphism because it considers the heterogeneity of the context, such as different belief systems and practice variations (Mahmood and Uddin, 2021).

According to Meyer et al. (2005), field-configuring events (FCEs) are temporary gatherings of individuals from diverse social organisations who come together with a conscious, collective intention to construct an organisational field. Studying FCEs and situational context is essential for understanding how fields evolve and change, as it helps connect micro- and meso-level social processes to institutional-level processes. This paper focuses on specific FCEs and situational contexts as important mechanisms in shaping SR. The

concept of situational context focuses attention on the immediate and specific circumstances that directly impact an organization at a given moment (Ocasio, 1997). Social actors played a crucial role in interpreting and understanding institutional conditions and situational contexts. Institutional condition may enable or constrain social actors' behaviour and institutional change (Adler and Borys, 1996, Tessier and Otley, 2012, Scott, 2014).

This paper offers a robust framework for comprehending the intricate dynamics influencing institutionalisation of SR practices in developing countries: contextual setting that remains neglected in existing studies (Dissanayake et al., 2021, Larrinaga and Bebbington, 2021). The contextual setting of Pakistan is especially intriguing as traditional institutions of family and religion competes against the modern institutions of profession, community, market, and corporation for the institutionalisation of sustainability reporting. We believe that these competing institutions and their underlying logics allows social actors to exercise agency, which required exploration. In addition, like other developing countries, SR field is emerging in Pakistan (Mahmood and Uddin, 2021) and it would be interesting to explore how various social actors are trying to institutionalise SR through field configuring events and the role of situational context to facilitate this process. Finally, the study on sustainability reporting in a context where very few companies comply even with mandatory disclosure requirements is indeed illuminating (Mahmood et al., 2019).

Drawing on in-depth semi-structured interviews and extensive documentary analysis, this paper identifies various events and situational contexts that shaped the logics behind the decision to publish standalone sustainability reports. Field-configuring events are identified as the main mechanism through which social actors' exercise agency in shaping SR in Pakistan. The extent to which field-level logics shape organisational decisions to initiate SR depends on the situational context of an organisation and on the role of social actors in dealing with institutional pressures and drawing upon institutional logics. Next, we provide a review of existing studies and discuss the theoretical underpinnings of this paper followed by research methods, findings, discussions, and conclusions.

## **2. Institutionalisation of corporate sustainability reporting**

Institutional theory is the dominant approach used in organisational analysis to understand the emergence of corporate practices (Larrinaga, 2007). It emphasizes the presence of institutional pressures from the social and cultural context, rather than rational decision making aimed at increasing profits. Institutional researchers believe that organisational structures and practices result from conformity to institutional pressure, a fact that accounts for irrationalities stemming from the organisational and cultural contexts (Avgerou, 2000). Institutional theory posits that practices become social facts through institutionalisation and are adopted as such, rather than based on technical merits (Berger and Luckmann, 2023). Early institutional analysis of SR focused on identifying institutional pressures and finding ways in which these pressures drove the development of SR (Higgins et al., 2018). Neo-institutional theory and its concepts of 'isomorphism' and 'decoupling' were frequently used by researchers to explain the mechanisms of institutionalisation and its consequences. This perspective posited that the uptake of SR was driven by institutional pressures on organisations, leading to isomorphism (Higgins et al., 2018). SR was initiated by managers to 'fit in' and act 'appropriately' in their contexts (Larrinaga, 2007). For example, Larrinaga (2007) study confirmed the influence of coercive, normative, and cultural-cognitive pressures that determined organisations' choice to publish sustainability reports. Similarly, de Villiers et al. (2014) explained how isomorphic pressures encouraged the institutionalisation of SR practices in South Africa – small companies copied the SR disclosure practices of large companies.

Bebbington et al. (2009) suggest that in the initiation of SR, institutional pressures, as well as internal organisational dynamics, play an important role. The recent work of Rossi and Luque-Vílchez (2021) explains how different regulative, normative, and cognitive factors act together in the implementation process of social and environmental reporting. These authors confirm that the appropriateness of the institutional and organisational contexts helps the implementation process of social and environmental reporting. The major limitation of such studies is that they have tended to overlook the active role of agency and other dynamics in the process of institutionalisation (Dillard et al., 2004, Lounsbury, 2008). The work of Brown et al. (2009) shows how the Global Reporting Initiative (GRI) managed to institutionalise SR through a combination of discursive, material (resource-based), and charismatic tactics. Etzion and Ferraro (2010) look at the role of analogies as a guiding mechanism towards the institutionalisation of SR. The concept of institutional work acknowledges that while social actors might undertake efforts to create, maintain, and disrupt institutions, these efforts are often not pre-planned and their consequences are often unexpected and unintended (Lawrence and Suddaby, 2006). Research using the institutional work perspective, including Farooq and De Villiers (2019), has examined the institutional work of managers in Australian and New Zealand companies. Such studies show how companies' efforts lead to the gradual institutionalisation of SR at the organisational level.

Agential institutional theory gave individuals too much power and failed to address the origin and the autonomy of their ideas and interests (Thornton et al., 2012). To overcome this imbalance, institutional research has recently focused on a balanced analysis of both structural forces and social actors thanks to the institutional logics perspective that is gaining popularity in accounting research (Zilber, 2013). This approach emphasizes the constraining and enabling role of structures on actors, allowing for the co-existence of multiple logics in an institutional field that shape various SR practices (Arena et al., 2018, Ioannou and Serafeim, 2015). For example, Glynn and Raffaelli (2013) identify market and community logics as guiding the adoption of corporate social responsibility (CSR) practices. In Bangladesh, the banking sector's approach to CSR activities was found to be influenced by market, family, and community logics (Siddiqui et al., 2021). Mahmood and Uddin (2021) find multiple logics (business, regulatory, professional, and community) that explain the variation in SR practices in Pakistan. Contrafatto et al. (2019) explain how institutional entrepreneurs exploit the contradictions of coexisting and competing logics to affect institutional change. However, these studies limit the understanding of the institutional dynamics and social actors involved to one level of analysis (mainly the field-level) and ignore social mechanisms that connect institutions and agency at various levels. To address this gap, a multi-level analysis of social mechanisms is needed, as institutional work is an institutionally embedded phenomenon (Modell, 2022).

### **3. Institutional logics, field-configuring events, situational context, and the role of social actors**

In this section, we elaborate on the central concepts of the institutional logics perspective and develop a theoretical framework for analysing the emergence and institutionalisation of SR at the field and organisational levels in the societal context of Pakistan. The theoretical framework considers the institutional logics, social actors' agency, field-configuring events, and situational context that contributed to the publication of stand-alone sustainability reports by leading Pakistani corporations. The institutional logics perspective allows for a multi-level analysis, a balanced approach to structure and agency, and the theorization of cross-level interactions (Thornton et al., 2012). The institutional logics perspective assumes that institutions operate at multiple levels of analysis, and social actors are nested in higher-order levels, such as organisational, field, and societal levels.

The institutional logics perspective provides a framework for understanding how institutions both facilitate and limit action by considering macro structures, local culture, and human agency (Thornton et al., 2012). Macro structures are the societal institutions, such as market, corporation, profession, state, family, religion, and community. Each of these societal institutions is composed of mixed cultural elements, referred to as institutional logics (Lounsbury & Wang, 2020). Particularly in the Islamic (religion) context, charitable giving, such as zakāh and ‘ushr, is obligatory for Muslims who can afford a decent living, as highlighted by Khan et al., (2021). This practice aligns with the principles of CSR and sustainability when organizations engage in charitable activities. However, it's essential to note that these contributions are intended to be anonymous and promoting them in the form of SR is viewed as a lapse in moral behaviour. In the Islamic faith, promoting one's acts of charity, referred to as Al-Riyaa or 'showing off,' is prohibited.

The institutional logics perspective suggests that social action is constrained by institutions, but not determined by them. Social actors are viewed as “situated, embedded, and boundedly intentional” (Thornton et al., 2012, p. 89) which allows for both taken-for-granted behaviour, agency, and reflexivity. Rather than assuming a deterministic view of institutions, the institutional logics perspective acknowledges the partial autonomy of individuals and organisations in explaining social action (Thornton and Ocasio, 2008). The various elements of institutional logics, consisting of mixed cultural material with inherent contradictions, offer spaces for agency and change. Differences in how social actors are embedded in institutions and how they are situated within them provide opportunities for reflexivity and partial autonomy to act. This situated view of agency acknowledges that individuals and organisations have varying amounts of cultural material available to them based on their exposure to different situations. They can utilize this cultural material in innovative ways to meet practical demands based on their unique circumstances (Lounsbury and Crumley, 2007, Thornton, 2004). Social actors with greater experience and knowledge possess more cultural material and can exploit the contradictions inherent in this cultural material to effect change (Pache and Santos, 2013).

The institutional logics perspective provides a more nuanced and flexible framework than earlier institutional frameworks by considering the contextual nature of institutional logics, the role of embedded human agency, and the multi-level nature of institutional dynamics. Societies vary in their cultural material and institutional logics, logics which are shaped by local conditions and cultures (Gümüşay et al., 2020). This perspective enables a deeper exploration of how practices become institutionalised by capturing the complexity and detail of societal institutions (Ibid.). Institutions operate at multiple levels of analysis, and the institutional logics perspective allows for understanding the regularised actions and practices of field-level and organisational-level dynamics against the backdrop of societal institutions, a fact that also provides opportunities for agency and change (Thornton & Ocasio, 2008). However, field-level logics are subject to field-level processes and mechanisms that generate distinct forms of instantiation of societal logics. Field-level logics are shaped by, but distinct from, the logics of societal institutions. Institutional work by field-participants shapes field-level processes. Accounting researchers have used the institutional logics perspective to examine logics and their connection to various accounting practices (Cerbone & Maroun, 2020; Mahmood & Uddin, 2021). There is also research on how organisations actively manage conflicting logics and external pressures (Golyagina, 2020, Lepori and Montauti, 2020, Yee, 2020), but little is known about the social mechanisms that connect institutions and agency at different levels of analysis. This paper addresses this gap by introducing the concepts of FCEs and social situations as social mechanisms for the emergence and institutionalisation of sustainability reporting.

Field-configuring events are considered as important mechanisms that initiate the process of institutionalisation (Hoffman, 1999, Higgins and Larrinaga, 2014). FCEs, such as

conferences, award schemes, and other events, are crucial to institutional processes. They temporarily unite actors to create a consensus that acts as a cue to enabling institutional disruption (Read et al., 2023). FCEs may be designed to attract collective attention to the field, and they can serve as a medium for resolving legitimacy issues between field participants and for assigning prestige to actors (Anand and Jones, 2008, Anand and Watson, 2004). FCEs are avenues of institutional work by field participants (Higgins and Larrinaga, 2014). During these events, diverse social actors use narratives to theorise practices; thus, facilitating the spread of practices' use and institutionalisation (e.g., Greenwood et al., 2002). According to Lounsbury and Crumley (2007), theorisation is key to institutionalisation, and it helps understand multiple institutional logics in a field. Extant research on institutional logics adopting a field-level perspective has emphasised the existence of competing logics linked to societal logics (cf. Amans et al., 2015, Busco et al., 2017, Dai et al., 2017).

Situational context has been acknowledged by the Thornton et al. (2012)'s work on institutional logics as an important mechanism that connects institutional logics and social action. The concept of situational context focuses attention on the immediate and specific circumstances that directly impact an organization at a given moment (Ocasio, 1997). According to Aunger (2020) "context" is a broader concept that encompasses a wide range of factors (historical, cultural, social) while "situation" refers to the set of proximate causal factors that affect decisions. Situational context is a subset of context that zooms in on the here and now, providing the backdrop (e.g., market conditions, industry trends, regulatory changes, technological advancements, and competitive pressures) against which organisations operate and make decisions. Situational contexts and institutional logics are interrelated and dynamic components of organizational decision making (Thornton et al., 2012). Organisations must consider both prevailing institutional logics and the situational context to make effective decisions while navigating the complexities of their environment. Organisations may need to adapt their institutional logics in response to changes in the situational context. Situational contexts provide opportunities for social actors' agency (Hoffman and Ocasio, 2001, Nigam and Ocasio, 2010), where actors may rely on alternative institutional logics to justify their actions (Seo and Creed, 2002, Anderson-Gough et al., 2022). Under novel situations, the interaction among logics, situations, and practices is controlled and understood as strategic agency. Social actors play a role in combining institutional logics to justify their actions (Lounsbury, 2001).

Overall, institutional logics shape the actions of social actors, but social actors also have agency or choice in the way they use institutional logics to navigate their situational context. However, depending on their positioning within institutions and fields, some logics may be more accessible and used more often than others. These accessible logics and the way they are used by social actors shape the practice of SR. FCEs and situational context provide connecting social mechanisms between institutions and agency at different levels of analysis to help one better understand emergence of SR. FCEs are avenues of institutional work by field participants, such as sustainability conferences, award schemes and seminars, and situational context may provide opportunities for institutional change. These mechanisms help explain how multiple logics result in the emergence and institutionalisation of SR.

#### **4. Research methods and data**

This study utilizes an embedded case study design that aligns with the chosen research objectives and theoretical framework. Embedded case studies involve analysing multiple levels of society (Scholz and Tietje, 2002, Yin, 2014). Specifically, the embedded case study of this research focuses on the emergence of SR in Pakistan's societal context via both field-level events and organisational-level situations. The field level analysis examines events and actors

that have influenced the development of SR as an institutional field in Pakistan, while the organisational level analysis explores situations that have contributed to the practice of publishing standalone sustainability reports (see Table 1). Throughout the analysis, this study considers the role of both institutional conditions and social actors' agency in shaping the emergence and institutionalisation of SR.

**Table 1: Embedded case-study design**

<b>Level of Analysis</b>	<b>Focus of Analysis</b>
Societal	Societal institutions and their underlying logics
Field	Field-configuring events and actors shaping the logics and practice of SR
Organisational	Situational context and actors shaping the decision to prepare standalone sustainability reports

This research uses two primary sources of data to gather information on the emergence of SR in Pakistan – semi-structured interviews and documentary evidence. A total of 28 interviews were conducted with key social actors, including officials from regulatory agencies, policymakers, academics, professional accounting bodies, business associations, sustainability consultancy firms, as well as senior managers from eight leading corporates preparing standalone sustainability reports in Pakistan. The interviews were conducted using a pre-established interview guide (the interview guide is provided in the Appendix I). Most interviews took place between January and March 2013. There were two follow-up interviews – one with industry consultants and one with a regulator – conducted in 2018. The follow-up interviews were conducted to obtain updates on important developments in the Pakistani SR field and to share findings from the prior research with the interviewees. Written consent was obtained from all interviewees, and audio recordings were made with the interviewees' consent, except in the case of two interviews during which hand-written notes were taken. The interviews were conducted face-to-face by the first author. Formal and informal channels were used to gain access to the interviewees, including telephone calls and social media channels. Tables 2 and 3 provide additional details on the interviews conducted and the eight pioneering companies that initiated SR.

**Table 2: Details on the interviews**

<b>Organisation</b>	<b>Number of Interviews</b>
Securities and Exchange Commission of Pakistan (SECP)	2
Stock Exchanges	2
Pakistan Institute of Corporate Governance (PICG)	1
Institute of Chartered Accountants of Pakistan (ICAP)	1
Institute of Cost and Management Accountants of Pakistan (ICMAP)	1
Association of Certified Chartered Accountants (ACCA)	1
Worldwide Wildlife Fund (WWF)	1
Sustainable Development Policy Institute (SDPI)	1
Sustainability Consultancy Firms/Enablers	4
Companies involved in the practice of sustainability reporting (Officials involved at the senior level in corporate sustainability, CSR,	14

communications, marketing/branding, Human Resources, finance, public affairs, health, safety, environment, or quality)	
<b>Total</b>	<b>28</b>

**Table 3: Details on the companies initiating SR.**

Organisation	Business	Location in Pakistan	Ownership & Control	First Reporting Year
A	Fertilisers	Karachi	Local Business Group	2005
B	Packaging	Lahore	Multinational	2006
C	Petroleum	Islamabad	Foreign Business Group	2007
D	Engineering	Karachi	Multinational	2009
E	Chemicals	Karachi	Multinational company acquired by a family group	2009
F	Cement	Karachi	Family group	2011
G	Fertilisers	Islamabad	Business group	2011
H	Fertilisers	Lahore	Family Group	2013

The use of documentary evidence is a common and valuable method in social science research, as it allows for the collection of data that may not be accessible through interviews or observations alone. Documentary evidence is often readily available to the public. In this study, the documentary evidence was used to provide additional context, and to corroborate and supplement the data obtained from the interviews. The types of documents analysed included directives, policy statements, regulations, conference briefs, press releases, newspaper articles, stocktaking and other reports, award reports, and annual and sustainability reports. The use of these documents enabled the researchers to identify key social actors, events, institutional logics, and organisational practices, and to gain a deeper understanding of the emergence and institutionalisation of SR in Pakistan. The findings of this study were also presented to various audiences, a fact that helped increase the trustworthiness of the research (Lincoln and Guba, 1985). Table 4 provides details on the documents analysed.

**Table 4: Details of documentary evidence**

Sources	Nature
Securities and Exchange Commission of Pakistan, Karachi Stock Exchange, Pakistan Institute of Corporate Governance, Sustainable Development Policy Institute	Directives, policy statements, press releases, activity announcements, and conference briefs
Regulatory documents	Various legislative acts, orders, policies, and guidelines, such as the Pakistan Environment Protection Act 1997; Companies Ordinance 1984; Corporate Governance Codes 2002, 2012, and 2016; Companies (Corporate Social Responsibility) General Order, 2009; National Climate Change Policy 2012, Corporate Social Responsibility Voluntary Guidelines, 2013



Newspapers	News coverage of various events, such as awards, conferences, and press releases
Professional accounting bodies	Professional reports, research reports, magazines, technical articles, and sustainability reporting awards reports
International financial institutions and international donor agencies	Stock taking reports, policy documents, stories, case studies, analyses, such as stock taking reports on the sustainable development of Pakistan
Multi-stakeholder initiatives for sustainability reporting	Technical reports, articles, and website information
Pakistani listed companies	Annual reports, sustainability reports, and website information

The data analysis followed a combination of strategies, given the embedded case study design, research questions, and the institutional logics framework. The researchers began by reviewing the interview data, then moved towards thematic analysis, and finally integrated theoretical insights into their analysis. The analysis process involved an iterative approach, moving between empirical data and theoretical constructs, consistent with qualitative research practices (Miles and Huberman, 1994, Locke, 2002). The four stages of the data analysis process were: (1) initial familiarisation with the data, (2) generating initial codes, (3) searching for themes, and (4) reviewing and refining the themes. Throughout the process, the researchers maintained a focus on the institutional logics perspective to guide the analysis and identify key social mechanisms that explained the emergence and institutionalisation of the Pakistani SR.

In the first stage of data analysis, the empirical data were organised chronologically and according to their source, to construct a database of significant events, actors, and major developments in the Pakistani SR field. Similarly, the same approach was used to develop a chronological database of events, actors, and major developments at the organisational level. This approach enabled the researchers to gain a better understanding of the emergence of SR in Pakistan and to become more familiar with the case study under investigation.

In the second stage of data analysis, a thematic approach was adopted, starting with an analysis of data according to the themes included in the interview protocol (e.g., the need for reporting, benefits of reporting, regulation and enforcement, relevance of guidelines, motivation for reporting, and important sustainability issues). All empirical data were analysed line-by-line, and the quotes from the interview transcripts and secondary documents were placed under newly derived themes. The researchers were open to the new themes that emerged from working with the data, such as ‘the role of consultants’ and ‘resistance to mandatory reporting.’ This process allowed for a comprehensive and in-depth analysis of the data.

The third stage of data analysis primarily relied on the theoretical framework. The empirical data were examined once again to identify instances of theoretically informed themes, such as societal institutions, logics, events, situational context, FCEs, and the role of actors. The final goal of this stage was to develop theoretically informed insights into the process of initiation and implementation of SR. To achieve this, the researchers established links among different themes and developed narratives by iteratively aligning the empirical data with the theoretical framework.

Overall, the research design of this study involved an embedded approach where the analysis of the field level was conducted first, followed by the organisational level. Prior to the analysis of these levels, the researchers had documented the societal institutions shaping SR in Pakistan based on the use of secondary sources. This allowed for an understanding of the macro-structures that constrained and facilitated the emergence and institutionalisation of SR practices at both the field and organisational levels. To gain insight into the institutional and

organisational dynamics involved in the initiation and implementation of SR, narratives were developed for eight pioneering companies in Pakistan that has initiated SR for the first time.

## 5. Societal institutions shaping the SR field.

Family and religion are the two primary societal institutions that heavily influence the socio-cultural life in Pakistan. The family (kinship) and trust logics underpin many social practices within the family institutional order (Lieven, 2012). However, these logics are hindering the development of SR in the country. According to the kinship logic, businesses may prioritise the interests of their family (*biradari*) members over those of the wider society and environment. Similarly, there must be an element of trust (*bharaso*) among family members, a fact that can discourage transparency and openness. This reduced openness contrasts with the transparency logic typically found among public companies in developed countries. The following representative quotes highlight the crucial role of family logics for emergence of SR.

*Family businesses often prioritize trust, privacy, and confidentiality among family members. The emphasis on these values makes family members hesitant to disclose detailed information about sustainability practices and resistant to external scrutiny, including audits and assessments related to sustainability reporting* [Head of CSR enabling firm]

*In family businesses, loyalty to family members and the business may take precedence over accountability for environmental and social performance* [Research Associate, Sustainable Development and Policy Institute]

Religion, particularly Islam, is another dominant societal institution that shapes various aspects of life in Pakistan, including politics, regulations and policies, and personal and business practices (Lieven, 2012). Religious beliefs play a significant role in shaping philanthropic practices within the business landscape of Pakistan. As per findings from the Pakistan Philanthropy Centre's study (News Desk, 2018), it is evident that Pakistanis collectively contribute approximately Rs240 billion, equivalent to over US\$2 billion, annually towards charitable causes. The following representative quotes highlight the crucial role of religion.

*The concept of "if you do good, good will come back to you" is a fundamental principle in Islam, reflecting the idea of positive actions leading to positive outcomes. This principle extends to various aspects of life, including business and sustainability* [Head of CSR enabling firm]

*Islamic teachings indeed play a significant role in influencing CSR initiatives, and Pakistan has been recognized for its philanthropic endeavours, with Islamic teachings playing a crucial role in influencing such initiatives* [CEO, Pakistan Institute of Corporate Governance]

While Islam encourages sustainable behaviour, it discourages publicising such actions solely for show-off (*dikhawa*) purposes. Consequently, individuals and companies may engage in sustainable practices without disclosing them.

*Islamic traditions emphasize modesty and humility as virtues. These values discourage show-off behavior and hinders sustainability reporting, particularly when individuals or organizations are concerned that reporting their sustainability efforts might be perceived as a form of self-promotion or vanity* [President of Professional Accountancy Body]

*We are doing lot of good stuff for society and environment, but we don't want to show off. On the other hand, there are companies that doing very less and showing more in their sustainability reports* [Head of Corporate Communications]

As religious and family logics constraints the development of SR in Pakistan, other societal institutions are likely to play a more significant role in shaping field-level logics and organisational practices related to SR. The societal institution of community in Pakistan encompasses both traditional and modern forms. Traditional community, rooted in family and religion, prioritises welfare and charity-oriented actions, but it displays limited concern for and influence on SR. In contrast, modern community organisations, influenced by Western ideals and the liberal ideology, emerged in Pakistan in the 1980s due to foreign funding from non-governmental organisations (NGOs) and community service organisations (CSOs). The Pakistani community is divided into two extreme social classes which have differing perceptions of problems and their solutions. The privileged upper class can solve problems thanks to its power and financial resources, while the under-educated and deprived poor class lacks awareness of social issues and interest in social participation and influence (Cheema & Mohmand, 2007). Despite these differences, both classes share a short-termism (*jugar*) logic that prioritises immediate results without considering long-term consequences. The wealthy class uses the short-termism logic for dominance, while the poor class – for survival. Meanwhile, a middle class is emerging, leading to a vibrant civil society. This middle class increasingly demands transparency, accountability, the rule of law, and democracy. The international community also pushes for sustainability and SR in Pakistan. In the last decades, various international NGOs, CSOs, business and professional associations, and network organisations have been pressuring Pakistani organisations to adopt better social responsibility and sustainability practices (Malik, 2014, Khan and Khan, 2004). While traditional community organisations may have limited influence on SR in Pakistan, the emergence of a middle class and the international pressure from NGOs and CSOs have led to a greater awareness of and higher interest in sustainability practices in Pakistani organisations.

The Pakistani political system is characterised by patronage and kinship, with clientelism being their predominant feature (Lodhi, 2011). The practice of clientelism, which involves the exchange of material favours for political support among parties with unequal power, discourages a wider mobilisation of resources and focus on national issues and long-term development. As a result, policymaking often serves the élites, rather than the collective good, making it difficult to implement concepts, such as sustainability and sustainable development. The Pakistani stock market plays a relatively small role in capital mobilisation, limiting this market's potential to boost economic activity. The country's stock market is dominated by price manipulation by brokers or their associates. The Pakistani stock market is highly sensitive to emotions, rumours, and news, rather than by firm performance, and is subject to volatility due to price manipulation. This makes it difficult for corporate disclosures to influence the decision making of retail investors who tend to follow trends and rumours. The accountancy profession, whose responsibility it is to keep investors' trust in the stock market is shaped by its colonial past and the influence of international financial institutions. In the name of adopting international best practices, new concepts and technologies prescribed by international donor agencies or professional associations are often adopted without due consideration of Pakistan's unique cultural and institutional environment (Ashraf and Ghani, 2005).

The corporate sector in Pakistan is weak and underdeveloped, with many businesses thriving in the private, non-listed sector (Malik, 2014). Pakistan's corporate shareholder structure resembles a concentrated family ownership structure, where the majority shareholders not only retain control of companies, but also engage in managing them. This insider control results in a centralised corporate ideology and culture that have implications for practices, such as SR. The dominance of family firms has hindered the transition towards publicly traded business structures or managerial capitalism (Ali, 2001), preventing the institutionalisation of

modern corporate norms and innovation. The centralised, weak management systems of Pakistan's corporate sector do not help one consider the wider context of society, resulting in a lack of awareness of societal issues.

Taken together, the societal institutions of Pakistan have shaped the emerging field of SR in the country. The work of Mahmood and Uddin (2021) explains how the emerging societal institutions of market, corporation, community, profession, and state resulted in multiple co-existing institutional logics at the field level in Pakistan that were labelled as business logic, transparency logic, regulatory logic, and responsibility logic. These multiple co-existing logics were implicated in variations in various sustainability reporting practices that were observed in the emerging field of SR in Pakistan. The current paper is an extension of the earlier work of Mahmood and Uddin (2021) and it focuses on the social mechanisms that link societal and field-level logics with the organisational decision to initiate SR. More specifically, we investigate the role of field-configuring events and situational context in shaping the logics and practice of SR in the specific context of Pakistan.

## **6. Field-configuring events and actors shaping SR.**

This section focuses on important field-configuring events and actors that shape the logics and practice of SR in Pakistan. Events include milestones, regulations, publications, workshops, conferences, and award ceremonies. Actors have diverse roles within various institutions (e.g., state, market, community, profession). Notable actors, in our case include reporting firms, NGOs, state institutions, business associations, consultants, and professional bodies.

### ***Pakistan's Environmental Protection Act (PEPA) and voluntary environmental reporting***

Pakistan's Environmental Protection Act (PEPA) of 1997 was a significant milestone in establishing the framework for environmental regulation in the country. One of its key objectives was to promote environmental sustainability by introducing measures, such as the National Environmental Quality Standards (NEQSs). The NEQSs set specific benchmarks and parameters for various pollutants, and they established acceptable limits for emissions, effluents, and waste disposal. These standards aimed to protect human health and the environment by ensuring that industrial activities adhered to environmental performance criteria. In addition to the NEQSs, the government introduced a pollution charge which imposed financial penalties on industrial organisations based on their pollution levels. This mechanism incentivised companies to adopt cleaner production methods and reduce their negative environmental impact. To ensure compliance with environmental regulations and promote transparency, the Self-Monitoring and Reporting System (SMART) was developed in the year 2000. Under SMART, industrial organisations were made responsible for periodically monitoring and assessing their own environmental performance. Organisations were required to collect data on their emissions, waste management, and other environmental aspects and report this information to the provincial Environmental Protection Agencies (EPAs). The implementation of SMART aimed to create a culture of self-regulation and accountability among industrial organisations in Pakistan. By regularly reporting on their environmental performance, companies could identify areas for improvement, track progress toward combating climate change, and demonstrate their commitment to environmental sustainability. Overall, the initiatives stemming from the PEPA, including the introduction of the NEQSs, the pollution charge, and the establishment of the SMART, formed a comprehensive framework for environmental regulation and management in Pakistan that promoted sustainable industrial practices and environmental protection.

Despite such efforts, industrialists resisted these government regulations, and the NEQs and the pollution charge were abandoned in 2001. In contrast, industry associations, such as the Federation of the Pakistani Chamber of Commerce and Industry (FPCCI) and the All-Pakistan Textile Mills Association (APTMA) recognised the need to comply with various social and environmental standards set by the World Trade Organisation (WTO). For the first time, in the year 2001, the issue of social and environmental sustainability was linked to industrial development and export competitiveness (Sánchez-Triana et al., 2014). The new military-based government that was established at the end of 1999 incentivised the private sector to invest in clean technologies, an initiative that led to the emergence of voluntary environmental reporting and environmental management systems. However, the practice of investing in clean technologies was mainly market-led rather than by a genuine concern for environmental sustainability. The industrialists were mainly adopting these practices for ISO certifications that can enhance the marketability of their products<sup>1</sup>. The government's emphasis on economic growth and development facilitated these practices (Luken, 2009). While the government initially took the lead, industry associations recognised the need to comply with the social and environmental standards set by the WTO. This led to the emergence of voluntary reporting and management systems.

### ***The Securities and Exchange Commission of Pakistan's general order and attempt to regulate SR.***

In Pakistan, a range of social actors has been involved in regulating SR. The ACCA Pakistan provided recommendations to the Securities and Exchange Commission of Pakistan (SECP) to mandate SR within existing corporate governance codes. Similarly, the PICG recommended the establishment of a unit dedicated to the best sustainability practices in Pakistan. The SECP engaged a local NGO to research current sustainability practices and make policy recommendations, including mandatory reporting for listed companies to improve social responsibility and sustainability practices<sup>2</sup>. However, it was not until 2009 that the SECP issued a general order mandating disclosure on CSR in the director's report. While that order was a significant milestone as it signalled the intent of the SECP to regulate SR practice, it did not shape practice significantly, as it only required reporting by companies already engaged in social and environmental responsibility initiatives. The order left reporting processes and guidelines undefined. This freedom of definition allowed companies to choose their own initiatives and engage in partial reporting, leading to managerial capture of SR (Shekha, 2013). In 2012, the SECP issued draft guidelines for CSR and SR. These guidelines were made voluntary after the proposal of mandatory guidelines faced strong resistance from companies and other stakeholders.

### ***The UN Global Compact and its influence on SR***

The Pakistani Chapter of the UN Global Compact (UNGC) was established in 2005, with nearly 50 Pakistani companies signing the UNGC Charter to voluntarily commit to sustainability practices at the launch ceremony (Qureshi et al., 2017). The UNGC principles served as a normative reference point for appropriate sustainability disclosure (Coscollar et al., 2015). By keeping membership entry criteria flexible, the UNGC encouraged many companies to join and gain recognition for their sustainability disclosures. Once a company became a member, it had to demonstrate progress in implementing the UNGC principles by submitting a communication-on-progress (COP) report, a fact that created regulative pressure for signatories (Coscollar et al., 2015). Failure to produce a COP report within three years resulted in dropping UNGC membership to the company. While a few large Pakistani companies made

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<sup>1</sup> *Report of the Judges.* ACCA-WWF Pakistan Environmental Reporting Awards 2012 [http://www.accaglobal.com/content/dam/ACCA\\_Global/Technical/envir/report-judges-2012.pdf](http://www.accaglobal.com/content/dam/ACCA_Global/Technical/envir/report-judges-2012.pdf)

progress towards SR, many companies neglected the UNGC principles and eventually they lost their UNGC membership (Qureshi et al., 2021). The UNGC also influenced the SR field through imitation patterns: companies felt pressure to emulate the SR behaviour of UNGC signatories (Coscollar et al., 2015). Several interviewees confirmed the UNGC's influence on the emergence and development of SR in Pakistan (details in section 7)

### ***Reporting awards and the role of professional accounting bodies***

In 2002, the Pakistani Environmental Reporting Awards were established by the ACCA Pakistan and the WWF to introduce international norms and values for best reporting practices in the Pakistani SR field (Qureshi et al., 2021). The introduction of the Best Sustainability Report Award in 2005 furthered the development of SR and provided recognition, differentiation, and incentives for innovation to companies (Ibid.). This award influenced and shaped the practice and expectations of SR in Pakistan. The ACCA Pakistan played a similar role in shaping SR in the country to the role the ACCA played in the UK and elsewhere: it provided a socialisation process through various award schemes, to establish emerging SR norms (Bebbington et al., 2012). While the ACCA's role in the UK was supplemented by other carriers, such as certification schemes and industry associations, in Pakistan the reporting norms were already developed in the international context and were imported through the launch of awards with the same reporting criteria as in other countries (Qureshi et al., 2021). The Best Sustainability Report Award and other awards positively influenced the awareness of, expectations of, and motivation for engaging in SR, as it was confirmed by several interviewees. These awards also provided market-based opportunities for reporting companies through impact on branding and reputation. This has been highlighted in the ACCA Pakistan's *Report of the Judges*:

*From Pakistan's perspective, the SR practices advocated by the awards will enable Pakistani companies to be globally benchmarked in all aspects of their operations and this, in turn, will assist them in meeting the challenges of the current economic conditions and the ensuing competition for markets and capital. Consequently, this will also improve the reputation and branding of Pakistani companies, which can only contribute to greater trade and economic growth for Pakistan.<sup>2</sup>*

The interviewees also highlighted the emergence of a market for award ceremonies driven by the desire to receive awards. They emphasised the fact that at the time, in Pakistan there were multiple award entities bestowing awards without having any specific criteria for recognising the best SR quality:

*In response to the growing importance of sustainability, certain event management companies introduced an awards program to recognise companies for their outstanding contributions. However, concerns were raised about the lack of defined criteria for these awards. The process involved inviting companies to nominate themselves for a fee of 40-50,000 rupees. Subsequently, a ceremony would be held where awards were presented to all the nominated companies for their noteworthy achievements in CSR and environmental initiatives [Head of CSR enabling firm]*

*Managers take great pride in attending various functions to receive awards, experiencing a sense of satisfaction and a boost to their ego when their achievements are recognised. This feeling is intensified when the award is presented by a foreign entity [Research Associate, Sustainability Development Policy Institute]*

Some of the interviewees claimed that most of the award ceremonies were sponsored by the companies themselves who participate in these ceremonies and submit sustainability reports (prepared by consultants) and receive awards. Not only this, but their influence on SR can also be seen in the form of their involvement in evaluating future awards as part of panel of judges.

*After winning SR awards for three consecutive years, the executives of these companies became*

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*members of the Panel of Judges for these awards: thus, further influencing SR practice* [Head of CSR enabling firm]

To promote the best SR practices, the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) collaborated with each other to launch a joint award for the best sustainability report. This initiative provided another platform for showcasing and acknowledging the best sustainability practices. Additionally, these two professional accounting bodies began contributing to the SR discourse through publications, such as *The Pakistan Accountant* (quarterly a magazine of the ICAP) and *Management Accountant* (a bi-monthly magazine of the ICMAP). Those magazines were instrumental in shaping the logics and vocabularies promoted by the two professional accounting bodies. Furthermore, through continuing professional development sessions and special SR workshops, these bodies ensured that professional accountants started adding value to the SR domain. The Big Four accounting firms in Pakistan also joined the sustainability initiative; for instance, in 2012, Deloitte & Touche and KPMG published a report on the state of SR in Pakistan, while PwC took the lead in providing consultancy to some of the most successful firms in Pakistan, companies that had also initiated the practice of SR in the country. These developments demonstrated the fact that the accounting profession played a vital role in promoting SR (Mahmood et al., 2019).

### ***Training workshops, conferences, and the consultants' role***

The 2010 GRI guidelines workshop organised by the CSR Centre of Pakistan (CSRCP) was a pivotal event: it influenced the SR landscape in Pakistan. Led by a GRI corporate trainer, this workshop drew participation from prominent organisations, professional and business associations, and SECP members. This training session provided Pakistani accounting practitioners with essential skills and knowledge, and it helped raise awareness of GRI-based SR. Another event that contributed to the advancement of SR in Pakistan was the 2013 Conference on SR, CSR, and Governance. Organised by the PICG in partnership with the ACCA Pakistan and other stakeholders, this conference gathered most of the SR field players. The event served as a platform of collective effort to mainstream SR in Pakistan, with sponsorship from major corporations committed to SR. At the conference, a variety of stakeholders, including corporate figures, professional accounting bodies, and regulatory agencies, presented different perspectives on sustainability and made compelling cases for SR. For example, one senior official from the Karachi Stock Exchange (KSE) “emphasised the role of community in green development and called for regulating sustainability and the need for mandatory SR to enforce change.” Other participants highlighted market-based opportunities for embracing SR, with one activist stating, “Great capital markets move to where there is good governance and move away from where there is bad governance. There’s \$3 trillion out there for companies to create business opportunities provided they embrace integrated reporting principles.” The role of NGOs, media, and the accounting profession were also emphasised at that conference, with a partner from a major accounting firm stating that “sustainability should form an integral part of corporate strategy” and stressing the need for businesses to embrace sustainable growth through SR. According to a senior official from PICG, the conference was successful in creating awareness and promoting the practice of SR in Pakistan. According to that official, the PICG continued to work with other partners, including the Responsible Business Institute (RBI), the SECP, and the CSRCP, in creating awareness of sustainability issues through the PICG’s Director Training Programme and other initiatives. That official said that leading corporates, international and local professional accounting bodies, state regulators, professional service firms, consultants, and community organisations had all contributed to defining the various features of SR through narratives and discourse.

## 7. Situational context and actors shaping SR.

This section explores how and why the practice of standalone SR emerged in Pakistan among eight organizations, emphasizing the role of situational context and social actors. A separate analysis is provided for each organisation that is based on documentary evidence (reports, websites, and news) and interviews with corporate managers. Each organization's analysis provides an account of the logics, immediate situational context, and role of actors in shaping the decision to initiate SR.

### **Organisation A: Innovative leadership and role of the Chief Executive Officer**

According to a senior official interviewed, the introduction of SR in Organisation A was driven by innovative leadership, shaped by unique situational factors and the actions of two key social actors – the Chief Executive Officer (CEO) of Organisation A and the Chief Executive of Responsible Business Initiative (RBI). The CEO transformed the company's SR outlook by adopting a global perspective and by engaging a top US consulting firm to develop the organisational strategy. Subsequently, several decisions were made to realise the newly developed strategy, including changes to the corporate structure, the creation of two subsidiaries to enter the food and energy sectors, the acquisition of various certifications, such as OHSAS-18001, SA8000, ISA-14001, and membership in the UNGC. Furthermore, the company became fully compliant with the national environmental quality standards, developed a five-year environmental plan, formulated an occupational health policy, launched a company-wide six-sigma quality initiative, developed a sustainability framework and a sustainability strategy, and published its first GRI-compliant sustainability report. The unique situational context of Organisation A presented an opportunity to lead an innovative practice, as confirmed by one interview participant:

*"We are proud of the fact that Organisation A has always remained a Pakistani home-grown company that takes [the] lead to maintain [an] international level of excellence in all we do including activities related to corporate sustainability and its reporting" [Head of Corporate Communication].*

The leadership inclinations of the organisation could also be observed from the CEO's messages in the annual report, as revealed by the following quote:

*"[Organisation A] is driven by motivation to lead. Our decision to be the first national company to publish a sustainability report reflects our commitment to openness and accountability just as it does our pursuit of innovative leadership."*

The Chief Executive for RBI provided a final push to convince Organisation A to initiate GRI-based SR:

*"I approached them as our model is that we do collaborate with some businesses and create some pioneering examples which then have trickle-down effects. When Organisation A did this reporting, [a] lot [of] other companies looked at their report and copied it and initiated it. It gives them encouragement that national companies can also do this reporting. It's not a big thing" [Chief Executive for RBI].*

In terms of the main convincing argument for the case of SR, the Chief Executive for RBI revealed that:

*"The first starting point to convince [Organisation A] was that they would be [the] first company in Pakistan to have a GRI-based sustainability report. We talked to them that this is an opportunity for you."*

### **Organisation B: Reporting awards, reputation, and the Corporate Communication Manager**

The initiation of SR in Organisation B was driven by the desire to earn professional reputation through reporting awards and by the previous sustainability disclosure experience of the Corporate Communication Manager. Before joining Organisation B, this manager was editor of various publications, including the annual report of WWF Pakistan. He was intrigued by recent developments in environmental pollution, conservation, and sustainability. After joining



Organisation B, the manager noticed that while the company was involved in environmental conservation, it was not documenting, nor reporting on such activities. He convinced top management to initiate the practice of organised reporting on sustainability. As shared by the Corporate Communication Manager,

*“.....initially the top management was reluctant as there was no mechanism for such reporting and secondly, they were sceptical about the benefits of such reporting.”*

In the meantime, WWF Pakistan in collaboration with ACCA Pakistan had initiated the Pakistani Environmental Reporting Awards. While these awards raised further interest in SR on the part of the Corporate Communication Manager, they also proved to be convincing and encouraging for the top management of Organisation B to carry on with the practice of SR. In the case of Organisation B, the main motivation to engage in reporting on sustainability was a feel-good factor, as explained by the Corporate Communication Manager. SR awards also specified criteria for quality reporting and provided an opportunity to demonstrate non-financial responsibility of business. Award winning was perceived as providing economic benefits to the company in the long run through raising the company’s profile at the national level. The Corporate Communications Manager shared:

*“Initially I sought [the] help of WWF; I had some friends there. They shared some GRI standards and showed some indicators and reports they issued in some dimensions. I started copying them and it was just [a] work in progress type [of] document.... I just picked it up from best practices. I usually get access to these best practices of different companies and ACCA helps me for that.... I see their format and there are many international sustainability reports available, especially the global sustainability report.”*

The influence of the Corporate Communication Manager on Organisation B’s practice of SR was obvious – in 2007, this manager transferred from Pakistan to Saudi Arabia. In Saudi Arabia, he worked for another company for three years. During that time, Organisation B did not publish any sustainability reports. In 2010, the Corporate Communication Manager re-joined Organisation B in Pakistan and from the following year, the company once again started issuing sustainability reports.

### ***Organisation C: Deregulation, organisational values, and the HSEQ Department***

The initiation of SR in Organisation C was influenced by a learning and innovation approach, as well as by a beyond-compliance philosophy. Organisation C’s SR was shaped by the deregulation of the petroleum industry and the pivotal role played by the organisation’s Health Safety Environment and Quality (HSEQ) Department. To remain competitive and comply with existing regulations, the top management focused on environmental protection and energy conservation; thereby, helping ensure the long-term sustainability and profitability of the company. The company made significant improvements in its health, safety, and environmental management systems, and it obtained a variety of certifications, such as ISO-14001 and OHSAS-18001. Additionally, a dedicated HSEQ Department was established to handle all SR activities within the company. Regulatory compliance was confirmed as important for the sustainability efforts of the company by the HSEQ Department’s Manager:

*“By the core of our business, we are dealing with environmental problems of [a] diverse nature. We are making every effort to minimise the negative impacts of our business on any feature of [the] environment..... Our company is in the sector where it can be on the [regulatory] radar if they ignore these things.”*

The HSEQ Department was instrumental in initiating SR. The department was comprised of professional engineers, and it worked very closely with the Human Resources and Finance Departments. The HSEQ Department's Manager was intrigued by the beyond-compliance philosophy. He took a keen interest in learning about and adopting the latest SR technologies:

*"The main reason for doing it voluntarily is that we believe in the philosophy of doing beyond compliance.... We initiated sustainability reporting in line with our core value of integrity and ethics, quality, social responsibility, learning and innovation, teamwork, and empowerment.... Learning and innovation is at the heart of all such initiatives.... We embrace lifelong learning and believe in continuous improvement."*

The adopted guidelines mentioned in the sustainability report of Organisation C included the GRI, Accountability (AA-1000), Social Accountability (SA-8000), the UNGC indices, and the ISO Management Standards for social, environmental, and economic performance (ISO-14001, ISO-9001, and OHSAS-18001). According to the HSEQ Department's Manager,

*"Implementation of guidelines was easy for us because we were already working on different initiatives. All we have to do is to match data with the guidelines."*

After successfully implementing SR practices in Organisation C, the HSEQ Department's Manager started consulting other organisations and shaping their future SR practices. The corporate managers of Organisation C provided consultancy and advisory services on various government policies to different organisations. Disclosing on sustainability was aligned with Organisation C's values of learning and innovation – two typically drivers of sustainability initiatives. The HSEQ Department's Manager gave the following example from another initiative in the domain of the energy management system:

*"When ISO-15001 was launched in 2011, I was interested in implementing it. I went to the CEO and during discussion, we planned to form a team. So, we developed a team, in which we collected a senior person from every department. We selected one day in a week to sit together for learning and understanding its requirements. It took us two to three months to study, and we have searched a lot of websites and looked at different guidelines. After [the] learning phase, we made our timeline and implemented it. After implementation, we told our CEO that we are ready for any internal or third-party audit. Once he said OK, we announced it to the media. When it was on [the] media, then people started asking about the process, and we explained it to people in different organisations."*

#### **Organisation D: Trust, regulatory compliance, and the Head Office**

The decision to initiate the practice of standalone SR was rather a compliance activity for Organisation D, an activity shaped by the global compliance program of the Head Office of the organisation. According to the Head of Corporate Communication:

*".... here, everything is driven by the Head Office [and] so is the requirement and process of reporting on sustainability. Every year we get a template for the annual report and for the sustainability report and we just follow that template. [The] Corporate Communication Department fills in that template with our local stories' information related to different sustainability areas. This information is then formally reviewed by senior officials before being sent to the Head Office."*

At the time, the parent company of Organisation C was facing serious accusations of systematic bribery, something that resulted in heavy fines and increasing stakeholder demands for information on sustainable company management and social responsibility. Additionally, the public had lost trust in Organisation C's corporate structure, leadership, and processes. In response, the company underwent significant changes, including an overhaul of its corporate structure, leadership, processes, and overall organisational culture. As part of trust-building efforts, the parent company launched the Global Compliance Programme that included a set of

strict compliance rules and anti-corruption processes. The programme required enhanced transparency, a shift in corporate culture, and substantial investments in promoting trust and ethics. Enhanced disclosure on SR could be considered as a corporate response to stakeholder demands for trustworthiness and corporate responsibility:<sup>3</sup>

*“To deal with increasing stakeholder demands for information on corporate responsibility, issues, reports on questions about sustainable company management and social responsibility are being structured and placed on a new basis” (Communication on Progress (COP) 2007/2008).*

Organisation D’s Head of Corporate Communication shared:

*“I think one of the reasons for reporting on social responsibility is to highlight the existence and to let shareholders know that [Organisation D] is a responsible company. As the concept of CSR became part of the larger picture of sustainability, we embraced the concept and started reporting on sustainability that covers [a] much wider area and includes health, safety, environment, and compliance.”*

Apart from the influence of the Head Office on the reporting practices of the organisation, there was a belief that the issuance of voluntary guidelines for social responsibility by the SECP was the way forward and that these voluntary guidelines needed to be complied with as part of local compliance.

#### **Organisation E: Acquisition, reporting experience, and the role of the Chief Executive Officer**

The initiation of SR in Organisation E could be traced back to the acquisition of the organisation by a foreign company. The foreign parent had taken a keen interest in the expansion of SR to the subsidiary, and it had influenced the Pakistani subsidiary through its own (the parent’s) SR framework. In 2008, Organisation E published, for the first time, a formal sustainability report. According to the Head of Corporate Communication:

*“We have been actively involved in community programmes and CSR for decades.... we started CSR reporting a bit when we were [the] Pakistan division of UK PLC, but with Dutch PLC there was more reporting.... as they were more interested in sustainability reporting and have [a] very elaborate sustainability reporting. In 2008, we decided to launch our first formal sustainability report and have adopted [the] Dutch PLC framework for sustainability.”*

The interest of the Dutch parent company in developing SR for the subsidiary was primarily motivated by the parent’s leadership position in sustainability indices. The parent aimed to maintain the same standards for the subsidiary, to safeguard its prestige. As the parent was already practicing SR and as it had already established compliance mechanisms, it influenced the newly acquired subsidiary through the reporting framework it (the parent) had developed.

In 2008, the parent company adopted a new corporate identity that included a revitalised company logo depicting the company as all-embracing and future oriented. This led to the implementation of an identity programme at Organisation E that involved several rebranding projects. In 2010, the Corporate Communication and Public Affairs (CCPA) Department of Organisation E underwent expansion, with efforts to develop a local sustainability framework. This was done on the desire of the CEO, as revealed by the Head of the CCPA:

*“Our CEO at that time was very interested [our note, in a sustainability framework]. When it comes [to] top-down, it’s very easy. Everything works top-down. If key management is focused on something, if it’s a key strategic priority, it gets its due attention.”*

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<sup>3</sup> The recovery of trust: Case studies of organisational failures and trust repair. [http://www.ibe.org.uk/userfiles/op\\_trustcasestudies.pdf](http://www.ibe.org.uk/userfiles/op_trustcasestudies.pdf)

### **Organisation F: Carbon credits, restructuring, corporate identity, the role of the Chief Executive Officer, and workshop**

Multiple factors drove Organization F to publish its first standalone sustainability report in compliance with the GRI framework. One such factor was the organization's pursuit of carbon credits (also known as carbon offsets or emissions credits) which is financial tool used by governments, businesses, and people to lessen their carbon footprints and are a component of several carbon trading schemes. By offering a financial incentive to individuals who take steps to reduce emissions or remove carbon dioxide from the environment, carbon credits' main idea is to encourage the reduction of greenhouse gas emissions. Carbon credit is granted when a project is started that will lower or eliminate atmospheric emissions of greenhouse gases. Organisation F qualified for carbon credits by investing in projects like waste heat recovery and tire-derived fuel that resulted in a significant reduction in carbon emissions. This project not only contributed to environmental protection but also yielded cost savings, particularly considering energy expenses, which comprised a substantial portion of operational costs at the time. Aside from substantial technological investments, the company had to amass a considerable amount of environmental data, some of which it believed could be included in the sustainability report. Carbon credits served as a motivating factor for the sustainability report, as articulated by Organization F's Head of Corporate Communication.

*"Last year, we were in the process of applying for carbon credits, which we considered a significant achievement. We firmly believed that we deserved these credits. As a step further, we decided to elevate our efforts and publicly explain why we qualified for these carbon credits."*

The organisation underwent significant restructuring to expand in the face of competitive conditions. It also experienced a change in corporate identity. Organisation F also wanted to manage its public image of perceived lack of transparency, i.e., opacity, generally associated (rightfully or wrongly) with being a family-owned company. This metamorphosis, aimed at appeasing the above-mentioned general public's often unjustified worries, involved several structural changes – adding the position of a Chief Operating Officer (COO), establishing proper channels for supply chain management, and implementing a matrix organisational design and functional reporting structures. The governance body of the company was also altered, to align with the best corporate governance practices. The organisation transformed its identity from a family-owned, owner-managed company to a pro-employee company with a focus on people development, professional management, and good governance. This new identity aimed to project a socially responsible and transparent company image. As part of its new corporate identity, the organisation introduced a new logo that symbolised well its new core values, including social responsibility and sustainability. The following quote from the Head of Corporate Communication of Organisation F explains the strategic reason behind the restructuring and change of corporate identity:

*"Local companies, especially family-owned businesses, are not usually considered transparent. To get out of this image and to stand in the line of big corporations we make [a] lot of changes in the corporate identity."*

The new CEO's vision of growth and expansion, combined with his education and training in commerce, made him a driving force behind the organisation's restructuring. He recognised the limitations and negative public perceptions of family-controlled companies and saw the potential of increased transparency. To implement the desired changes, he established a Corporate Communication Department with a focus on transparency. Previously, the organisation had only published financial annual reports. Now, the new CEO appointed a Manager of the Corporate Communication Department to oversee the reporting of CSR and

other non-financial activities that the company was involved in, but it was not reporting on. The new CEO's leadership and emphasis on transparency were critical to the organisation's transformation into a socially responsible and environmentally sustainable company. As the organisation expanded, the Corporate Communication Department and its activities also expanded. This expansion included the preparation and publication of a standalone sustainability report:

*“When I joined the department, I was given the task of making reporting transparent that should include reporting on CSR activities as per the vision of CEO for making the organisation transparent and responsible. Since my appointment, we did so many things, and initiating SR is one such thing we do for which we are proud of.”*

The 2010 GRI training workshop, organised by a leading SR consultant in Pakistan, provided an additional impetus to Organisation F's adoption of SR. The Head of Corporate Communication, who attended that workshop, was introduced to the concept of SR and the GRI guidelines. Although the company already had a vision of SR, the workshop played a facilitating role in bringing that vision to fruition, leading to the adoption of the GRI guidelines.

**Organisation G: Energy crisis, clean energy, and the strong advocacy of the consultants**

Organisation G embarked on a wind energy project to overcome the challenges of the growing energy crisis at that time and to benefit from the incentives for the development of renewable energy offered by the Pakistani government.<sup>4</sup> The following quote from the annual and sustainability reports of Organisation G reflects on these challenges:

*“The decision to enter into [a] wind energy project was taken primarily based on [the] acute power crisis in the country, energy security and utilisation of untapped tremendous wind resources in the country. Pioneering a landmark project of developing/operating [a] grid connected [a] wind power plant will reduce dependence on imported fuel, thus enhancing our energy security, will mitigate carbon emissions and will contribute towards a greener tomorrow.”*

While these developments marked the introduction of green issues in the company's practices, there was still no separate reporting on social responsibility and sustainability apart from a few disclosures in the annual report, mainly on charitable donations. Some important developments were made in 2009 when a new CEO joined the company and established a CSR Department headed by a newly appointed CSR Manager. The year 2010 marked a major landmark towards the publication of the entity's first standalone sustainability report. Organisation G joined the UNGC in 2010.<sup>5</sup> In addition, Organisation G participated in a SR workshop organised by a local consultant in collaboration with the GRI. Later, the same consultant was hired by Organisation G to provide consultancy services for the preparation of its first GRI-compliant sustainability report.

Organisation G prepared both a Communication on Progress (COP), a requirement of the UNGC, and a GRI-compliant sustainability report. During the interviews with the Corporate Manager and the Sustainability Consultant, it was revealed that Organisation G was put under the impression by the Sustainability Consultant, that just like the COP, the GRI-

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<sup>4</sup> These incentives included tax-free revenues, duty-free imports of machinery, guaranteed electricity purchases, protection against political risks, changes in law, and carbon credits.

<sup>5</sup> The year 2010 was also important for the UNGC, as it marked a new phase in strengthening the Global Compact and the Local Network in Pakistan. Many organisations joined the network, including the case organisation. Another important aspect is that in 2010, the UNGC de-listed 37 Pakistani companies due to their failure to provide communication on their SR progress. Please see <http://www.transparency.org.pk/news/newsdetail.php?nid=106>.

compliant sustainability report was also a requirement of the UNGC. However, the UNGC and the GRI were both voluntary initiatives that complemented each other.<sup>6</sup> If a company prepared a GRI-compliant sustainability report, there was no need to prepare a separate COP. To be a member of the UNGC, it was acceptable to prepare a COP only, and not publish a GRI-compliant sustainability report. The following quote comes from the interview with the Sustainability Consultant of Organisation G:

*“...[Organisation G] was being told that it is the requirement of UNGC to report on sustainability according to GRI guidelines and this prompted them to report. You know to the extent companies perceive that this thing is optional, they don't go for it. However, the matter of fact is that UNGC has no such requirement. UNGC require[s] COP, but they say that if you issue a GRI report and if you link it with ten principles of UNGC, then that sustainability report is sufficient.”*

The CSR Manager of Organisation G shared:

*“As per our agenda, we have taken the membership of UNGC, but initially nothing was done about it. One of the requirements of UNGC is to report on sustainability and to do it according to GRI guidelines. This requirement helps me in producing the report as it act[s] like a push. You know in routine we do a lot of work, but to put it in writing takes a lot of time and effort and need[s] some kind of pressure or a push to do so.”*

The above two quotes highlight the controversy to be given misleading information by a consultant and the individual influence and power the Sustainability Consultant possessed.

### **Organisation H: Opportunity for business expansion and differentiation from early reporters**

The internationalisation strategy of Organisation H was one of the drivers for the company's involvement in international best practices, including SR. To cut the dependence on their home market and to diversify risks associated with the supply of gas at promised rates, Organisation H decided to expand overseas. As a first step, the company registered its American Depository Receipts (ADR) in March 2011 and became the first Pakistani company to do so.<sup>7</sup> In 2012, the company set up a new factory in Africa where it expected to get the best gas rates and from where it hoped to export gas to anywhere in the world, including to Pakistan. These facts were revealed by the CEO as follows:

*“We are looking at projects internationally for setting up new plants.... The listing will build the company's profile among overseas investors and help it raise funds for expansion.”*

Even though the parent company of Organisation H owned and controlled several companies, the decision to initiate SR was made only for Organisation H. The Corporate Communication Manager believed that SR was initiated without any compulsion. He added: *“The company strongly believes that the interest of its broader stakeholder community, as well as the environment, is as important as the interests of the shareholders.”* However, the non-reporting on sustainability by other companies from the consolidated group contradicted this belief. Organisation H adopted SR because it knew that SR was highly valued abroad.

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<sup>6</sup> The UNGC provides guiding principles through which sustainability can be embedded in business practices, while the GRI provides the means for measuring progress and communicating organisational performance towards sustainability. The UNGC requires COP from its members, a requirement that is not necessary according to the GRI framework. However, the UNGC promotes the GRI framework as the guiding framework for its COP.

Apart from the perceived demand for more information on organisational sustainability by international investors, Organisation H aimed to benchmark itself against other big organisations amidst global trends toward SR transparency. The focus was on conducting internal and external gap analyses, analyses that formed the basis for initiating various sustainability initiatives and their reporting. Furthermore, the organisation sought to differentiate itself from other companies in the industry. The Corporate Manager of Organisation H believed that many firms, including competitors, were producing self-proclaimed GRI-compliant sustainability reports. As a result, the decision was made to pursue a GRI-certified reporting process, which would distinguish the company from SR leader companies that were not GRI-certified. Special emphasis was given in the selection of the consultant and to the fact that the consultant had to enable the organisation to develop SR systems, rather than just SR reports:

*“.... See, we were thinking about the different consultants about the sustainability report and the consultant that we short listed was the one who was not working on reverse engineering.... Reverse engineering is [where] you first see the index of GRI and then you plan accordingly. So, we selected our consultant who was not working on it” [Corporate Manager of Organisation H].*

Overall, these narratives reveal that immediate situational context of organisations provide pressures and opportunities for change. The situational context together with emerging institutional infrastructure in Pakistan shaped organisational logics and decision to initiate SR. In the next section, these dynamics are discussed in detail.

## **8. Discussion and Conclusions**

This paper investigated the research question: “How does the interplay of FCEs and situational context at multiple levels (field and organisational), result in the institutionalisation of SR in Pakistan?” The study revealed that an intricate interplay of institutional logics, FCEs, situational context, and strategic agency contributed to SR’s emergence and institutionalisation in the country. Pakistan’s societal context set certain institutional conditions, where key social actors (regulators, enablers, reporters) established an evolving SR field. These conditions, influenced by societal institutions acted as both constraints and enablers of institutional change. Institutions, by definition, both enable and constrain behaviour (Scott, 2014). They enable behaviour by providing structure, rules, and norms that guide and facilitate individuals’ actions within a society or organisation. At the same time, institutions constrain behaviour by setting boundaries and limitations on what is considered acceptable or permissible within the given context. As highlighted in this study, the institutionalisation of SR in Pakistan was constrained by the societal institutions of family and religion, however institutions, such as the accounting profession, community, market, corporation, and state facilitated the process. Varied societal logics (understandings or belief systems) within these institutions created opportunities for active agency. For instance, regulatory logics empowered the SECP to regulate SR, while business associations used business logics to resist mandatory SR requirements and promote voluntary SR requirements to promote export competitiveness. Professional accounting bodies emphasised SR’s transparency and the business case for SR, while community institutions focused on SR’s accountability and societal impact.

Events of critical nature, such as catastrophes, can contribute to the development of SR (see Hoffman, 1999). However, in our case the main field-configuring events were educational and social events, such as conferences, workshops and award ceremonies that provided impetus for the development of SR in Pakistani context. This highlights the diversity of possible SR

development paths in various contexts, but the social aspect can also explain the similarity of SR developments among some companies (see also Larrinaga, 2007; Larrinaga and Bebbington, 2021). FCEs emerged as crucial mechanisms for social actors to exercise strategic agency within existing institutional boundaries (Read et al., 2023). FCEs were organised to raise awareness of SR and facilitated institutional change. Award ceremonies, for example, helped confer legitimacy and prestige to award recipients; thus, promoting specific SR logics, tools, and practices (Anand and Jones, 2008; Anand and Watson, 2004). Sustainability consultants played a major role in the institutional configuration of GRI-based SR during training workshops (Larrinaga and Bebbington, 2021). Similarly, conferences provided a platform for various social actors to advocate for SR logics and practices through narratives. Some actors emphasised SR's importance for sustainable business growth, while others highlighted SR's significance for societal impact and sustainable behaviour. While prior research acknowledged the involvement of multiple actors in forming networks and imposing their views on others (Beddewela and Herzig, 2013, Higgins and Larrinaga, 2014), this study suggests that FCEs functioned as display centres and critically shaped the SR field's logics and practices. Furthermore, award ceremonies and conferences were predominantly organised by professional associations, accounting bodies, consultants, and leading corporations, a fact that indicated a certain capturing of the SR field by sustainability professionals, consultants, and large organisations (Khan et al., 2020; van Bommel, 2014, O'Dwyer, 2003). Additionally, companies engaged actively in award ceremonies, which were sponsored and organized by professional bodies.

Situational context refers to the immediate and specific circumstances that directly impact an organization and focus the attention of organizational actors at a given moment (Ocasio, 1997). The concept is used to explain how organisations are exposed to and deal with multiple logics while navigating the complexities of their environment. Section 7 of the organizational analysis emphasizes how the unique situational context exposes companies to SR logics and practices, putting pressure on them while also creating opportunities for change. Examples included foreign acquisitions (Organisation E), corporate restructuring and identity change (Organisation F), and the effect of the prevailing energy crisis at the time (Organisation G). All these provided avenues for transformation. Organisation D, faced with allegations of systematic bribery and stakeholders' demand for transparency and responsibility, alongside the pursuit of shareholder wealth maximisation, developed structures and practices to demonstrate transparency and responsibility. Situational context was important because certain circumstances made institutional embeddedness more relevant (Thornton et al., 2012). For instance, Organisation F was not engaged in SR prior to competitive pressures brought on by international expansion (situational context), which allowed the CEO (family head) of the company to switch from family logics to transparency logics, leading to organisational transformation and change, which included the emergence of SR. This underscores the importance of situational context as a determinant for organisational decision making and subsequent SR processes (Gray et al., 2014). Shifts in the situational context pushed the organizations to adopt or modify SR logics and practices (Thornton et al., 2012). The fact that organisations from the same industry (e.g., Organisations A, G, and H) reported at different times indicated the influence of situational context and other organisational dynamics that mediated between institutional logics and organisational actions. The changes in the situational context and in the focus of attention also played an important role in connecting the case organisations with events designed by field players to promote SR. Notable events that played a pivotal role in motivating organisations to adopt SR included the ACCA-WWF SR Awards, the ICAP-ICMAP SR Awards, the SECP CSR voluntary guidelines, the RBI advocacy, the UNGC membership, and the CSRCP SR workshop. These events were primarily driven by professional accounting bodies, consultants, and NGOs. One exception was the SECP – a



regulator. The few companies to initiate SR practices assumed a crucial role in shaping such future practices by showcasing the best practices, providing advisory services to commercial and government organisations, and sponsoring various events and award ceremonies.

Overall, institutional logics shape the actions of social actors, but social actors also have agency or choice in the way they use institutional logics to navigate their situational context. The institutional embeddedness of social actors varies, affecting their capacity for reflexivity and change (Thornton et al., 2012). Individuals with a broader life experience in terms of education, training, professional affiliation, and individuals with family-owned businesses were more aware of the contradictions among the different institutional logics. These individuals could leverage these contradictions to further their own interests (Pache & Santos, 2013). In the case of Organisation F, a family-owned and controlled company, the CEO recognised growth opportunities through international expansion and was mindful of the transparency contradictions between the family and corporate institutional orders. Consequently, Organisation F's CEO focused on enhancing organisational transparency and changing corporate identity. Similar influences were observed in other cases, where the CEOs occupying structural positions had a significant impact on company-wide changes (Greenwood et al., 2011). These influences were evident from the narratives shared by the interviewees and from the subsequent adoption of SR changes after the departure of the studied organisations' CEOs. The role of key individuals and their strategic management of institutional forces were a crucial aspect of institutional change in this study (Oliver, 1991). At the field level, social actors exercised agency in the emergence of co-existing institutional logics, such as the business, transparency, responsibility, and regulation logics. These logics exerted distinct pressures on the studied organisations, and they set expectations from them regarding SR. In this context, corporate managers navigated institutional conditions based on specific situations, initiating SR in a manner aligned with corporate goals and expectations.

This study offered important new insights into the complex forces behind the institutionalisation of SR in Pakistan. It showed the strategic agency of social actors in influencing SR practises within the given institutional environment, and it offered some light in understanding the intricate interplay among logics, events, situations and actors. This paper contributed to institutional studies on SR in multiple ways (Larrinaga & Bebbington, 2021). First, by considering the interaction of institutional logics, FCEs, and situational context, this research added to a thorough understanding of the institutionalisation of SR in Pakistan. The research emphasised the active involvement of social actors in influencing institutional logics, and it moved beyond simplistic explanations of actors' conformance to institutional pressures. Second, the study emphasised the pivotal role of situational context and FCEs in driving SR adoption. It highlighted the issue of how FCEs provided opportunities for social actors to collectively (re)shape and (re)interpret institutional logics. Additionally, this research demonstrated the significance of situational context in establishing connections among organisations, social actors, and field-level institutions during SR initiation. By considering the specific circumstances and dynamics of a developing country's context, the study provided valuable insights into how broader social contexts influenced field-level logics and organisational-level decision making with respect to SR practices. We have also highlighted a departure from deeply ingrained traditions in family and religious values, with a notable emphasis on philanthropy and charitable endeavours. However, Islamic values in particular reveal limited engagement in and impact on SR. For instance, in Islam, the term 'Al-Riyaa' is prohibited, wherein individuals perform good deeds and strive for more primarily seeking acclaim and admiration from others for their actions. This underscores a contrast with Western ideals, where sustainability awards are introduced and celebrated. Nevertheless, our study suggests that some companies have moved away from traditional norms and are now actively pursuing awards which refers to the role of these awards in setting western norms for

sustainability reporting in Pakistan. Here reporting awards can also be seen as offering new vocabulary and opportunities for interactions (Thornton et al., 2012). Lastly, in contrast to the neo-institutional perspective (DiMaggio & Powell, 1983), this research offered a different viewpoint regarding the decision-making process behind SR initiation. Neo-institutional theory posits that in developing countries, organisations driven by institutional pressures automatically conform to established institutional conditions by adopting SR practices (Khan et al., 2021). However, the current research challenged this perspective by adopting an alternative approach; it argued that the decision to initiate SR was not solely based on the taken-for-granted assumption of the neo-institutional perspective's isomorphic adaptation, but rather it was based on situated as well as bounded intentional behavior of social actors involved in the emergence of SR in Pakistan. This study adopted the new institutional logics perspective, which emphasises the active role of social actors and their agency in shaping SR practices.

The findings of the current study hold significant practical implications for corporate managers who adeptly navigate institutional pressures and meet expectations by strategically integrating various logical justifications for their actions; thereby, showcasing their agency and decision-making process. Even in the case of Organisation G and other entities that adopted SR at a late stage, additional factors contributed to the motivation behind issuing such reports. While Organisation G faced similar pressures as other businesses, the decision to embrace SR was not inherently predetermined or assumed. Rather, it appeared to be a deliberate and calculated endeavour influenced by the prevailing institutional and organisational circumstances at the time. This discovery aligned with the concept of strategic agency proposed by Lounsbury (2008) underscored the managerial role in shaping the adoption and implementation of SR practices. For policymakers and regulators, the findings of this study shed light on the deliberate and thoughtful nature of SR adoption. Recognising the influence of institutional and organisational circumstances, policymakers can develop nuanced policies and regulations that consider the specific contexts and idiosyncrasies of developing countries. This understanding can facilitate the adoption of SR practices that are well aligned with the unique needs and challenges of these countries. Finally, from the societal point of view, dominance of sustainability professionals, consultants, and companies indicates capturing of the SR field and underscores the need for other, non-business actors – academics, community organisations, and environmentalists – in participating in FCEs. Thus, non-business actors may also shape the logics and practice of SR for the benefit of society. In this regard, future research may engage with non-business actors to seek their views on the societal impact of current SR practice and its continuous improvement.

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## Appendix I: Interview Guide

1. Introduction of the research project
2. What is the role of you/your organisation for the development of Sustainability Reporting?
3. What have been important developments over time in the development of sustainability field in general and reporting on sustainability in particular?
4. What are important sustainability issues facing Pakistan and how to address them?
5. What is the need for sustainability reporting in the context of Pakistan?
6. What benefits can accrue to the organisation and society pursuing SR?
7. How do you see corporate involvement in sustainability reporting? Why are they doing so?
8. How do you see current practice of sustainability reporting in terms of current challenges and prospects? What are the main drivers and barriers of sustainability reporting?
9. What are your views about current regulation for sustainability practices in general and sustainability reporting in particular?
10. Do you think there is a need and relevance of international standards and guidelines in sustainability reporting?
11. Which other actors in the sustainability reporting field has been involved in its development? What is their role in the development of sustainability reporting?
12. Any important event that in your view has played an important role in the development of sustainability reporting.
13. Do you know other important players in the field who would be useful participants?

In addition, following questions were explored from corporate managers of organisations that have initiated sustainability reporting.

14. What does term “sustainability” and sustainability reporting” means to you and your organisation?
15. In the absence of any mandatory requirement, why you make disclosures on sustainability issues in the form of a separate report.
16. What are important developments over time that led to the publication of sustainability report?
17. Who took this initiative? Why?
18. How do you prioritise sustainability issues in your business strategy?
19. How many people are involved into the process of sustainability reporting? What are their professional qualifications and professional associations?
20. What is the extent of involvement of other departments in the reporting process?
21. How has organisation built its capacity for sustainability reporting? What are organizational arrangements for creating awareness of such reporting within the organisation?
22. Is there any system in place for collecting the information required for preparing sustainability report? Did you manage to get all the information? How? Any issues?
23. How you decide what to disclose and what not to disclose?
24. Which stakeholder groups do you consider most important for your company and why? Do you consult them in your reporting process? How? If not, why?
25. To what extent do you think stakeholders should have a say in the way you do your business? In case of conflict of interest how you resolve that conflict?
26. How good news and bad news are dealt with and whether or not report showed a “full picture” of SD impacts?