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Responsibility of banks for the impact on human rights and environment

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Marcela Murarova. Responsibility of banks for the impact on human rights and environment. Business administration. Université Paris sciences et lettres, 2022. English. NNT : 2022UPSLD019 . tel-03880863

HAL Id: tel-03880863

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THÈSE DE DOCTORAT
DE L'UNIVERSITÉ PSL

Préparée à l'Université Paris-Dauphine

Responsibility of banks for the impact on human rights and environment

Soutenue par

Marcela MURAROVA

Le 28 juin 2022

Ecole doctorale n° ED 543

Ecole doctorale SDOSE

Spécialité

Science de gestion

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„Trp, Jozef Mak. Človek - milión si, nuž vydržíš všetko, keďže nie je pravda, že najtvrdší je kameň, najmocnejšia je oceľ, ale pravda je, že najviac vydrží na svete obyčajný Jozef Mak.“

“Suffer, Joseph Mak¹. A man – million you are, so you can endure everything, because it is not true that the hardest is a stone, most powerful is steel, but the truth is that who endures the most in this world is a simple Joseph Mak.”

Jozef Cíger Hronský²

1 A surname meaning “a poppy seed”

2 Jozef Cíger Hronský, Josef Mak, 1933 (own translation from Slovak)

Acknowledgments

The title of my first EGOS conference in 2018 was “Journeys to the unexpected”, which is exactly what this thesis has been. It was unexpected that I would write about emotions, that I would discover so much about myself. I started my thesis because I wanted to become an “expert” on sustainability. It was just a naive idea about what doing research would have given me.

The journey would have not started without Nicolas Berland accepting me as his PhD student. The first immense thank you is for this chance he has given me. He has given me the freedom to explore new ideas, to follow the research direction which I saw most fit.

The second person who was crucial to the start of the journey, and whom I am thankful for the opportunity to have had the access to the field, was the Head of CSR.

My thanks goes to all of the interviewees who spent their precious time and shared their views with me: The members of the Standing Rock Tribe, activists, bank employees... A special mention goes to the director of Engagement who, despite his busy schedule and important decisions, took time in his corporate office to talk with me about emotions.

This journey would have not been so rich without the help of my second, albeit unofficial, thesis director, my husband Paolo. He in fact has a habilitation to direct research but in “real” science as he liked to tease me. I still try to demonstrate him that management is the same kind of “real” science as his physics. Despite this, during many, many evenings he listened to my research problems and discussed them with me over and over. He always pushed me forward, which made me sometimes cry but for which I am infinitely thankful.

I would have not started and continued without my family either, for which I am very thankful to all of them. In fact, I took the decision to start a thesis because I had a great desire to spend more time with my sons, Leo and Victor. When Victor was one year old, after my maternity leave I took another two years of parental leave during which I did all my field research. My dad accompanied me on the trip to North Dakota and participated in most of the interviews. My mom and sister have helped with my sons in the meantime.

My friends have cheered me up during all these years, and a special thanks goes to them for enduring my frustration and self-doubt: Alvaro, Benjamin, Iveta, Soňa, Martina, Christine, ex-colleagues analysts, present colleagues consultants...

A huge thanks goes also to all the conference participants where I have presented my work. I would have never found the right theoretical frameworks if it wasn't for discussions at Egos in Tallin in 2018 and Edinburgh in 2019, EURAM in Reykjavik in 2018, New Institutional Workshop in

Odense in 2020 and in Madrid in 2022 and ISPSO in 2019 in New York. Meeting with the professors, whose papers I cite has been an invaluable help. Even a short discussion with Marcus Höllerer, Russ Vince, Maxim Voronov and many others have made some concepts much clearer to me and put me on a different research paths than I previously thought. A special thanks goes to professor Donncha Kavanagh who has listened to my confused ideas with an exceptional patience and kindness.

All of this journey has happened within the organization of MOST at the University Paris-Dauphine, I am thankful to Véronique Perret, the director of the program, all the participants in seminars, and visiting professors with whom I could discuss, notably Kari Lukka and Bobby Banerjee.

Finishing this journey, this thesis, was not easy during the two years of pandemic and, since a few months, a war in Ukraine; many times tears were in my eyes. I have chosen to begin my thesis with the citation from my favourite Slovak writer from the first half of the 20th century. His poetic and sensitive humanism pays a wonderful tribute to all people who suffer, be in the war, in illness, in repressive political systems or in harsh climate conditions.

My final thanks goes to the members of the jury for accepting to help me end this journey, which I will never forget.

Table of Contents

Executive summary.....	6
Résumé.....	7
1 Introduction.....	11
1.1 Introductory concepts.....	11
1.2 Context of the research.....	18
1.3 Auto – ethnographic narration of a career in a bank.....	37
1.4 Conclusion.....	41
2 Theoretical background.....	42
2.1 The choice of the theoretical framework.....	42
2.2 The overview of the institutional theory approach.....	48
2.3 Theoretical framework for studying emotionally – driven intra – institutional tensions.....	69
3 Methodology.....	80
3.1 Introduction.....	80
3.2 Case study selection.....	81
3.3 Methodological approach to data collection and analysis.....	82
3.4 Reflexive researcher.....	91
4 Case studies.....	109
4.1 Introduction.....	109
4.2 Case A: Uzbek cotton.....	113
4.3 Case B: Dakota Access Pipeline.....	135
4.4 Case C: Engagement strategy.....	169
5 Consolidated findings and discussion.....	183
5.1 Sustainability as a transversal concept.....	183
5.2 Emotionally-framed sustainability.....	192
5.3 Looking for the conflict of logics.....	198
5.4 Medium.....	199
5.5 Intra-institutional tensions and unconscious dynamics.....	202
5.6 Solving intra – institutional tensions by reframing.....	207
6 Conclusion.....	212
6.1 Managerial implications.....	214
7 Résumé en français.....	218
8 Bibliography.....	241
9 Annex – Pictures from the DAPL field research.....	255

Executive summary

Today the world faces complex problems endangering life in our society as we know it. Such grand challenges are climate change, environmental degradation, involving loss of biodiversity, and violations of human rights in various forms. While states have been slow in providing solutions to these issues, private actors have been called to take on more responsibility for their impact on human rights and environment. Social and environmental sustainability has now gained an important place on agendas of business actors and financial institutions. On the one hand, banks are powerful, private yet regulated actors that essentially determine which economic activities will be financed. On the other hand, banks only act as intermediaries in a very competitive, market-driven environment. In this situation, called institutional complexity, different and sometimes contradictory demands are placed on banks and on their members.

The thesis brings approaches which are not common in the current literature to three important and widely researched streams in new institutional theory: (1) institutional complexity, (2) institutional logics and (3) emotions. We proceed through three specific case studies. Firstly, we investigate two cases of dilemmas. The first is to continue financing cotton export in Uzbekistan, where child labor used to be involved. The second dilemma concerns financing the construction of a pipeline in a context of massive protests by Native Americans. A third case addresses the implementation of a reinforced sustainability policy, called "Engagement", in a major European bank. Throughout these three cases, we investigate the "intra-institutional complexity" (Meyer and Höllerer, 2016), which is a particular form of institutional complexity where tensions are caused by the emotional framing of sustainability within the dominant banking logic. We examine these tensions through the framework of "institutional illogics" (Vince, 2018), which uncovers defensive mechanisms and the unconscious dynamics at play when bankers are confronted with sustainability issues. We observed that the new Engagement strategy of the bank has followed the approach of promoting sustainability as a positively perceived business opportunity. By deploying emotionally moving communication, sustainability has been reframed to fit with the banking logic. Such is today's situation, where sustainability is essentially adapted to the dominant banking logic.

To resolve the grand challenges, we argue that the role of emotions, for long time neglected, needs to be valued in organizations. Interconnectedness of social and environmental issues, heterogeneity and complexity are characteristics of sustainability that should be better apprehended. A further extension would be to incorporate radically different viewpoints from other sources such as indigenous populations.

Résumé

Aujourd'hui, le monde est confronté à des enjeux complexes mettant en danger la vie dans notre société telle que nous la connaissons. Ces grands défis sont le changement climatique, la dégradation de l'environnement, la perte de biodiversité et les violations des droits de l'homme sous diverses formes. Alors que les états ont été lents à apporter des solutions à ces enjeux, les acteurs privés ont été appelés à assumer davantage de responsabilités quant à leur impact sur les droits de l'homme et l'environnement. Le développement responsable et durable occupe désormais une place importante dans les agendas des acteurs économiques et des institutions financières. D'une part, les banques sont des acteurs puissants, privés mais réglementés, qui déterminent essentiellement quelles activités économiques seront financées. D'autre part, les banques n'agissent qu'en tant qu'intermédiaires dans un environnement très concurrentiel et déterminé par le marché. Dans cette situation, appelée complexité institutionnelle, des exigences différentes et parfois contradictoires sont imposées aux banques et à leurs membres.

A travers des approches moins communes, la thèse contribue aux trois courants importants et largement étudiés dans la théorie neoinstitutionnelle : (1) la complexité institutionnelle, (2) les logiques institutionnelles et (3) les émotions. Nous procédons à travers trois études de cas spécifiques. Dans un premier temps, nous étudions deux cas de dilemmes. Le premier est de continuer à financer l'exportation de coton en Ouzbékistan, où le travail des enfants a été avéré. Le deuxième dilemme concerne le financement de la construction d'un oléoduc dans un contexte de protestations massives des populations autochtones aux États-Unis. Un troisième cas porte sur la mise en place d'une politique de développement responsable et durable, appelée "Engagement", dans une grande banque européenne. À travers ces trois cas, nous étudions la « complexité intra-institutionnelle » (Meyer et Höllerer, 2016), qui est une forme particulière de complexité institutionnelle. Complexité intra-institutionnelle implique que les tensions surviennent au sein de la logique bancaire dominante. Dans nos cas, ce sont les émotions qui définissent le développement responsable et sont ainsi au cœur de ces tensions. Nous les examinons à travers le cadre des « illogismes institutionnels » (Vince, 2018), qui dévoilent les mécanismes défensifs et les dynamiques inconscientes en jeu lorsque les banquiers sont confrontés à des enjeux de développement durable. Nous avons observé que la nouvelle stratégie d'Engagement de la banque a suivi l'approche de repositionner le développement durable en tant qu'opportunité commerciale. Cela a conduit à une perception positive du développement responsable et durable au sein de la banque. En déployant une communication émotionnelle, le développement responsable et durable a

été redéfini pour être en meilleure cohérence avec la logique bancaire. Telle est la situation actuelle, où la durabilité est essentiellement adaptée à la logique bancaire dominante.

Pour résoudre les grands défis, nous soutenons que le rôle des émotions, longtemps négligé, doit être repensé dans les organisations. L'interdépendance des enjeux sociaux et environnementaux, l'hétérogénéité et la complexité sont des caractéristiques de développement responsable et durable qu'il convient de mieux appréhender. Une autre extension serait d'incorporer des points de vue radicalement différents provenant d'autres sources telles que celles des populations indigènes.

Summary of the thesis

The introduction chapter describes how the three empirical cases were chosen and why. It discusses early voluntary agreements focused on human rights and other current initiatives which frame the banks' responsibility for social and environmental sustainability. Then the empirical reality of the intensified responsibility in the financial sector is presented through a few major indicators and press articles. Follows the other side, the unsatisfactory commitments, the contradictions, the shortcomings mostly revealed by NGOs (Non Governmental Organizations) but also discussed by press articles. The chapter concludes with a brief auto-ethnographic narrative of my professional experience with this empirical reality because my positioning as a professional in the financial industry is crucial for this research work.

The second chapter presents the theoretical underpinning of the thesis. We have chosen the institutional theory and in particular the institutional logics, which still remains relevant today as discussed in the chapter. We then review the literature on the on the conflict of community or sustainability logic and the banking or market logic. In the absence of a coherent sustainability logic definition, we conceptualize it as a concept, and focus on intra – institutional conflict, which is much less studied in the literature. We describe the ways in which emotions and sustainability appear together, in particular in the social movements research. We discuss the literature showing how emotional framing has been used by social movements.

The second part of the chapter reviews the institutional literature on emotions, and their relatively recent appearance. We focus on examining the unconscious dynamics which is very much neglected in this institutional current although suggested as a possible way to study emotions. In particular, the institutional illogics are a central concept in our research.

The third chapter lays out the methodology used in the thesis. The case studies were analyzed through an inductive methodology for which the reiteration between theory and data was essential. The chapter also includes an auto – ethnographic narration of the field research which provides crucial insights for understanding how emotions appeared as a major theme in the thesis.

The fourth chapter presents the three cases analysed in this thesis. Each case starts with a description of the context and main events, it exposes the dilemma of the bank and the conclusion of the issue at the time of the writing. Following the description are the findings which are

structured according to the theoretical framework: emotionally-framed sustainability, intra-logic tensions and unconscious dynamics.

The fifth chapter synthesizes the findings from across the cases into themes which reflect the theoretical framework and discuss the contributions which these findings represent. First, various characteristics of sustainability as observed across the cases are described which could contribute to its better definition. Second, contrasted with the absence of emotions in a large part of the institutional literature, emotions are shown to be present in organizational dynamics. Our cases revealed in particular their presence as a means to communicate about sustainability and as a reaction to sustainability issues. Third, we briefly discuss that we have not found a strong indication of a conflict of institutional logics, which supports our conceptualization of the problematics as intra-institutional tensions. Fourth, we propose that technology and social media form a medium giving organizational members more agency. Fifth, we summarize the findings on intra – institutional tensions and the unconscious dynamics from the three cases which provide us with a profound understanding of the conditions under which the tensions are reconciled. Sixth, we discuss how the tensions have been reconciled by reframing sustainability to fit with the banking logic.

We conclude in the sixth chapter by summarizing the main contributions and findings and putting them into perspective of further research as well as limitations. We discuss managerial implications of the findings.

1 Introduction

1.1 Introductory concepts

1.1.1 Definition of the research question

Banks are intermediaries facilitating financial transactions of many kinds. Their business is to facilitate the financial functioning of other businesses and individuals. This function along with their role in the distribution and management of risk justifies their importance in an economy. Banks can have an enormous power as they safeguard a balance in the economy, especially at times of crisis. By this virtue banking is heavily regulated. Since the financial crisis of 2008, this regulation has increased, following decades of deregulation and a boom of financial instruments.

The regulation is increasingly focused on aspects related to the kind of business banks do and not only on financial indicators. This trend is illustrated with compliance, whose costs increased dramatically over the past years.³ The cost of non-compliance ran in billions over the past years and generated a number of scandals for financial institutions. Compliance includes looking not only at the banks' own operations, but also ensuring that the clients' business is not illegal. In other words, banks are paying for uncovering the criminals and not providing them with financial services through which they could finance their illegal activities or do money laundering.

Not only clients' illegal activities are scrutinized but also those that might be legal in a strict sense of not infringing on laws, but they are clearly identified as having a negative impact either on people or on the environment. Broadly speaking, activities which are unsustainable and which supra-national organizations, governments or civil society push to eliminate on voluntary basis from business activities. This is the case for corporations which are asked for example to control their supply chains for human rights and environmental harm, but it is also applied to banks. Banks as financiers contribute directly to the realization of certain activities, such as production, export or infrastructure projects in addition to providing specialized investment banking services and the financial means to run a company.

Some of the voluntary, international agreements, or soft laws, then become the basis for national laws. Their objective is in general to motivate business to collectively not engage in certain activities and respect more or less precisely defined rules, often initiated by supra – national bodies such as the UN. Human rights were the dominant driver of these agreements along with the climate

³ <https://1rs.io/2021/10/11/counting-the-cost-cost-of-compliance-vs-cost-of-non-compliance/>

change and the environmental protection which have become increasingly urgent. Human rights and environment are indeed intrinsically tied together.

In absence of binding laws, enforcing the soft – law is very difficult but it nevertheless represents an engagement which is scrutinized by the civil society, other organizations and the public. These engagements come in addition to the internal codes of conduct, ethical codes, guidelines and CSR policies through which businesses publicly demonstrate the responsibility they assume for the activities which they conduct.

This responsibility quite obviously bears a cost and might even decrease revenue or performance, however it is measured. There is always an economic rationale for it if we assume that the bank has an objective of profit maximization. Even if the objective was broader, as many companies suggest today, such as to satisfy all stakeholders, or to contribute positively to the society, these costs must be in one way or another rationally justified. This explains why banks have been reticent for a long time to sign some voluntary agreements or preferred to re-interpret and water them down. They postponed their engagements and manifestation of responsibility as long as it was possible. This fact indicates the difficulty to answer precisely why companies engage in sustainability at any given time.

The asset management illustrates this dilemma well. It has developed the Environmental, Social and Governance (ESG) criteria for investment decisions many decades ago and yet the big institutions such as Black Rock have only recently started considering sustainability seriously. Asset managers have the fiduciary duty to their clients, they should act in their best interest, but at the same time they have to provide them a certain return on their money.

Is saving the planet in the best interest of the clients? Certainly, but how to prove and through which authority what is exactly saving and what is destroying the planet? Is safeguarding human rights of citizens in a foreign country in the best interest of clients, when this means being underweight an important stock in an index? The answer is complex, fuzzy and imprecise at best.

On the other side, clients give managers their assets in order to increase their value, or at least to maintain it in line with the market. This objective is precisely measured and reported every month, and monitored by the fund managers every day. A broad and complex concept of social and environmental sustainability is directly confronted with a measure of performance. Therefore, governments are in the process of defining the rules in order to resolve this dilemma, given the climate change urgency, and they are quite late to do so (IPCC sixth assessment report⁴).

4 <https://www.ipcc.ch/report/ar6/wg3/>

Similarly, this happens for the universal banks as a whole, which have investment and retail banking, specialized services, asset management. On one hand, there is a drive towards more responsibility for the kind of activities that the bank is directly or indirectly financing, which bears a cost. On the other hand, there are standard financial, performance and risk measures which guide decision – makers on all levels.

Although to answer the question why and to what extent banks take on this responsibility is complex and multifaceted, the empirical reality shows that they increasingly do it. This is the starting point of the investigation in our thesis. Rather than focusing on the why, we focus on how: We observe a real tendency in the financial industry, yet this tendency is tainted by continuous uncovering of inadequate methodologies, unsatisfactory commitments, final outcomes without a positive impact. Sustainability has become the mainstream, even for banks, and yet an underlying mistrust in bankers seems in place (see for example BankTrack reports⁵).

From this follows our research question:

How can we explain this paradoxical situation where banks take on the responsibility to ensure social and environmental sustainability of their actions and at the same time they continue to be the same financial intermediaries focused on profit enhancement?

Each part of the thesis provides building blocks of understanding the underlying dynamics which underpin this situation of institutional complexity. Institutional complexity, an intensely researched topic in institutional literature since several years and still today, is usually studied as a situation where multiple institutional logics (Thornton et al., 2012) put contradicting demands on organizational members. In this thesis we depart from this approach and study the intra – institutional complexity which arises within the same institutional order (Meyer and Höllerer, 2016), thus contributing to this rather neglected area of research. We conceptualize environmental and social sustainability as a transversal concept, rather than a logic, also departing from the usual theorization. By focusing on emotions linked to sustainability, and using the framework of institutional illogics (Vince, 2018), we are able to show in detail how the various defensive mechanisms and unconscious dynamics create tensions within the institutional logic. Thus, we also contribute to the literature on emotions within the organizational institutionalism. In particular, we employ the analysis of unconscious dynamics to study the emotional nature of the tensions, or in other words what is hidden beneath the surface of the contradiction between sustainability and a

5 <https://www.ipcc.ch/report/ar6/wg3/>

banking logic. While psychodynamic approach has a long tradition in organization studies (Gabriel, 1998; Petriglieri and Petriglieri, 2020), it is very new in institutional analysis. We suggest that the new Engagement strategy of the bank has explicitly worked with the emotions linked to sustainability and resolved the tensions by reframing sustainability issues as a business opportunity. We thus move the debate from the conflict of logics and which logic prevails towards a more nuanced and profound understanding of the intra-logic tensions.

Finally, we contribute to the research on sustainability, including grand challenges, by pointing out the importance of emotions in dealing with sustainability issues, by revealing the interconnectedness of social and environmental sustainability and its complexity. We also show how sustainability is perceived and fought for by indigenous population, which opens up reflections on considering also radically different viewpoints to solve grand challenges (Benarjee and Arjaliès, 2021).

1.1.2 Sustainability definition

“Missing almost completely from the problem-oriented activities of today is a vision of a world that is sustainable even a definition of sustainability is missing...sustainability is fuzzy and linguistically complex.” (Ehrenfeld, 2008, p. 48)

“Sustainable development”, or “corporate sustainability” as defined by World Commission on Environment and Development (Brundtland Commission, 1987) and redefined by 2000s includes the social aspects in addition to the environmental concerns (Ergene, Benarjee & Hoffman, 2020).

The Commission focused on the new definition of development: “to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs”. The existence of limits, or limitations, to development imposed by environmental resources and the human activities' effects on nature, as well as the technology is part of the definition. The elimination of poverty is mentioned just after. The Commission recognized that physical sustainability could not be secured without paying attention to equity between and within generations. The objective of the sustainable development is to promote harmony among people, and people and nature.

Gro Harlem Brundtland writes in 1987 that he accepted the challenge to chair this Commission because “We live in an era in the history of nations when there is greater need than ever for coordinated political action and responsibility...Scientists bring to our attention urgent but complex problems bearing on our very survival: a warming globe, threats to the Earth's ozone layer, deserts consuming agricultural land.” (Brundtland Commission, 1987, p.1)

The themes of global cooperation and responsibility for actions run through the report: “Sustainability requires the enforcement of wider responsibilities for the impacts of decisions.” (ibid, p. 56)

This comprehensive report, written during the cold war and thus in a particular geopolitical context, outlined already many, if not all, notions, principles and guidelines which appear in the subsequent United Nations initiatives. The current 17 Sustainable and Development Goals adopted by the UN in 2015 echo many of the issues – environment, growth, technology, poverty, equality, water etc – mentioned in this report and other UN meetings and initiatives throughout the 70s and 80s.

Hoffman and Jennings (2018) challenge this definition as that of an epoch when it was considered possible to reach an improvement of the existing status quo to basically achieve a quality of life and a level of consumption of the Western world for everyone. This paves a way to the perpetuation of the domination of the market logic.

Ehrenfeld (2008) warns that we have a tendency to turn all concepts into objects which can be measured and subsequently managed. Sustainability should not have the same fate because it is too important. He defines sustainability as “the possibility that humans will flourish on Earth forever” (ibid, p. 49).

Hoffman and Jennings (2018) propose the logic of sustainability – as – flourishing, which has two components. The first is the meaning of the word flourishing itself, which goes beyond sustaining, it means thriving, prospering and living to the fullest for all life, humans and nature. The second is that it gives sustainability a goal, which goes beyond merely resolving problems, but provides a vision.

This conceptualization challenges the rationalization which dominates our society, the authors argue. They propose new logics to replace the “objective, quantitative, and “rational” logics of the material world” with “the spiritual, experiential, and pragmatic logics of the immaterial world” (Hoffman and Jennings, 2018, p. 63)

Ehrenfeld (2008) also argues that businesses should be the target of sustainability for several reasons. They have financial power, they are the largest employer and they are a source of technological innovation, supported by academia and the government. At the same time, they are also indirectly at the origin of the damage to the environment mostly through the technologies, which are closest to the damage (such as cars or power plants).

1.1.3 Themes and conversations to which the thesis contributes

Our society faces several fundamental issues threatening the life in our society and natural environment as we know it, also known as grand challenges (Ferraro et al., 2015, Gümüşay et al., 2020). Grand challenges include climate change, environmental degradation, loss of biodiversity but also violation of human rights in various forms. Management scholars attempt to address these issues through theory, where the objective should be to understand these as “fundamental nature of our relationships with the planet that sustains us and the way we theorize these relations in organization and management theory” (Banerjee and Arjaliès, 2021, p. 3).

Sustainability seems to be the all-encompassing concept, as discussed in the previous section, that can bring businesses to take the life-threatening problems seriously. Sustainability is also ambiguous (Kent and Dacin, 2013; Hoffman and Jennings, 2018) which makes its operationalization difficult. In this thesis we take up this challenge. We strive for a better understanding of sustainability in its complexity and ambiguity in order to uncover how it is or is not present in institutional processes and organizations. We think that sustainability is the subject that matters the most today.

We employ new approaches while contributing to three important and widely researched streams in new institutional theory: (1) institutional complexity, (2) institutional logics and (3) emotions. Some scholars have voiced criticism of institutional theory arguing that its concepts are outdated and not adapted to solve current challenges. The institutional theory is accused to be in a crisis where core concepts became overstretched with no new theorization (Alvesson, 2019; Willmott, 2015). We agree with the researchers arguing just the opposite, that institutional theory and institutional logics are perfectly adapted to inform our understanding of societal concerns (Gümüşay et al., 2020) and how to address them (Hoffman and Jennings, 2018).

Initially the institutional theory started from concepts such as isomorphism and diffusion as researchers observed that institutions change. Tolbert and Zucker (1996) proposed a multiple-stage diffusion model in order to understand how this change happens. In the last decade and a half the interest centered on the “complexity of relationships between organizations and their institutional context; and, second, a focus on processes and practices through which institutions are created, enacted, or altered, or through which they erode and are eventually deinstitutionalized.” (Greenwood et al., 2017, p. 3) What gives and might further create a new impulse to the institutional theory is paying attention to outcomes and consequences, including sustainability. Greenwood et al. (2017) discuss how the focus of institutional theory has shifted from understanding the institutional

process in order to understanding them better, into studying institutional processes to understand their impact on societal issues. The outcome has come to the forefront of research moving the conversations towards consequences for the society (Greenwood et al., 2017).

Institutional process can be researched across levels. Institutional fields form on different basis, including issues (Zietsma et al., 2014) and are a core aspect of institutional theory. Many studies researching institutional logics are conducted on field-level, because the phenomena observed on field-level are those that influence structures and can inform us in what ways organizations are similar. Research on organizational level can typically focus more on differences between organizations and processes, as Greenwood et al. (2014) argue, thus calling for more research on organizational level. Our choice of conducting research on organizational level was also driven by our methodological choice of investigating unconscious dynamics, which were more readily observable in our case on the organizational level. Although organizations are at the heart of organizational research, Mayer and Höllerer (2014) point out that we should keep attention on “organizing efforts and institutions” (p.1231) and we strive for this in the thesis.

The responses of organizations to heterogeneous environmental pressure are studied through institutional complexity. This situation arises when organizations are subject to contradictory prescriptions from multiple institutional logics (Greenwood et al., 2011; Kraatz and Block, 2008). The most explicit example of this are hybrid organizations (Battilana and Dorado, 2010), where continues tensions are present due to two distinct logics co-existing in one organization. Indeed, conceptualizing the tensions as a conflict of logics is a prevalent approach in the current literature. Much less examined is a situation of intra-institutional complexity Mayer and Höllerer (2014, 2016), where the tensions do not happen between two or more logics but within the same institutional order. We argue that in a case of an organization with a strong, dominant logic, this is a more insightful way to theorize the tensions created by sustainability adoption.

For a long time, the approach within institutional theory was to focus on the structures and the people were neglected. Since the researchers started seeing organizations as inhabited (Hallett and Ventresca, 2006), more attention has been paid to people and micro-foundations of institutions (Powell and Rerup, 2017). The people inhabiting organizations inevitably brought about emotions. The theoretical foundations have been laid by Creed et al. (2014), Voronov and Vince (2012), Toubiana and Zietsma (2016) and others, moving emotions from an emerging stream to one of the main themes in organizational institutionalism. Yet, emotions call for more unconventional ways of analysis. Voronov and Vince (2012) in their foundational work on emotions in institutional work have discussed the unconscious dynamics. While this work has been widely cited and built upon,

the approach to investigate the unconscious side of institutional processes has not been taken up by the researchers. In 2018, Vince has published another paper formalizing the framework of institutional illogics, which can guide the research on emotional and largely unconscious processes through the psychodynamic concepts of social defenses, disavowed assumptions and fantasy. In this thesis we have taken up this challenge to investigate tensions through this framework in order to gain insights into what is hidden or unspoken.

Some authors are quite radical in their criticism of the shortcomings of the management research on sustainability; but given the urgency of the climate change and slow progress within organizational studies, this criticism is understandable: “It might sound harsh to dismiss the entirety of more than 30 years of organization and management research on sustainability as being inadequate to the task of addressing the ecological crisis, but that is precisely what we are asserting – because as long as our research remains constrained by making a business case for sustainability, the worse our ecological crisis gets (Ergene et al., 2020).” (Benarjee & Arjalies, 2021, p.11) Through this thesis we strive to theorize social and environmental sustainability issues

1.2 Context of the research

1.2.1 The initial idea for the thesis: banking dilemmas

In autumn 2016 we first started discussing the possibility of writing a thesis with the head of CSR of a major European bank. We came with a question: “What is the issue that you are facing and that you would like us to work on?” The answer was without hesitation the issue of responsibility. The head of CSR told us how she was asked to set up the CSR department around ten years before. Prior to that the directors of the bank did not consider that the bank is responsible for the actions of the client, she explained to us. That was the business of the client and the bank was an intermediary concerned only about its own financial and regulatory risks.

However, there was an understanding that this has changed, and the CSR department was set up to respond to these new demands coming from some outside actors such as NGOs and transnational organizations. The call for more responsibility for banks has been only increasing since. Banks were ever more engaging in voluntary agreements on transnational level. The head of CSR further explained that the bank engaged in voluntary agreements also because they were precursory to upcoming domestic laws and regulations. In that particular moment in 2016, one of the debates was around human rights protection.

The discussion turned to the UN Guiding Principles on Business and Human Rights which were endorsed in 2011. The pressure was increasing on the banks to perform due diligence not only on

their own operations, which would be negligible, but on the activities of all of their clients. That meant that banks should perform their due diligence and monitor a large number of organizations and activities, including all retail, wealth management and corporate clients, project finance clients or other financial institutions. Assuming the responsibility to respect this engagement was implying to potentially jeopardize the commercial relationships, so much more if other financial actors, especially non-European, do not take on this engagement. The head of CSR was interested to get insights into how this responsibility is constructed, which are the boundaries and parameters of this responsibility? Up to what point can the banks be held accountable for all cumulated risks of the misconduct of their clients?

The CSR department of the bank was already exploring the purely legal scope of responsibility in this kind of soft-law engagements such as the UN Guiding Principles, but there seemed to be a dimension that went beyond the legal scope. There were NGOs furthering their agendas and targeting banks as wealthy actors sensible to their public image and weary of scandals, the general public hungry for scandals and disliking banks due to the financial crisis, the regulators looking for ways to intensify their oversight and, nonetheless, real issues out there in the world which are difficult to resolve. For the bank there was a certain number of cases where a decision was very unclear as to what course of action the bank should take. In many cases the issues were still developing, and they represented true “dilemmas” in the words of the head of CSR. We received a list of these dilemmas, in which the bank was usually financing the corporations involved with the issues.

The issues included tobacco and palm oil production, coal power plant contested by fishermen or a refugee center. We selected two cases, one which was ongoing during that period – the construction of the Dakota Access Pipeline financed by a consortium of banks – and one which happened some years before – the cotton production in Uzbekistan. The case of Uzbek cotton was an example where not a corporation but a whole state was involved.

The bank was questioning its role as a relatively small actor in the fierce market competition with many other global banks when faced with dilemmas concerning a regime in a state, or legality and social acceptance of certain activities framed by NGOs as unacceptable and potentially scandalous.

We interviewed the head of CSR one more time, when we presented her which cases we selected. We discussed them again as well as the first very preliminary framework of analysis and interviewed some members of the CSR team. Afterwards, we continued the research on these two cases independently from the bank.

Later we have learned about new developments concerning the CSR department. A new director was appointed to lead the efforts of the bank that were aspiring to go beyond the CSR as practiced before. The new director did not replace the head of CSR. Rather, a new role called “Engagement” was created, incorporating the CSR department almost as it was and creating a few new roles directed at the relations with the civil society and the implementation of an Engagement strategy across the bank. We interviewed the director twice in 2019, two years after the creation of the role. In his view, the turning point for corporate responsibility and the public consciousness of the climate disaster has happened already in 2015 when the Paris Agreement was signed. The third case of the thesis is about this new Engagement strategy that he was asked to define, lead and implement. We could observe how this strategy was diffused through seven trainings created for all employees.

Although the initial scope was to focus on human rights and the “dilemmas” were indeed centered on human rights, as the research progressed other issues emerged as equally or even more critical, such as fossil fuels, climate change and sustainability of resources. With the addition of the case about the Engagement strategy the scope was considerably enlarged and therefore we discuss in the thesis this problematic as “sustainability issues” or “social and environmental sustainability” rather than only CSR or human rights.

1.2.2 An overview of the evolution of the various voluntary agreements involving financial services focused on human rights and environment, the initiatives for harmonization

1.2.2.1 *Soft law*

This thesis explores the responsibility of banks in the context of soft-law, that means voluntary agreements beyond the hard – law regulations. The soft – law is important in the transitory period when important issues such as human rights or environmentally related problems emerge but there is not yet a regulation in place. Or, the existing regulation is not sufficient to address emerging issues. Lastly, soft – law is important in the context of transnational business, when companies' operations are out of a jurisdiction of a particular state.

The world has become increasingly transnational rather than globalised, that is a world, where business is conducted across national borders and nation-state (Hannerz, 1996), the rules, regulations and connected activities are changing constantly. Transnational doesn't simply mean a free flow of goods, it signifies a more profound change, a transition of the institutional rules, argue Djelic and Sahlin-Andersson (2006a). Djelic and Sahlin-Andersson (2006a) suggest that there are four dimensions of regulatory development after their transnationalisation. Firstly, the central actors

of regulation have changed. Before, it was the state that regulated, relying on its coercive power. However, in a transnational setting, there are multiple actors, trying to gain attention, resources and authority. One such actor is the meta-organisation, which has organisations as members, not individuals, such as the United Nations. Meta-organisations do not have a strong central authority because their members individually want to preserve large sovereignty. Some meta-organisations, however, can become highly influential regulators using only voluntary laws. (Ahrne and Brunsson, 2006)

Secondly, the mode of regulation is changing. Traditionally rules have been associated with the coercive power of states and adherence to hard laws. Hard-law involves legal sanctions, while soft law does not. Soft-law, or soft-regulation, now dominate the transnational world and is based on voluntary engagements. Soft law appears to be attractive and modern way of regulating, precisely because it is not associated with coercive power. (Mörth, 2006; Ahrne and Brunsson, 2006) Soft rules can either be used to shield companies from hard – law or, on the other hand, be a precursor of hard regulation. (Djelic & Sahlin-Andersson, 2006b) There are several ways how to transform soft law into hard law, some are formal such as transforming it into hard-law by political decisions, other ways are less obvious, based on the perception. (Mörth, 2006)

Thirdly, the nature of the rules can vary, there are not only formal but also informal rules, which are flexible. Thus, those who are regulated can interpret them differently and eventually adapt them to their needs. With standardisation is associated formal reporting, which can be extensive. (Djelic and Sahlin- Andersson, 2006a) While soft rules are often written very generally, soft-regulation is similar to “regulated self-regulation” (Knill and Lehmkuhl, 2002).

Fourthly, compliance mechanisms function differently with soft regulation. Since there are no sanctions, the actors have to be otherwise motivated to adhere to the rules. (Djelic and Sahlin-Andersson, 2006a) Regulation can be structured as a market, where incentives can be either financial but also non-financial such as reputation, trust and legitimacy (Djelic & Sahlin-Andersson, 2006b).

Finally, it is noteworthy that in the transnational field, there are four types of actors (Djelic & Sahlin- Andersson, 2006a):

- a) State: losing its monopoly over regulation, but still an important actor with coercive power that remains in the hands of nation-states.
- b) International organizations: the importance and power of these organisations have increased thanks to the expansion of transnational governance.

c) Reinvented old actors: previously rule – takers, in transnational context, they have to reinvent themselves in order to participate in the regulatory process.

d) Non-Governmental Organisations (NGOs) – previously not part of the regulatory process but becoming increasingly powerful.

1.2.2.2 Guiding Principles on Business and Human Rights

One of the early concrete manifestations of the movement to force businesses to take on more responsibility for their action is the Guiding Principles on Business and Human Rights that the United Nations Council endorsed in 2011. Its objective is to prevent, address and remedy human rights violations caused by business operations. This obligation concerns the whole value chain and all activities, which are directly linked with the business. This soft-law has gradually evolved into hard-law in some countries which is based on the same principles (for example “devoir de vigilance” law in France in 2016). Large enterprises, including banks, have the obligation to publish their human rights due diligence schemes.

Human rights have gained a prominent place because the concept encompasses all major issues faced by our society today: natural resources, forced labour and modern slavery, rights of indigenous people, digital freedom, tax avoidance etc.⁶ Climate change, being the leading public issue, can also be approached from human rights perspective. Climate change is the single biggest threat to human rights, according to Mary Robinson, a former UN High Commissioner for Human Rights and a former president of Ireland. Although human rights are not explicitly mentioned among the Sustainable Development Goals of United Nations, they implicitly permeate many of the goals. Environmental protection and human rights are often closely interlinked.

The extent of human rights problematics and the urgency of climate threat are the first difficulty for organizations facing the need to act on these issues. The second difficulty is particular to the financial services industry: its business is complex with many thousands of business relationships and millions of transactions. A universal bank offers a wide range of products and services to individual, institutional and corporate clients from all industries. This probably represents many more cases that should be covered by the due diligence process than any other industry.

Banking institutions are in a burning position: they are exposed virtually to all sectors and potentially to all sorts of human rights violations and environmental harm but mostly indirectly through their business relationships. They often have little leverage when considering individual

⁶ <https://business-humanrights.org/en/discover-big-issues>

issues because competition is fierce with little differentiation, or the participation is negligible in the overall project. Yet, the whole banking sector has power to bring about change.

Collectively banks have theoretically the potential to transform the world. They have the power to bring their higher standards to other than their domestic country. They can force a change upon an industry if they decide not to finance certain practices. They can induce their clients to systematically adopt procedures and due diligence reviews, which otherwise they would not do.

Banks, and more broadly the financial industry has a particular role because they finance the private sector and could condition the way firms conduct their business. Individually, they might not have a lot of influence but when the change reaches the industry level, the financial industry could have a real impact. However, as Johan Frijns, the director of BankTrack, an NGO specialized in monitoring the banking sector, comments: “Endorsing banks should commit to deep introspection on how internal bank culture, and the drivers that shape it, may be at odds with society's needs, and take steps to address this.” (BankTrack, November 26, 2018) In the wake of the alarming environmental situation and countless social problems, this change process seems not fast enough.

It was after the World War II that the international community felt the need to create a set of standards to prevent abuses of human rights. Reuniting the Eastern and the Western blocks, the Universal Declaration of Human Rights was signed in 1948.⁷ This original text of 1948 has been subsequently expanded with various treaties and conventions, which enlarge the reach of human rights. Early dealings to enforce Corporate Social Responsibility in a United Nations agreement were not very successful. In 1970s there was a failed attempt to introduce a common Code of Conduct for all corporations. In the period from 1999 to 2003 a document similar to a treaty called the Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights was written. However, due to resistance from companies, in 2004 the UN Commission on Human Rights has rejected this document. (Ruggie, 2014)

In 2000 the United Nations initiative Global Compact took up the role of promoting sustainability to corporations. It is based on ten principles from the area of human rights, labour, environment and anti-corruption. The shortcoming of the Global Compact is that it is structured as a network and relies on reporting from the companies. The enforcement takes up the form of negative publicity if a company is not reporting. Some critics have pointed out that companies can simply report only on their strong areas. (Seppala, 2009; Williams, 2004) In the case of Global Compact, the corporations are communicating these principles of human rights, social and environmental respect to the

⁷ <http://www.un.org/en/sections/universal-declaration/history-document/index.html>

society. So the corporations are both regulated but also used as channels of spreading the UN agenda. (Jakobsson and Sahlin-Andersson, 2006)

Going back specifically to human rights problematics, in 2005 the United Nations Special Representative Professor John Ruggie was appointed to elucidate the issue of business and human rights. With the increasing complexity caused by transnational nature of business operations, the corporations themselves have recognised the need to have their role clarified. Human rights was one of the major issues, why the US companies were reluctant to sign the Global Compact. (Williams, 2004) Human rights have now a prominent place because the concept encompasses all major issues faced by our society today: climate change, natural resources, forced labour, digital freedom, tax avoidance etc.⁸ In 2008 after an extensive work with states and private companies, professor Ruggie created a new standard for human rights, which could be adopted by corporations. This framework “Protect, Respect and Remedy” was a result of multi-stakeholder discussion and the mandate was extended. In 2011 the more practical Guiding Principles were endorsed by the UN Council. The timing after the financial crisis of 2008 has probably contributed to its success.

The framework is structured around three pillars:

- 1 The state duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication;
- 2 An independent corporate responsibility to respect human rights, which means to avoid infringing on the rights of others and address adverse impacts with which companies are involved;
- 3 The need for greater access by victims to effective remedy, both judicial and non-judicial. (Ruggie, 2014)

These three areas were identified as major existing “governance gaps” as they were named by Ruggie, created by the fact that companies operate globally while the legal frameworks remained largely state centred. (Ruggie, 2008)

The Guiding Principles start with the description of the state duty to protect human rights, recognising the role of the state. States continue to have a central role in human rights protection by fostering the right corporate culture. Without the help of governments, corporations do not have the adequate framework in which they can operate (Seppala, 2009; Ruggie, 2008).

8 <https://business-humanrights.org/en/discover-big-issues>

The second pillar presents a key issue in the context of the banking industry. According to the Guiding Principles on Business and Human Rights⁹ the responsibility to respect human rights requires that business enterprises:

- a Avoid causing and
- b contributing to adverse human rights impacts through their own activities;
- c Prevent adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

In order to satisfy these obligations, businesses should have in place a due diligence process, which

- d should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships.

As a part of the third and last pillar, business should put in place:

- e processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

The due diligence process is familiar for businesses but it was novel in the concept of human rights (Seppala, 2009). Because the due diligence process should cover all impacts that the company might be connected to, for some business this might concern too many entities and it would be too difficult to perform due diligence including all of them. In the commentary of the Guiding Principles, it is specified that in this case companies can prioritize only certain suppliers or clients, who are more susceptible to have a significant impact on human rights.

Some of the cases of human rights are already covered by hard law. However, with the Guiding Principles the scope is much broader because the direct impact on individuals should be taken into account. Sometimes this can overlap with the risks already covered by the risk management analysis but in many cases an additional process would be needed to uncover these individual human rights risks. By signing up to follow the Guiding Principles, a company moves a step further from the debate about the reasons to engage in human rights protection. The new question becomes how it should be done given the business constraints.

The financial services industry runs a complex business with many thousands of business relationships and millions of transactions. A universal bank offers a wide range of products and

9 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

services to individual, institutional and corporate clients from all industries. This represents probably many more cases that should be covered by the due diligence process than any other industry.

1.2.2.3 *UN Principles for Responsible Investing*

In 2005, similarly to the Guiding Principles, the UN Secretary General has initiated the meeting of the largest institutional investors and in early 2006 the Principles for Responsible Investing (PRI) were launched. Now PRI have been signed by over 4700 asset owners, investment managers and service providers; in 2006 they were less than 100. The objective of PRI was to explicitly add ESG issues to the consideration of investment decisions since these can affect the performance of the portfolios. The PRI manifesto explicitly stipulates that considering ESG issues will make investors better aligned with the interests of the society. The application of the Principles needs to be consistent with the fiduciary duty to act in the long-term interest of the clients.

Six “voluntary and aspirational” principles have been formulated¹⁰:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

The UN PRI now offers a very complete set of resources for investors to guide them in the implementation of ESG across many asset classes. Signatories do not have to meet any specific requirements to join the PRI but they have to report on their implementation of the Principles. Although we argue that ESG has become the mainstream in the last five years, some of the biggest asset managers and asset owners have signed the PRI already in late 2000s: BlackRock, large US pension funds, asset managers own by major banks, many smaller European investors.

¹⁰ <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

The idea that financial institutions should be involved in the transition to sustainable economy has been part of the UN sustainability initiatives for thirty years. The UN Environment Programme Finance Initiative UNEP – FI was launched already in 1991 following the Earth Summit in Rio de Janeiro at first with a few founding banks and supporting institutions. This initiative went through some changes by merging with the Insurance initiative. In 2019, it launched Principles for Responsible Banking framework to ensure that the signatory banks' practices and strategies are aligned with the UN Sustainable Development Goals and the Paris Climate Agreement. The founding signatories were 137 banks, which grew in two years to over 270, representing over 45% of global banking assets. Yet, the big US banks are very poorly represented.

The most recent initiative dating from 2021 is the Net Zero Alliance, started by 43 founding banks, which have grown to over 100 and represent already over 40% of global banking assets. The big US banks are better represented in this initiative along with the many European actors, as a support for the COP 26 in Glasgow.

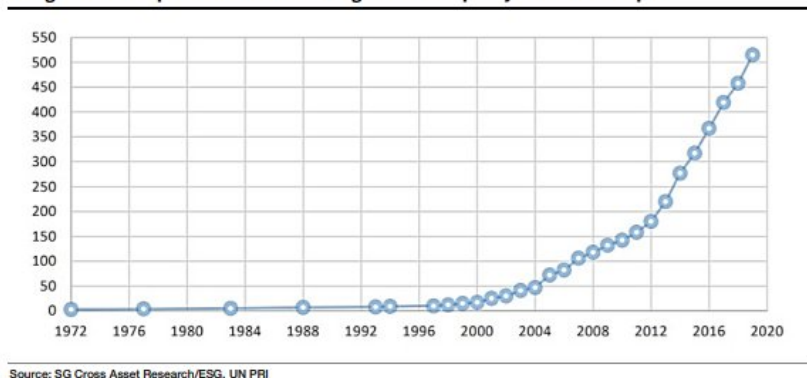
Equator Principles is another voluntary agreement, based on the frameworks of the International Financial Corporation, founded in 2003. The purpose is to provide a risk framework for project finance. Equator Principles have been revised the fourth time recently.

1.2.2.4 Summary

The transnational soft – law framework, such as the Guiding Principles, the Principles for Responsible Investing and many others, is the starting point for the increased consciousness about new responsibilities of banking actors. It defines the initial framework for due diligence of projects and activities that are suspected to be infringing on human rights values or have negative environmental consequences. As we have argued, these initiatives have existed since several decades now. Over recent years many others have been formed which we have not reviewed, also for specific financial activities or as a preparation for upcoming regulations, such as Task Force on Climate related Financial Disclosure, Taskforce on Nature-related Financial Disclosure, OECD's new guidance on Due Diligence for Responsible Corporate Lending and Securities Underwriting, Posseidon Principles for shipping industry...) The soft – law regulation is moving increasingly to hard law regulation as shown on the graph 1.1, which might mean that voluntary and largely aspirational principles and guidelines have not been very effective without regulation.

Graph 1

The growth in responsible investment regulation and policy interventions p.a.



Source: Société Générale Cross Asset research report¹¹

Currently Europe is leading the regulation with some crucial measures: The EU Taxonomy regulation, the EU Sustainable Finance Disclosure Regulation (SFDR), the EU Climate Benchmarks Regulation, the EU Green Bond Standard. Some other notable initiatives have been launched in Europe, such as the Social Bonds, The Global Reporting Initiative, The Shareholder Rights Directive, the Non Financial Reporting Directive and the Climate Disclosure Standards Board, in addition to the European Green Deal (Société Générale report¹²). For asset managers, MIFID II Sustainability Suitability Criteria amendments are in preparation.

As sustainability became urgency, and needs to become widely accepted, mainstream investment consideration, the governing frameworks are shifting to regulations. The regulation ensures not only the possibility of control, but harmonization across requirements, ensuring the same playing field for all actors.

1.2.3 The mainstreaming of responsibility

This chapter has an objective to show some concrete evidence that underpins the overall current perception that businesses and in particular banks have started actively moving towards more social and environmental responsibility. We concentrate on signs that show that this responsibility is on the rise especially from the Paris Agreement in 2015 until now.

In June 2020, Bloomberg, the leading provider of financial information and news to investment professionals, published the first quarterly issue of Bloomberg Green. A daily electronic newsletter has been launched some months earlier. The idea was to move away from writing about climate

¹¹ The evolving ESG regulation A guide to the ESG legislative framework to reshape investment, 23 February 2021, Yannick Ouaknine

¹² Road to ESG Integration 2021, 31 March 2021

change as if more evidence was still needed to show that a great disaster was upon the humanity. The starting point for this new section on the Bloomberg homepage and a new publication was to take the climate change as a given and provide the crucial data and indicators, along with the news about it, just as Bloomberg does for business and economy. Their stated objective was to mark the turn in sustainability from plainly reporting on pessimistic predictions, to reporting data and, importantly, the solutions that are being put in place to address the climate change problem.

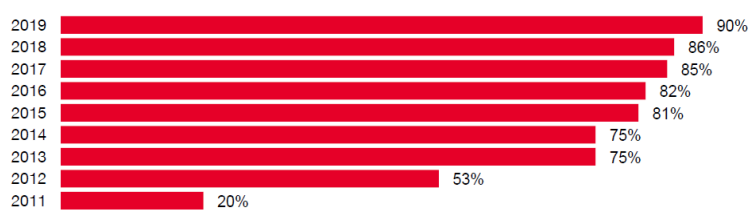
“The world has entered a new era of climate solutions, and this publication is going to be its chronicle.” (Bloomberg Green Daily newsletter, 9/06/2020)

Investments in sustainable technology are one type of measure that can point to increasing interest of business in sustainability. These investments are on the rise over the last two decades. While until 2014, they were driven largely by renewable energy, since then electrified transport and other technologies have been added to the mix. In 2021, over \$900bn was invested in the sustainable technologies, which means the investments doubled since 2015. (Bloomberg Green daily, 27/1/2022) The electrified transport and energy storage grew the most over the period from 2014 to 2021.

Bloomberg reporting a set of measures to monitor climate change and writing news about sustainability is perhaps the best indicator that it has become mainstream for the investment community. Many large companies have been reporting on sustainability since about a decade as seen on the graph 2.

Graph 2

S&P 500 companies reporting sustainability



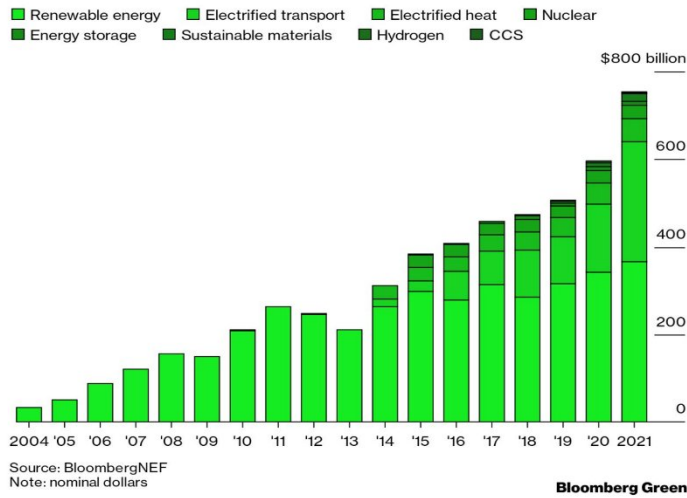
Source: SG Cross Asset Research/ESG, S&P500

The start of massive financing of technological projects related to the energy transition apart from energy is more recent (graph 3).

Graph 3

Taking off Thanks to Transport

Global energy transition investment by sector



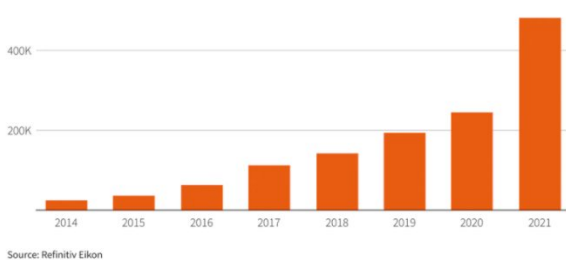
Source: Bloomberg¹³

Quite recent is also a financing through financial instruments specifically linked to either social and environmental sustainability. According to Reuters in 2021, \$481.8 billion of green bonds, \$191.8 billion of social bonds and \$177.2 billion sustainability bonds were issued, displaying rapid growth over the past three years.

Graph 4

Global issuance of green bonds

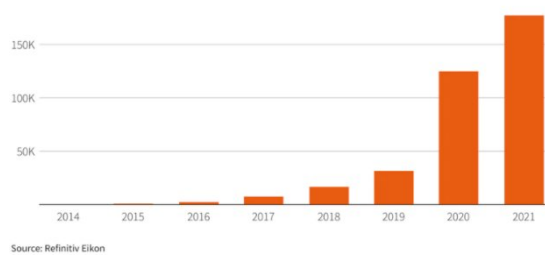
Proceeds amount in \$ millions



Graph 5

Global issuance of sustainability bonds

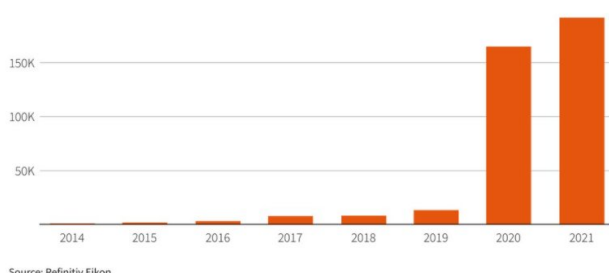
Proceeds amount in \$ millions



Graph 6

Global issuance of social bonds

Proceeds amount in \$ millions



Source: Refinitiv Eikon

Source: Reuters¹⁴

Not only banks are now selling financial products linked to sustainability, but they also start to earn more from them. Fossil fuel companies have always been good clients, but in 2021 banks earned more fees from green-labelled debt deals than from fees from working with fossil fuel companies. While in 2020, the green fees were \$1.9 billion and \$3.7 billion for the fossil fuel fees, in 2021 it was an estimated \$3.4 billion for green fees, and \$3.3 billion for fossil fuel fees¹⁵.

The investment banking has been quite late to move on sustainability. The main brokers providing research to asset managers often had a small team specialized in ESG, often covering several sectors. Sustainability entering the mainstream is particularly notable in the change of the prominence of ESG, climate change and sustainability in the broker research. A decade ago or even less, when climate change was a well-known fact and all voluntary agreements were already in place, ESG was relegated to small teams specialized in sustainability to hold presentation mostly for ESG analysts or ESG fund managers. Gradually, sustainability topic entered the broker research from various sides, the increased regulations, the new financial instruments, the importance of these issues on the companies' agendas etc. In July 2020 Société Générale published its first report where ESG was integrated into the target price.

“The report you are about to read is probably unlike any other financial research report you have ever seen. It represents something we believe to be completely new and different – in a sense radical even – a major shift in our equity research towards the systematic integration of ESG concerns into the valuation models of our covered companies.”

(Société Générale, Cross Asset Research, Special Report – Road to ESG integration, 1 July 2020)

14 <https://www.reuters.com/markets/commodities/global-markets-esg-2021-12-23/>

15 <https://www.bloomberg.com/news/newsletters/2022-01-05/bank-fees-for-green-debt-surpass-fossil-fuel-financing>

Very few companies themselves publish these indicators, recently Danone reported pre- and post-carbon EPS, before only two major companies published an environmental P&L measure. Apart from litigation costs which have been running into billions since the financial crisis, other factors are not included in the calculation of the value of a company. As the authors discuss in this “Road to ESG integration” report, disclosure of quality input ESG data is a major obstacle. Another difficulty to overcome is the way the investment research has traditionally been structured. The ESG analysts know how to evaluate the ESG factors, exploring often cross sector themes. The financial sector analysts are focused on evaluating single stocks within quite a restrained universe of their sector, which leads them to view the impact of some ESG issue as more material in their sector or on one company. Their different perspectives reflect the divide that has existed since the ESG started to be considered in investment decisions. Interestingly, in this report it is noted that the integration of ESG into valuation has now become easier because the investors have become accustomed to the rising tide of regulation. Before sustainability was a cost that could weight on performance, now it is a necessary “compliance” cost. Also, investors are not demanding purely quantitative assessment given the difficulty with data quality, but they start opening to considering a scenario analysis, for example.

In conclusion, we could find many other indicators pointing to a greater sustainability take up by companies and the banks. When companies move their businesses models on a more sustainable path, banks obviously follow.

1.2.4 The reality check

We have shown some significant signs of a massive shift towards sustainability. However, when concentrating on individual agreements, the outcomes, the time frames, the actual practices and policies, the proportions and the scope of business concerned, we realize that corporations and banks seem not moving with sufficient speed. Their progress is not rapid enough to respond to the urgency which we are facing with climate change, biodiversity and consequently also human rights.

“The banking sector cares about ESG. We know this from the ever-growing stock of ESG targets and disclosures. However, all of this exists in a separate reality, divorced from the P&L, balance sheet or capital account. Financial settlements for misconduct issues have been the only area in which ESG issues have shown up on the P&L. It’s time for the debate to have a clearer impact and drive meaningful changes to credit decisions and relationships. We believe regulation (including climate stress tests) will bring this process firmly into view over 2022. The trend is accelerating rapidly.”

(Société Générale European Banks ESG: Priorities and progress, p. 1 (23 September 2021)
Geoffrey Dawes)

In the asset management industry the rise of ESG - labelled funds has been very rapid recently. Total assets in sustainable funds hit \$3.9trillion (Sept 2021), which is a record compared to around \$1trillion in 2020¹⁶.

This also means that many of them might not be truly different from those that do not consider ESG criteria in their investment process. The recent scandal of DWS, the asset management arm of Deutsche Bank, which was allegedly over-reporting on its sustainability assets under management. The German and US regulators are investigating the issue. The fact is that since common standards on reporting and disclosure were not defined, many other asset managers could be accused of greenwashing. The new SFDR regulation has the objective to change this, ensuring more confidence in the claims that the investment industry is making.¹⁷

“Even though investors and managers communicate extensively about the use of climate data to construct their portfolios, these data points represent at most 12% of the determinants of portfolio stock weights on average,” Goltz said. Looked at another way, this means that 88% of what guides a climate fund is what you’d find behind any other, non-green investment.

(How Wall Street Is Gaming ESG Scores, Tim Quinson, 8 Sept 2021)¹⁸

It is sufficient to look at the reports from the specialized NGO in the banking sector, BankTrack, to get a sense of what remains to be done and how effective commitments of the financial industry are. Although even this NGO notes the progress has been done, it is a far cry from what is needed. Commitments which should have been done years ago are being made only now, and mostly they are not sufficient.

“Our key findings are: Implementation of the Guiding Principles is alarmingly poor among the great majority of banks. Of the 50 banks covered, 40 achieved a score of 6 or less out of 14, indicating that they are implementing less than half of the requirements of the Guiding Principles. These banks are ranked as ‘laggards’ or ‘followers’.”

16 Reuters <https://www.reuters.com/business/sustainable-business/global-sustainable-fund-assets-hit-record-39-trillion-q3-says-morningstar-2021-10-29/>

17 Financial Times <https://www.ft.com/content/a3d6a8d1-0800-41c9-ab92-c0d9fce1f6e1>

18 <https://www.bloomberg.com/news/articles/2021-09-08/how-fund-managers-are-gaming-esg-scores-instead-of-making-a-difference>

(Banktrack, 2019)¹⁹

“2019 was also the year in which two major bank sustainability initiatives ended their review processes, with less than impressive outcomes. In the summer, the Equator Principles ended its near two-year revision process with the release of a set of new principles, ‘EP4’, that, while including some minor improvements in wording, in no way reflected the ambition level we sought...

Even more disappointing was the launch of the UN-supported 'Principles for Responsible Banking' (PRBs) in September in New York. Billed as a game-changer which would align the business activities of all adopting banks with the Sustainable Development Goals and the goals of the Paris Climate Agreement, the event turned out to be first and foremost a PR opportunity, allowing banks to flaunt their new 'principles' without having to make any firm corresponding commitments until up to four years from now.”

(Banktrack annual report, 2019)²⁰

These statements date from 2019 and banks might have improved, since regulations but also investor and public pressure them to do so. Research from responsible investment watchdog ShareAction in 2021 analyses the leading practices by European banks across eight critical climate and biodiversity-related topics and the conclusion is that there is still not a comprehensive roadmap across all issues.

“These include net-zero targets and alignment, high-carbon disclosures, sector policies (relating to coal, oil and gas, shipping, and biomass), biodiversity, and executive remuneration. It shows that, while some banks are demonstrating leadership on specific issues, no European bank has a comprehensive plan to ensure sustainability across all topics.”

(Banktrack, 2021)²¹

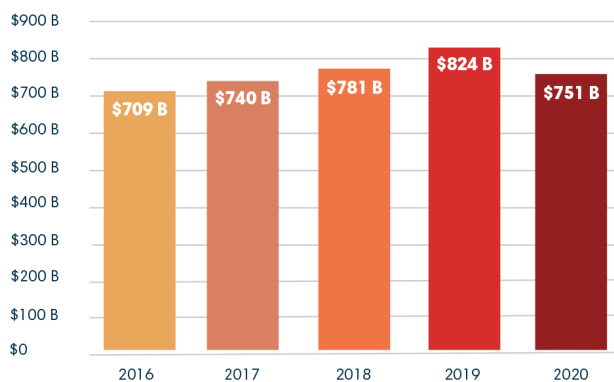
19 https://www.banktrack.org/download/the_banktrack_human_rights_benchmark_2019/191125humanrightsbenchmark_1.pdf

20 https://www.banktrack.org/download/banktrack_annual_report_2019/200506_annualreport2019.pdf

21 https://www.banktrack.org/article/new_research_puts_big_banks_sustainability_claims_in_doubt

Perhaps sustainability has become too large and financial institutions choose to focus on what is easier for them to showcase. Yet, one of the biggest and most urgent threats remains climate change, and it is also the major threat to human rights. While research is done on how to capture and store carbon, the best capture and storage already exists, that is fossil fuels should remain stored perfectly underground. The most logical thing is not to extract them, so carbon does not have to be imperfectly captured and stored again. This is what the International Energy Agency confirms in its report in May 2021 – there is no need for new fossil fuel extraction on the path to net zero by 2050²². Yet, fossil fuels are on the rise, including coal. Banks mostly argue that they are merely intermediaries accompanying their clients and the economy during the transition period. However, this transition period seems to demand more fossil fuels as before, since the overall financing seems not to decrease, on the contrary, as reported in a report endorsed by numerous NGOs. According to the report, five out of the twelve top banks financing fossil fuel industry have increased their financing over 2016 to 2020, and only one of them ranks high in

Graph 7 Lending and underwriting from the world’s 60 biggest banks to the fossil fuel sector.



Source: Banktrack²³

“Banking on Climate Chaos 2021 also assesses banks’ future-facing policies to restrict financing for fossil fuels, and finds that UniCredit has the strongest policy overall, though it only earned about half of the available points — underscoring that the banking sector remains far from committing to a complete exit from fossil fuel financing.” (Banktrack)²⁴

Coal is the resource that was at the start of the industrial revolution, but its glory is long gone as it has been decried as the energy source most contributing to climate change. It has been proclaimed “dead”, not worthy of investments from banks as many had made the pledge to exit coal at varying

22 <https://www.iea.org/reports/net-zero-by-2050>

23 <https://www.bankingonclimatechaos.org/>

24 https://www.banktrack.org/download/banking_on_climate_change_fossil_fuel_finance_report_2020/banking_on_climate_change__2020_vf_2.pdf

horizons at the run-up to the Paris Agreement. It is questionable to what extent this decision was due to them taking responsibility for contributing to CO2 emissions or because it was the least damaging decision for the business. The coal business was considered no more economically viable as it had become clear it is not part of the future energy generation.

At the COP 26 in 2021, coal was still in the heart of discussions as the negotiators were arguing whether it is to be phased-out or phased-down. In 2022, the coal prices have surged and it is in higher demand as ever.²⁵

Institutional investors have done their bit to pass the message that new coal mining will not be tolerated, but that is not preventing the mining companies from selling their coal at record prices. The supply and demand forces are at work, with China still not having many other options to satisfy its electricity needs than turn to coal. Coal is still on fire.

Not only banks are directly financing fossil fuels but what is called sustainable finance might be of questionable quality. Matt Levine, a Bloomberg opinion columnist of Money stuff, writes a daily column about what happens in finance. He notes that sustainability is on the rise as a topic to discuss and regularly makes an exercise to analyze the motives for ESG investments. With a lot of wit he comes often to very pragmatic conclusions that true sustainability mostly does not work based on corporate finance. In September 2021 he reviewed several articles about sustainability loans and credit lines, looking for a clear financial rationale. He concluded:

“No I mean obviously the logical answer is that the bonus or penalty for hitting or missing ESG targets will be very very small...it is very hard to imagine a realistic way to price and embed climate risk in a bank loan.”

(Matt Levine, Money Stuff on 8 Sept 2021)

The penalties for not hitting the given sustainability targets were revealed to be so tiny that they are more symbolic than anything else.

“A Bloomberg analysis of over 70 sustainability-linked revolving credit lines and term loans arranged in the U.S. since 2018 shows that more than a quarter contain similar provisions: no penalty for falling short of stated goals, and only a minuscule discount if targets are met. ...

“Most of the pricing adjustments upward or downward are tiny,” George Serafeim, a professor at Harvard Business School who focuses on corporate performance and social

²⁵ <https://www.bloomberg.com/news/articles/2021-12-17/global-coal-use-at-record-level-despite-pledges-to-cut-emissions>

impact, said via email. “It seems to me more a symbolic gesture rather than a serious effort to price and embed in the contract climate risk.””

(Financial Times)²⁶

Sometimes the most striking is that the objective of the sustainable investing and financing seems lost somewhere in the performance measures, market shares, growth rates, projections etc. Climate change is also framed as a major risk to the financial sector, so the objective is to decrease this risk because it could wreck a huge havoc on it. As if it wasn't killing people before it kills the institution.

European Banking Agency will include climate change in its stress tests, and it has already run a pilot. While this is very positive because it brings climate change to the most sensitive issue for banks – capital – it illustrates this paradoxical situation. Climate change will have a detrimental effect on the banking sector if the situation continues to worsen, but the objective of this should be to make them understand that they themselves are strongly contributing to those risks by continuing to finance fossil fuels.

“The sustainable investing industry is maturing. Sustainability has arrived on the main stage in financial markets; almost everything is in some way marketed as sustainable now. After an intense phase of mainstreaming, we expect a drive towards quality in the coming years. This requires a more differentiated view on what quality means. For this, it is essential to be clear about the objectives of sustainable investing.”

(Heeb and Kölbel, 2021)²⁷

1.3 Auto – ethnographic narration of a career in a bank

The current level of awareness and communication around sustainability might appear differently to people who have been more or less involved in the industry. For some, this might just seem as a hype that the banks and other companies put out there as a form of marketing because that is what people want to hear. Others, who just entered the industry and might be directly involved in these activities, might be convinced that efforts are honest and credible, and finance will help shift the world away from the murderous path of climate change.

²⁶ <https://www.bloomberg.com/news/articles/2021-09-08/esg-financing-comes-with-few-penalties-for-missing-goals>

²⁷ <https://www.responsible-investor.com/articles/investment-motivations-are-being-ignored-in-esg>

I still look at the developments mostly with bemusement and a little bit of anger, thinking back at my start in the industry. In almost everything I find both, a genuine effort, and old ways of doing in order not to change too drastically. I constantly think that given the urgency, I would like the leaders of the banks to be more radical, in the way they communicate about climate change, biodiversity or other issues. I now work on projects of internal re-organisation and operational efficiency, so I perfectly understand why nobody is radical. They are still tackling the issue of bringing the product out to the customer efficiently. Still, being radical is missing in the current trend as the NGOs point out.

I started in a marketing department of a mid-sized asset management arm of a large European banking group. We were answering the requests for proposals of investors, describing the investment processes used to manage our equity or fixed income funds. We had an investment specialist for the ESG investment theme who ensured the communication with big institutional investors, representing a team of ESG fund managers and analysts. Our investment specialist was very much convinced of the ESG approach, our team has developed a specific framework. It was in 2007 – 2009 and I knew perfectly that this was the asset class that would be growing, given the anxiety over climate and environment we already lived in during that time. I wanted to move to the investment side to become an analyst and I managed to move to the team managing European equity funds. I started covering consumer goods. There were no sustainability issues that we would look at whatsoever. I did not even consider scandals that could damage the image of large companies. Our approach was to analyze the concentration within the industry and the market power a company had. Then we estimated future cash flows to get the discounted present value, mostly relying on estimates provided by the investment research from investment banks, also called brokers.

After the financial crisis, our company became a part of another large European bank and purely by chance I joined a Sustainable and Responsible Investment (SRI) team as an equity analyst and junior fund manager. Our investment strategy was “best in class” SRI meaning that our investment universe was reduced by eliminating those who scored too low on ESG criteria. We had a dedicated team of ESG analysts who performed this analysis, defining the investment universe for the fund managers. The fund managers were only doing the financial analysis of the stocks. We were managing companies against a standard benchmark, with a style which was to remain rather close to the benchmark, not taking big underweight or overweight positions which could swing our fund fast into underperformance.

It would have been quite delicate if the ESG analyst excluded a stock which had an important weight in the benchmark. Typically, this was always the case with HSBC, which had an important weight in the banking sector. If it were to be excluded due to ESG considerations, it would have been difficult to counterbalance it with other more volatile banking stocks. The use of standard benchmarks served to convince the investors that they could get a good return, or better, by investing into SRI than into a plain equity fund, as measured by the outperformance over the same benchmark. The fund manager would challenge the ESG analyst if stocks that he preferred were rated poorly and thus excluded, although the analysts were quite independent in their assessment. They were, however, not much or not at all concerned with the financial valuations.

Once I went to a conference in Germany and in the evening, I was sitting at a dinner table with two fund managers in their mid – forties. When I told them that I was working as an SRI fund manager, they were a little bit ironical about it – they already had a beer or two by that time. They told me what many people, even a majority perhaps, thought at the time: SRI was only marketing. They saw me as a naïve young woman who thinks she is saving the planet and people, completely ridiculous. I told them that in fact I was convinced that indeed SRI should not exist because all funds should be managed according to ESG criteria, and that it was very likely going to happen in a few years.

That is precisely what happened at the asset manager where I used to work some eight years later. Back in 2010, the head of my team which included the ESG analysts tried to push the use of the ESG research across the bank but he had not succeeded. For a long time it was not seen as priority, or as necessary, at least not as much as reorganizing and restructuring. Until it was.

I remember this episode because it angers me very much to listen to some top managers congratulate themselves how they advance on sustainability, how they are committed, how many initiatives they launched etc etc. It does not seem to me very exceptional endeavour today because it is mainstream. If a decade ago it was clear to me, a junior fund manager, that we will have to take sustainability and climate change much more seriously, I think other important decision makers were also aware of it. Or should have been. Many of the same decision makers that today are managing the implementation of ESG across all funds were holding the same functions seven, ten years ago when they didn't want to do it. I know the argument is that it was too early, there was not this collective movement, the “mainstream”, and it would not have worked. Yet, we lost precious time in contributing to fight climate change. The asset management industry was under financial pressure and since then it continues in cycles of restructuring. Unfortunately for me the restructuring had a fatal impact and I had to leave the ESG team.

My next job was an equity analyst of banks and insurance in the wealth management arm of the bank. My job was to give a recommendation whether to buy or sell about ten European bank stocks. Scandals caused some banks to lose a lot of value around that time. Provisions were set aside for litigation costs but otherwise responsibility for human rights or environment was not something we would consider in the recommendation whether to buy a particular bank stock or not. How would that be done? There was no bank particularly focused on ESG issues in our universe of large European banking groups. Clearly, I identified that for ESG factors to work there needs to be some sort of easy fit into the very basic valuation formulas we used. Even though they were approximative, it was the only indicator that gave us confidence. We cross-checked several methods. The input we took from consensus numbers of investment banks or relied on one or another banker. Some colleagues for other sectors had their proper models, the discounted cash flow model, where they could check how sensitive the stock price is to the different assumptions. For banks having a model was too complicated due to more complicated calculations of capital, interest and fee revenues etc.

In the end, apart from the overall economic and political situation, it was the story that was told and built by the investment banker about a particular stock that was decisive. The brokers go regularly on roadshows to meet investors and tell the stories that are told about those stocks in that moment, each of them trying to look at it from a little bit different angle to distinguish themselves from the others. Obviously, as wealth management analysts we didn't have access to all brokers. The asset managers trade much more and now pay specifically for the investment research, so they get much better access to the analysts as I had when I was an analyst at wealth management. They can choose from more stories. The valuation is a part of the narrative and the power of it is that it is based on a few numbers. The ultimate number is the target price. In a sense, to have decided a certain target price, a precise number against which we measured how the stock price behaved, gave us confidence. For me that was the essence of the banking logic: however biased, approximative or qualitative the analytical process was to arrive at a certain decision, a final number gave a great credibility. In absence of solid data, rankings and scores were put in place. Once a methodology, which had as an output a number, was established, it was often used with little critical regard.

I felt personally in my work that was the problem with sustainability for a long time, in fact I could not include it in my analysis even if I considered it very important. I didn't have the numbers. Sustainability becoming mainstream also means that the industry found numbers to report on. The most striking example is the publication of quarterly results. At first, companies published separate financial and CSR reports, which then were merged into an integrated report. The two do not mix

much yet, apart perhaps from the “green finance” which can be easily quantified as a part of the total business. For me the ultimate proof that sustainability has become a part of finance will be a reporting the negative impact on the society of each component of the results, from the companies and investment research analysts.

Finally, the work of our team of analysts was outsourced and we all changed jobs. I have become an internal consultant accompanying the constant restructuring and transformation of the bank. I have made another attempt to force attention to sustainability issues. It was in 2015, I proposed to my boss to create a specialized sustainability practice within the consulting team. My argument, once again, was that in a few years this topic will become increasingly important and we need to develop the expertise early on to be able to work on those projects. This initiative was refused because it was not the area the bank expected us to work on.

I left the bank for three years and I learned that in 2017 the bank put sustainability on top of the bank’s agenda with the new Engagement strategy, and my team has accompanied the director in its early conceptualization and set-up. Since then the consulting team has accompanied many other projects of sustainability implementation across the bank. Once again, it was too early.

I kept my subscriptions to receive the research from the brokers and since I came back to work in the bank in 2019 gradually I noticed an increased inclusion of sustainability in the reports. Attempts not only at producing valuations and reporting on numbers, but also at including sustainability in the stories that are told about the stocks, merging the narratives that used to be separate.

1.4 Conclusion

Everyone is jumping on the train of new opportunities that sustainability is creating, not only financial industry but also the rating agencies, the data providers, the accountants, the consultants. Some of these opportunities are driven by true technological innovations and transformations, but others remain to be harmful activities in disguise and sometimes even without. These same opportunities existed since decades, but it seems that only the urgency and government action has catalysed the action.

Governments are racing to publish common regulations because the voluntary basis has not worked. Yet, it is not sure that common guidelines will be established globally. Alongside the rapid rise of importance of sustainability, there is still a constant lagging behind what should be done to prevent bigger and bigger environmental catastrophes threatening human rights worldwide, or worse, life itself. This short and far from exhaustive introduction to this paradoxical empirical reality in which is set the research of this thesis.

2 Theoretical background

Summary

We start the theoretical background chapter by presenting other theoretical directions that we explored and that inspired us, for example the alert-treatment framework. We then introduce the institutional theory by discussing the current challenges that this theory is facing after four decades of research. We concur with other researchers the institutional logics approach is still relevant to address current societal issues. We then show that sustainability or sustainability-related themes usually conceptualized as a conflict of logics. We introduce the intra-institutional complexity before presenting how in literature emotions are closely associated with sustainability, especially in social movement and framing streams of research.

In the second part of the chapter we present the theoretical framework to study emotionally-driven intra-institutional tensions. We begin by showing how emotions have relatively recently found a place in the institutional literature and how this research stream has been growing rapidly. We then present the psychodynamic approach to studying organizations, which has long existed in organizational theory but which has been recently introduced to the institutional theory and in particular institutional logics. We used this framework to structure the analysis of our case studies.

2.1 The choice of the theoretical framework

The elements that emerged early on from the empirical cases informed our choice of the theoretical framework. The chosen theoretical approach had to satisfy three requirements in order to handle the empirical reality we were investigating.

The first requirement is that the theory needs to be sufficiently developed and robust to handle the complexity of the environmental and social sustainability issues. The sustainability challenges happen on a small scale in communities as well as on a large scale globally. They impact a multitude of actors with different beliefs systems, cultures and norms (Hoffman and Jennings, 2018).

Gümüşay et al. (2020) for example suggest four dimensions that a theory has to have to handle the grand challenges such as climate change and social tensions. The four dimensions, macro-positioning, contextuality, temporality and value plurality, should help in analysing and

understanding the social reality surrounding grand challenges. The authors show how institutional logics satisfy these dimensions on the example of climate change.

Hoffman and Jennings (2018) propose that institutional theory and also institutional logics remain highly relevant to study the Anthropocene Society, which refers to the human systems that lead to climate change, biodiversity loss or social inequality (Hoffman and Jennings, 2018). Although these authors develop their own institutional – political variant of the institutional theory in order to introduce more agency and power, they build it on the basis of a model of institutional complexity.

The second requirement is the ability to handle a situation of conflict. The notion of dilemma, that is a situation which presents two possible solutions for a given situation, has been central to the thesis from the very start. The conflict arose because different stakeholders favoured different solutions to given issues. This conflict, or tensions played out on multiple levels, partly hidden, partly open and vocal, consisting of a mix of various issues.

The first orientation was towards the stakeholder theory (Freeman, 1984), which is a rare theoretical framework developed within the CSR literature (Dunfee, 2009). Although there has been an ongoing dispute around the definition of a stakeholder (Dahlsrud, 2008), the stakeholder theory has a body of literature of several decades, its foundations being justified by solid descriptive, instrumental and normative aspects (Donaldson and Preston, 1995).

Insights of the stakeholder theory could be useful for, for example, how stakeholders evaluate the firm's sustainability through the use of language (Crilly et al, 2015). Martínez et al. (2016) review the use of stakeholder theory for treating the questions of CSR and find out that stakeholder theory along with the institutional theory is well fit for this purpose with much future research needed as there is a lack of common definitions and theoretical frameworks, for example. Avetisyan and Ferrary (2013) also combine stakeholder and institutional approaches to study the emerging organizational CSR field.

Daudigeos et al. (2018) investigate scandals which help fringe stakeholders to gain more influence and push corporation to adopt policies favoured by these stakeholders. Scandals are seen as catalysts for the contentious movement of the fringe stakeholders by Daudigeos et al. (2018), which could describe the empirical reality of the DAPL movement.

Organizational tensions could also be very well conceptualized also through the paradox theory (Smith and Lewis, 2011). The paradox literature investigates change in organizations, in particular the organizational tensions. Paradoxes are defined as “persistent contradictions between interdependent elements” (Schad et al., 2016, p. 6). The responses to paradoxes are not a result of a

search for a resolution when one side is preferred over another, but rather it is a search for engagement with the other side and an identification of a potential to generate and integrate (Putnam et al., 2016). Most recently the paradox theory has been used to study the tensions which organizations experienced during the Covid-19 pandemic (Carmine et al., 2021). Paradoxes can be studied across various levels and thus the theory can also be applied to grand challenges (Jarzabkowski et al., 2020).

Our early thinking on scandals and thus also on conflicts, in particular in relation to environmental alerts and development of a movement from an alert, was strongly shaped by the French sociologist Francis Chateauraynaud (2009, 2004; Chateauraynaud and Torny, 2005, 1999).

2.1.1.1 Alert – treatment framework

Chateauraynaud and Torny (1999) analyze the cases of social rallies and controversies using an alert – treatment framework which has seven regimes. The process begins with a single phenomenon, which only a few people notice but which poses a problem. It moves through various regimes to end up being codified. A typical case, or a phenomenon, starts with vigilance and alert, then moves to a controversy and polemic, after which there is a process leading to a crisis. At the end comes a phase of normalization.

The process is dynamic and in constant evolution. Some issues become normalized, some move back and forth from one regime to another. Others do not progress beyond the vigilance or alert regimes because there are optimal structures in place which neutralize it. Chateauraynaud and Torny (1999) analysed issues and alerts in several different fields, such as technology, the environment, human health, agriculture and food. These could be different configurations or regimes of a process through which a phenomenon passes. Some die at early stages, some move all the way to the normalization. Although these various configurations seem static, in reality there is a constant process of transformation.

In detail, Chateauraynaud and Torny (2005) define these regimes:

- 1 The vigilance is a regime of constant attention. It is a period when people worry, which makes them more attentive, and when they collect information and indications on a phenomenon. It means being present, paying attention and surveying unexpected events, which could become alerts.
- 2 An alert is produced when a phenomenon can be separated from the background and subjected to an evaluation. The phenomenon has to be dangerous or menacing in the near

future. The alert signals that the person cannot dominate the phenomenon and therefore alerts other people.

“An alert is at the same time relaying information on a danger, the expression of a form of helplessness and the engagement of public or private responsibility. That's why the alert generally leads to acts of verification: visit of places or people, auditions, surveys, measurements, expertises.” (Chateauraynaud and Torny, 1999, p. 79)

If there is an appropriate process to handle the alert, the right intervention can end the process. On the other hand, if the alert leads to a complex process, starting with a controversy, it is because its resolution is not yet well codified.

- 3 A controversy is a regime in which scientific arguments and methods, whose aim is to characterize, measure and interpret a given phenomenon, are confronted. A controversy can be closed when all arguments are considered and a new state of things is either accepted or rejected. For this to happen it is necessary that at a certain time no more participants can be admitted to participate in the controversy.
- 4 A polemic is different from the controversy in the heterogeneity of the participants; the journalists can transform a controversy into a polemic, with spectacular announces. The authors of a polemic can often have other motives than the object of the polemic; they might seek economic, political or other interests. The initial condition for a move to a polemic is a suspicion that some actors, facts and arguments are not presented truthfully. The polemic destabilizes a public position by showing that somebody has profited from hiding away facts from public.
- 5 A process is a result of an accusation and an attribution of responsibility. The case is presented to a judge, who has a legal authority to decide which side is correct. Often there is only the threat to start a process to attribute a responsibility.
- 6 The crisis is characterized by a social – order breakdown and leads to a strong politicization of certain elements, which become economic, political or social issues. There is an emergence of collectives, which by their public activities and contestation solicit directly the state.
- 7 Normalisation is a configuration when a regulatory and legislative work is carried out. New texts and codes are produced in order to calm the various protagonists.

We have combined the Chateauraynaud and Torny (1999) framework with the classical phases of institutionalization (Zucker, 1996), leading to a proposition of four phases in which a sustainability-linked issue can be collocated and its relation to the empirical situation of financial institutions facing such issues.

The phase zero corresponds to the initial formation of an issue, when only a small group of individuals is concerned about it (Chateauraynaud and Torny, 1999). If a financial institution is among those actively seeking such societal problems to solve, then it is likely to have already a rather developed sense of responsibility for this issue, with principles and approaches in place to handle an alert or a scandal. This was probably rare but with sustainability becoming a mainstream concern for business, this phase might become increasingly common.

In the phase one an issue is already widely known and discussed. The issue field (Hoffman, 1999) is in creation and the actors are entering it as they begin to participate in the controversy and polemic. Eventually, the controversy culminates in a process which is the result of an accusation and attribution of responsibility (Chateauraynaud and Torny, 1999). Given the probable discussions of various actors in this phase, the institutionalization is slow and has low stability because there is no actor with strong power to impose a solution (Lawrence et al., 2001). Procedures and modes to act are diffused by imitation within homogeneous groups of actors (Zucker, 1996). Consensus is hardly possible to reach because actors are guided by different logics (Lounsbury, 2007; Thornton et al., 2012). This phase corresponds to the institutional plurality (Kraatz and Block, 2017), with individual organizations being reluctant to take on the responsibility for the issue as there is no consensus and no existing guidelines. The field interactions contribute to finding a consensus but each organization still has to find proper solutions.

The phase two is mid-way to full normalization but it might also be a situation when the status quo is hard to change. It could be characterized by strong politicization of certain elements, which become economic, political or social issues (Chateauraynaud and Torny, 1999). Partial consensus is reached especially within groups of actors. The targets do not have agency to participate in a discussion because consensus is already partially formed and a temporary resolution found. Since the consensus is partially reached, the polemic is closed and the situation is less conflicting, there are more indications for what guidelines and norms for assuming responsibility for an issue might be. Diffusion could become partly normative, which helps the organization orient its own responsibility formation (Zucker, 1996).

The phase three corresponds to full institutionalization, or normalization, when procedures and rules have become taken-for-granted (Rowan and Mayer, 1999) by most of the organizations concerned by the issue field. Consensus has been reached, facts are established.

We have moved away from this sociological framework, which corresponded rather to the early developments within the institutional theory relevant for institutionalization and institutional change. However, our initial understanding, analysis and conceptualization of all the three case studies is built on the basis of this alert-treatment framework of Chateauraynaud and Torny (1999). It provided us with a clear structure to understand how a scandal is formed, how it can spread, why it stops spreading or why the bank had to react to a scandal or a potential scandal. Once we had this basic understanding of issue formation, we moved to analyse in more depth the dynamics of the tensions through the framework of institutional logics (Thornton et al., 2012) and emotions through the institutional illogics (Vince, 2018), as well as focusing on intra-institutional rather than inter-institutional complexity (Meyer and Höllerer, 2014).

The third requirement is the presence of emotions. Emotions have not been part of the institutional theory for a long time, but have emerged explicitly more than a decade ago as a strong current (Lok et al., 2017), including within institutional logics (Vince, 2018; Fan and Zietsma, 2017). Zietsma et al. (2019) review the presence of emotions in organization theory. They find that emotions have substantial presence within institutional theory, social movement theory, identity, organizational learning and change, organizational culture, power and control. It is less present within the sensemaking, practice theory, network theory and entrepreneurship and absent in organizational economics, economic sociology and embeddedness, organizational ecology, categories and resource dependence theory.

Considering all of these three requirements that a theoretical framework needed to satisfy to fit with our empirical context and the richness of the existing literature we have selected institutional logics as our main theoretical framework, complemented with social movements and emotions as studied within institutional and organizational theory.

We have also engaged with the alternative theory to institutional logics, Boltanski and Thévenot's economies of worth framework (Boltanski and Thévenot, 1991, 2006). The economies of worth investigate "how individual actors engage with a plurality of moral orders" (Cloutier et al., 2017, p. 5). The framework is particularly useful for understanding how actors inhabiting organizations arrive at compromises or deal with contradictions (Cloutier et al., 2017). The original framework has been updated to include the green world (Lafaye and Thévenot, 1993) and it already contained a

civic world; these two together most likely cover a very wide range of environmental and social sustainability issues.

Demers and Gond (2019) study a sustainability strategy at a sand oil company. They show how the sustainability strategy shifted from a compromise which was compensating one goal over another, to a reconciliation between goals.

This framework can address the grand challenges, or sustainability issues, and it is suited to analyse institutional complexity, including conflict and compromise-making. To our knowledge, emotions are not explicitly conceptualized, but this framework better captures morality and values than institutional logics. As the “green world” is defined within this framework, the analysis would have been oriented towards the compromise-making. In our view, we would have less captured the crucial intra-institutional tensions created by emotionally charged sustainability issues.

There are many critiques of the institutional theory and institutional logics in particular which will be addressed in the following section. We concur with many researchers (e.g. Hoffman and Jennings, 2018; Johansen and Waldorff, 2017; Gümüşay et al., 2020; Friedland and Arjaliès, 2019; Drori, 2019 and others) who demonstrate, stress and discuss the strength of the institutional theory and institutional logics in understanding and conceptualizing the current societal phenomena. As Hoffman and Jennings (2018, p.7) put it: “institutional theory to be particularly applicable, as it pushes in the direction of open systems thinking, which fits with the notion of organizations within ecologies and ecosystems; it incorporates tensions and paradoxes that can allow more fluid interface with natural environment topics; it considers multi-layered components of organizations and their environments (such as strategy, structure, technology, and culture); and it readily matches levels of analysis (phenomena) with mechanisms and outcomes.”

Nevertheless, we have also considered certain specific criticisms and have tried to provide elements of improvement in order to make institutional logics more relevant, notably by focusing on the intra-institutional conflict and the role of emotions.

2.2 The overview of the institutional theory approach

2.2.1 What are the challenges that the institutional theory is facing?

“Institutional theory is inherently difficult to explicate, because it taps taken-for-granted assumptions at the core of social action.” (Zucker, 1987)

After forty years of research, the new institutional theory has developed into the most influential organizational theory. It has developed into many streams of research and naturally a debate has

surged weather it is still adequate and in which direction it should be directed. One subject of the debate is whether the new institutional theory has the potential to address the developments of the last decade or two which have added substantial complexities to the organizational environment (Claus and Amis, 2020; Meyer and Höllerer, 2014; Almandoz et al., 2017). Related to this is also the questioning if this theory is sufficiently critical to provide the necessary insights into contemporary social concerns, such as inequalities and power distribution (Alvesson & Spicer, 2019).

Some criticize the theory for not creating a more comprehensive understanding of how organizations are managed, but rather concentrating on isomorphic processes on the field level, as well as focusing on similarities instead of differences (Greenwood, Hinings and Whetten, 2014). The conceptualization of people as cognitive actors has been novel in the beginning, but as the research advanced, it became evident that the real people are missing in the institutions (Lok et al., 2017; Voronov and Weber, 2020). Institutional logics, which became a dominant approach within the new institutional theory, has also been extensively criticized for being overstretched and overused (Willmott, 2015; Ocasio et al., 2017). Alvesson and Spicer (2019) go as far as suggesting that institutions do not mean anything anymore because the theory has covered such a vast theoretical base and so many conceptual constructs. These authors suggest that most of the topics that the theory has taken up to analyse from an institutional point of view are common sense and do not add any insights outside the fact that it was not treated within this theory.

In the first phase of the new institutional theory which lasted for almost two decades the most influential publications (Meyer and Rowan, 1977; Zucker, 1977; DiMaggio and Powell, 1983) formulated the foundations of what would become the most influential theory in the following two decades. These early stipulations were subsequently supported empirically with quantitative studies (e.g. Tolbert & Zucker, 1983; Tolbert, 1985).

At the time when several currents in sociology were developing, Berger and Luckmann's (1967) most famous definition of an institution as “a reciprocal typification of habituated actions by types of actors” (p. 58) has taken the centre - stage. Institutions have been conceptualized as cognitive, socially constructed structures. Meyer and Rowan (1977) argued early on that the formal structures of organizations reflect “rationalized myths” in their highly institutionalized environment. The organizations adapt to what society expects from them in order to gain legitimacy. The isomorphism, or a gradual resemblance over time, has been extensively studied since DiMaggio and Powell (1983) asked what makes organizations so similar and proposed three isomorphic processes:

coercive, mimetic and normative. Legitimacy and isomorphism are the central concepts which have continued to be studied.

Zucker (1977) has studied the role of institutionalization in cultural persistence, identifying that the degree of institutionalization can vary, depending on the situation of the act and the position and role of the actor. The taken-for-granted assumptions about structures, actions or roles do not need to be explained anymore to each individual, thus contributing to creating routines and no need for enforcement. The early research focus was on ideas, templates for organizing, and schema that were collectively shared to establish and preserve social order (Scott, 2017). Institutionalization, the actions by which routines, rules and structures become taken-for-granted (Meyer and Rowan, 1977), has been since described in many different ways (Schneiberg and Soule, 2005), through either top-down world view approach (e.g. Meyer et al., 1997), bottom-up as a staged - process (e.g. Tolbert and Zucker 1983, 1996) or as exogenous shocks (e.g. Hoffman 1999). Isomorphism and to some extent the related phenomenon, which is decoupling formal structure from production activities, have continued to be studied, adding ever more insights even into this founding concept (Boxenbaum and Jonsen, 2017).

The characteristic of the new institutionalism was the emergence of an actor (Meyer, 2017). The type of actors and their roles is ever evolving, with notably new powerful actors emerging in addition to the nation-state, such as international non-governmental organizations, multinational corporations, institutional investors, professional organizations, religious communities and media. (Scott, 2017) All actors create, maintain and change structures themselves while at the same time being guided, constrained and supported by these same structures (Zucker, 1977; Scott, 2017).

During the following more than two decades, from early 1990s, new approaches have been introduced, among the most influential ones institutional entrepreneurship (Battilana, Leca, & Boxenbaum, 2009), institutional work (Lawrence, Suddaby, & Leca, 2009), and institutional logics (Thornton et al., 2012) which has become the most prolific one. The studies following these research agendas have produced numerous insights into how institutions are created, maintained or changed. By late 2000s, the new institutional theory has become one of the most dominant theories in organizational studies (Alvesson and Spicer, 2019) with research extending across many domains, bringing into the institutional theory new concepts such as power (Lawrence & Buchanan, 2017), practice (Smets and Jarzabkowski, 2013), emotions (Voronov and Vince, 2012) and many more.

Greenwood et al. (2014) summarize the evolution of the new institutional theory as the study of the novel idea of cultural prescriptions influencing organizations and its empirical verification through

the patterns of practice diffusion, thus gaining the understanding of institutional processes. Afterwards, as the research moved in many different directions, the understanding of the origins and consequences of institutional processes has been substantially deepened.

Despite the criticism, many authors view the new institutional theory as still very relevant, especially the institutional logics approach, for resolving the current societal challenges (Lounsbury and Wang, 2020; Caus and Amis, 2020; Friedland and Arjaliès, 2019; Meyer and Höllerer, 2014). It is understandable that after four decades the research is somewhat dispersed and it is indeed not immediately evident which strain of the new institutional theory to employ in order to analyse a given phenomenon.

The overall increased consciousness of businesses in general, and the banking sector in particular, that sustainability is going to be a necessary condition for survival, could be analysed with several institutional concepts. How has this acceptance of more responsibility for a shift towards sustainability happened? We can easily observe a diffusion of sustainable practices, isomorphism, institutionalization of sustainability issues or seeking legitimacy by adhering to sustainable standards. We recognize the emergence of new actors such as NGOs and transnational organizations, their influence on organizations and nation-states in forming agreements for sustainability. Any of the approaches to institutionalization, for example the top-down, the reaction to exogenous shocks or the bottom-up would lead to insights into these processes. There could be a question of institutional change or maintenance in the wake of changing societal preferences towards sustainability. The institutional work has been done by powerful actors who advocate sustainability.

Each of these general concepts has been already explored in depth, and it would bring us down a certain path to uncover ever more details of how institutional processes work. Nevertheless, most of these approaches call for a field – level analysis. We could probably find support for the existing institutional concepts. Although some call for more consolidation of these core approaches and concepts (Alvesson and Spicer, 2019), we think that the more crucial issue is to understand more deeply what happens within the organization in order to assess more critically the field – level process, often already studied in depth (Greenwood et al., 2014, Short and Toffel, 2010). Yet, the concern with this descend to the organizational level is not to lose the institutional prism in order to contribute to the understanding of the institutions, and thus the formation of those processes at the societal level (Meyer and Höllerer, 2014). An institutional approach for organizational level analysis is institutional logics.

2.2.1.1 Are institutional logics still relevant?

The institutional logics approach (Thornton and Ocasio, 2008; Thornton et al., 2012) has been an immensely productive research program and it has changed in some fundamental ways how institutions and organizations are regarded by institutional scholars (Ocasio et al., 2017). Notably, it provided a view of institutional pluralism as persisting at multiple levels, enhancing the fundamental concept of isomorphism. Isomorphism is seen as a condition when one institutional logic prevails. It provided room for agency through the multiplicity of logics and this allows it to be positioned across levels. Finally, institutional logics redefined the relationship between markets and economics and institutions by pointing out a dynamic interaction rather than putting only institutions at the forefront. Institutions with their distinct logics shape markets. Since economic and market forces exist materially, they in turn shape institutional logics (Ocasio et al., 2017).

While contributing these foundational theorization into the new institutional theory, the institutional logics has fallen victim of its success. Perhaps due to the intuitiveness of the concepts, or the flexible and wide-ranging applicability, the approach has been overused and overextended, as some critics point out (Alvesson and Spicer, 2019; Johansen and Waldorf, 2017).

The potential to explain organizations and institutional processes seems to, nevertheless, remain undisputed (e.g. Greenwood et al. 2014; Ocasio et al., 2017), with perhaps the need to some systematic categorization. This has become difficult especially within the institutional plurality and complexity literature (Kraatz and Block, 2017; Greenwood et al., 2011), which examines the various configurations of institutional logics.

Meyer and Höllerer (2014) propose to start with a distinction between inter-institutional and intra-institutional complexity. While the inter-institutional complexity addresses competing or complementary organizing principles across the institutional orders (Kraatz and Block, 2008), the intra-institutional complexity considers them within one institutional order.

Some research can already be identified as treating the intra-institutional complexity, either mentioning it explicitly (Meyer and Höllerer, 2017; Meyer and Höllerer, 2010) or implicitly (Fiss and Zajac, 2006; Dunn and Jones, 2010; Lounsbury, 2007). On the other hand, the inter-institutional complexity is vast and very heterogeneous, especially because many organizational practices are simply being treated as logics even if they do not have any connection to an institutional order. Intra-institutional complexity could help better understand the interrelationships of organizations and institutions within one societal order. (See also section A) 2.3)

One of the most crucial challenges today is to understand why the market logic seems to prevail over other logics in recent decades (Thornton et al., 2012). The market institutional order with its

market logic is among the key institutional orders identified initially as capitalism by Friedland and Alford (1991) and reformulated by Thornton and Ocasio (1999). Studying the intra-institutional complexity might yield insights which could help explain this phenomenon, crucial also to understand how to stop the planet destruction by businesses.

2.2.1.2 How is the paradox of the embedded agency still relevant?

Related to institutional logics and one of the crucial elements of the theory is the problem of embedded agency (Thornton et al., 2012): “theory of institutions needs to recognize that individuals and organizations are embedded in social structures, yet also explain how they are externalized or partially autonomous, allowing them to construct institutions socially” (p. 29). The embedded agency (Holm, 1995; Seo and Creed, 2002) is a situation when actors influence the structures of institutions while at the same time they are being influenced by them. In other words, the actors’ “lived experience is both structuring and structured by the same institutional infrastructure” (Hinings et al., 2017, p. 19). In fact, it has been widely recognized that institutions and institutional fields are created and changed by organizational actors (Lawrence, Suddaby and Leca, 2011). The question that the researchers strive to explain, and why this situation is often called paradox, is to explain how organization actors succeed to reflect on the existing structures, find alternatives and gather resources to initiate change, while being embedded within these same structures. It is also seen by many as a central problem of the institutional theory (Cardinale, 2018). Yet, Lok and Willmott (2019) criticize this focus on embedded agency as a problem, because for them the “relation between structure and agency is understood as mutually constitutive” (p. 470). They further explain that according to practice theorists such as Giddens and Bourdieu, agency is “enabled and constrained “through” structure” and “structure is theorized as “both medium and outcome” (Giddens, 1984, p.25)” (p.471).

Embedded agency is usually studied through the institutional work (Lawrence et al., 2011) and institutional entrepreneurs (Maguire, Hardy, & Lawrence, 2004). The work on institutional entrepreneurs strives to understand how actors bring about institutional change within a field. This literature concentrates for example on the type of actor that are at the origin of institutional change. They can be actors from the periphery of the field, such as environmental NGOs (Lounsbury et al., 2003), the paradox is about being able to motivate other, central actors to change. Central actors have also been shown to initiate change, for example the French chefs starting the nouvelle cuisine (Rao, Monin, & Durand, 2003). This approach is actor-centric as apposed to process – centric (Hardy and Maguire, 2017). The actor-centric approach suffers from criticism because it portrayed the institutional entrepreneur in an unrealistically heroic role of a great leader who intentionally and

strategically instigated change (Hardy and Maguire, 2008). The process – centric approach fails to include power along with agency, which would enable it to better address current societal challenges.

2.2.1.3 *Summary*

After forty years the new institutional theory conserves the potential to contribute to the solution of current societal challenges. Despite the vast literature body, or perhaps because of it, it appears important to still consider the foundations of the theory in order to distinguish the most efficient way to advance the theory. The choice is vast, and therefore an attention needs to be focused on identifying the areas which are under-researched but which at the same time contribute to the fundamental understanding of both organizations and institutions. It is equally important to be aware of the recent real-world developments in order to make the research relevant today. We have discussed how institutional logics remain highly relevant for explaining and see the intra-institutional complexity as particularly under-researched and promising direction.

2.2.2 Institutional orders and institutional logics

Institutional logics has become the dominant perspective in organizational institutionalism (for example Johansen and Waldorff, 2017; Lounsbury and Boxenbaum, 2013; Thornton et al., 2012). Institutional logics was first introduced into organizational institutionalism by Friedland and Alford (1991) in order to turn attention to a variety of societal – level institutional orders. These authors proposed that each of the central institutional orders of the Western society has an institutional logic which can be elaborated by individuals and organizations. They called institutional logics “a set of material practices and symbolic constructions” which are “symbolically grounded, organizationally structured, politically defended, and technically and materially constrained” (p. 248-249). Institutional logics perspective has an essential place in the institutional theory because “we only know institutions through observable institutional logics, grammars of meaningful and productive material practice with persistent forms and visible effects” (Friedland, 2017, p. 9).

Friedland and Alford (1991) briefly sketch how various institutional logics derived from different institutional orders might enter into conflict. The conflict of logics has become the most common research theme during the first period of the theory expansion (Ocasio et al., 2017). Friedland and Alford (1991) suggest that individuals could use different logics based on what is the most convenient for them in a particular situation. Typically, in Friedland and Alford, for example a class struggle, is conceptualized as a conflict between the use and exchange value, which stem from the

family logic and the logic of capitalism. The institutional logics are linked to the institutional orders, and as institutional orders are evolving over time, so are institutional logics historically conditioned. Friedland and Alford suggested that the logics provide a better theoretical lens to analyze social reality than other competing concepts of the time which lacked the social dimension. The subsequent flourishing research have delved into these themes in more depth.

While Friedland and Alford (1991) laid the foundations of the logics perspective, it was Thornton, Lounsbury and Ocasio that over the following two decades developed it into the meta-theoretical framework so widely mobilized in research publications since then (Thornton and Ocasio, 1999; Thornton, 2004; Thornton and Ocasio, 2008; Thornton et al., 2012). Friedland and Alford's six institutional orders were reformulated by Thornton et al. (2012) into the state, religion, market, corporation, profession and family orders and were complemented by the community order.

The most used definition of institutional logics is that of Thornton and Ocasio (1999, p. 804): the institutional logics are “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.”

Thornton (2004) shifted the focus of analysis from society to the field level. The research on institutional logics spans all levels of analysis, from individual (Glaser et al., 2017), through organizations (e.g. Battilana and Dorado, 2010, Gümüşay et al., 2020), industries and fields (e.g. Marquis and Lounsbury, 2007, Lee and Lounsbury, 2015). This characteristic of the theory is on one hand responsible for the ease with which it can be employed in various research settings but it is also a source of critique, as discussed in the previous section 2.1.

Ocasio et al. (2017) provide some important clarifications on the foundations of the theory, among which also on the issue of various levels of analysis. They explicitly stipulate that institutional logics exist in relation to particular institutions, anytime when these institutions can be identified at that level. It is noted that institutions for this purpose are defined as “taken-for-granted, normatively sanctioned set of roles and interaction orders for collective action” (ibid, p.17-18). If it is possible to establish a coherence in the “organizing principles of the institution” (ibid, p. 3), then institutional logics can be identified at that particular level of analysis. Only the societal level logics correspond to the identified institutional orders. On other levels of analysis, logics might vary considerably from the societal level logics because they are influenced by the particular practices and variations on that level. They might or might not be clearly linked with the overarching society logic.

Johansen and Waldorff (2017) take this incoherence between the institutional order and institutional logics at field or organizational level as one of the two essential aspects of their critical discussion

of the perspective. They argue that studying institutional logics as more easily identifiable frames of reference which guide the institutional orders offers the possibility to learn more about these orders constituting the society. The existing literature, however, seems not to examine enough the “dynamics between foundational, paradigmatic orders and the logics that actors employ to interpret and guide these” (ibid, p. 62). If linked to the society level logic, corresponding to one of the seven orders, the institutional logic could gain in explanatory power.

Johansen and Waldorff (2017) point out the possibility to introduce additional orders, for example they suggest “nature”. A sustainability order, if conceptualized across social and environmental issues, based on natural resources and sustainable human co-existence, could offer a useful lens of analysis across different cultures, and not be limited to the Western world. Some phenomena could be better studied through the lens of this universal order, for example the issues around indigenous peoples.

2.2.2.1 Is the conflict of banking and sustainability institutional logic well understood?

The debate around the relation between institutional orders and logics is particularly interesting for the sustainability logic, or what in the literature is identified either explicitly as sustainability (e.g. Kok et al., 2017, Almandoz, 2017) or implicitly by related concepts (e.g. development logic in Battilana and Dorado (2010) and Kent and Dacin (2013)). Given the vastness of the institutional logics literature, we have focused only on a selection of articles, which deal with the banking logic or closely related market logic. Table 1 summarizes those articles, which examine the it in relation to another logic which can be associated with social or environmental sustainability. We intend to explore these existing studies to gather the concepts and theories for constructing a theoretical framework to treat the research question.

Table 1 The literature review of market/banking logic and sustainability/related logic

Paper	Market logic/banking logic	Community logic/sustainability logic or similar	Competing, co-existing or another arrangement	Level of analysis
Marquis & Lounsbury, 2007	Banking logic	Community logic	Competing logics as a foundation for resistance to change seen as negative for the community	Field
Almandoz, 2012	Banking logic	Community logic	Variation in logic embeddedness explains variation in establishment of new banks	Field
Almandoz, 2014	Banking logic	Community logic	Competing logics in founding teams resulting in different prescriptions for risk - taking	Field
Battilana & Dorado, 2010	Banking logic	Development logic (in microfinance)	Balance between logics that are in tension; a novel combination of logics; hybrid organization, new organizational identity	Organization
De Clerq & Voronov, 2011	Profitability logic	Sustainability logic	Legitimacy from field-prescribed balance between sustainability and profitability	Field
Kent & Dacin, 2013	Banking logic	Development and poverty alleviation (in microfinance)	One logic prevailing over another based on permeability of logics	Field
Roulet, 2014	Investment banking logic	Societal or common good logic	Conflict leading to either institutional resistance and stigma or potentially to institutional change	Field
Almandoz et al., 2017	Banking logic	Green logic	Hybrid, interactions with the resource environment shaping strategic orientations	Organization
Kok et al. 2017	Banking logic	Sustainability logic	Conflicting logics, subcultures increasing incompatibility	Organization
Dahlmann & Grosvold, 2017	Market logic	Environmental logic	Competing logics, institutional work used to resolve tension leading to co-existence	Organization (multiple organizations)
Yan et al., 2019	Financial logic	Social or SRI logic	Shifting from complementary to competing when profit - maximising end becomes prevalent	Field

Firstly, it is to be noted that in a small number of papers (Almandoz, 2012; Almandoz et al., 2014, Marquis & Lounsbury, 2007), the community logic is opposed to the banking logic. This community logic has some common features with the concept of responsibility of banks for their conduct in a community, which is also a feature associated with social sustainability. In these studies, the profit motive of big, national banks is contrasted with the concern for serving the community by small, local banks. A better allocation of resources is a concern for the communities, contrasted with the impersonal national banks, though marketed as more efficient. In these three studies, the institutional order of community, which was previously much more present in banking, resurfaces as an important counter force to the market logic (Almandoz et al., 2017). The conflict is thus created between logics that derive from society – level institutional orders.

The community logic in these studies, largely centred on the US banking situation, certainly shares some characteristics of sustainability, notably to cater to the needs of the community ahead of reaching financial goals. Apart from the more – community-oriented type of banks, community logic is present in project finance, where it is an important consideration to consult the impacted communities. While principles of the community logic are certainly often confronted with the market logic in certain business decisions especially when relocating or constructing in other countries, it is only a part of the overall sustainability considerations. Community engagement, and the dialogue with vulnerable others as a communication strategy, is an example of how some corporations interpret corporate social responsibility whereby they assert the dominance of the corporations and co-opt vulnerable stakeholders (Mayes, Pini, McDonald, 2013). This is, nevertheless, quite different from the studies of servicing communities by banks (Almandoz, 2014).

In other studies, sustainability features are found in a related logic, derived and defined across categories based on an empirical case, such as hybrid microfinance organizations in Battilana and Dorado (2010) and Kent and Dacin (2013). The development logic (Yunus, 2007) has as an objective the alleviation of poverty which was combined with the profit – making objective of a banking logic. Battilana and Dorado (2010) study the creation of two hybrid microfinance organizations. One succeeds in maintaining both the development principles and banking logic because it focuses on the long – term and hires only graduates without significant working experience. As the employees did not have an attachment to one logic or another, the co-existence of logics was possible, especially in the absence of strong imperative to fulfil financial obligations. The second organization, on the other hand, initially failed at integrating both. The employees with a banking background systematically prevailed in the organization, imposing the banking logic. Only later this tendency was reversed and a more balanced approach was again established. This

study shows that early microfinance organizations could maintain their hybridity, although to some extent at the expense of competence.

Kent and Dacin (2013) argue that this was possible in the early stages when microfinance was emerging. When it became legitimized, more mainstream banking organizations entered into the field and the development logic lost its influence. The central issue of why banking logic became more powerful, as these authors argue, was the lack of a clear, well-defined metric which would demonstrate the social impact. The only indicators that existed were financial and they have become predominant in assessing the success of the microfinance organizations. This created an opportunity for mainstream banking institutions, strengthening the view that microfinance organizations need to provide services for the poor in accordance with market forces and the client's needs (Consultative Group to Assist the Poorest in Kent and Dacin, 2013). Yunus, a Bengali economist who is deemed to be the founder of microfinance, chose banking explicitly as a vehicle to alleviate poverty. His initial project was that the new organization would be based on the banking principles just with a twist, which was at odds with banking: establishing interest rates not based on market forces (Yunus, 2011; Kent and Dacin, 2013).

Kent and Dacin (2013) further propose a concept of permeability, which helps to see more clearly why the development logic ceased the place to the banking logic. Impermeable logics, such as the banking logic, are well theorized, have low ambiguity and tight coupling of elements. A permeable logic is ambiguous, with loosely coupled elements and does not withstand the confrontation with a more solidly defined impermeable logic. Development logic is permeable, it literally “contains a myriad of understandings about poverty alleviation” (ibid. p 11). Linking this concept to the institutional order, it seems natural that a logic, which is derived from the market institutional order is more solid and less amendable than a logic derived empirically for one particular field, which in this case is microfinance.

The studies of microfinance offer interesting insights into the working of the market logic and the way the banking logic prevailed over the development logic in many cases. However, a large, diversified, universal bank providing mostly standard investment and retail banking services to thousands of clients does not share many features with a hybrid organization. The large retail banks might include a department dedicated to microfinance, but this department typically works with other microfinance organizations and not work directly in the field.

In the study of Battilana and Dorado (2010), the organization that failed to combine the development and banking logic developed subgroups which separated the advocates of one versus

the other logic. The same dynamics has been observed by Kok et al. (2017), this time in a large, traditional commercial bank, which wanted to position itself as a leader in sustainability. The bank's top management had a vision to make sustainability part of the business as usual. The research follows the implementation of perhaps the most sensitive policy, the energy policy. The study shows how it has become impossible to approve the policy. There were unbridgeable differences between what was deemed commercially viable and what a sustainable approach to energy demanded as a sacrifice at the time of the study. The authors attribute the failure to the incompatibility of the market and sustainability logics accentuated by subcultural differences of the business and sustainability managers.

Similarly to microfinance, the sustainability approach in this case could not hold the ground when confronted with the banking logic because it lacked a clear demonstration of how it would not lead to losing money. Typically, the incentive system in a bank rewards those who earn money for the bank, and the new energy policy was viewed by the business as losing money.

Almandoz et al. (2017) studies the founding of two green banks, which have an environmental sustainability in their objective, as well as the profitability. These hybrid organizations are shown to shape their strategic orientations based on the resources found in their environment. Here the conflict of logics is settled through the external environment. Moreover, the authors find that the elements from the external environment have influenced the decision – making from inside of the organisation through the directors. Specifically, “the composition of strategic decision-making teams is not only an independent variable influencing how the organization interprets environmental stimuli and responds to institutional pressures, but it is itself an outcome of those stimuli and pressures.” (ibid, p. 61)

Dahlmann and Grosvold (2017) research examines how market – based logic in firms is in opposition with an emerging environmental logic at the time of the study (2004 and 2008). The authors put forward the institutional work of environmental managers who either succeed at introducing successfully the environmental logic, leading potentially to a blended logic, or the two logics coexist but only in principle, while in reality the market – logic remains dominant.

The objective of the study of Yan et al. (2019) is to decompose the financial logic into means and ends and test its relationship with the social logic, as materialised in founding of SRI funds, based on the prevalence of the financial logic in a given country. The study concludes that as long as financial logic serves as a means, the SRI fund foundings increase. On the contrary, as the financial logic becomes prevalent in the country, it constrains the founding of SRI funds. These findings

would again suggest the dominance of the financial logic. Yet, we find several shortcomings in the study and therefore we consider the results with caution. For example, there might have been an influence of the financial crisis of 2008 on the founding of the funds, the result could be different if assets under management were considered, and if Luxembourg, where many European funds are registered, was not excluded. The countries considered in the sample are all western – style capitalist countries with little differentiation but with a different structure of the financial system, which might influence fund creation. Nevertheless, the decomposition into means and ends is an interesting indication pointing to the tensions within the institutional logic, which is also mentioned in the article as a possible insight.

Roulet (2014, 2018) explores the conflict between the shareholder maximization logic of investment banks and a higher – level societal logic. After the financial crisis, practices which used to be considered normal by the profession were vilified after the crisis through media. Roulet (2014) argues that this is due to a conflict between the field – level logic and higher societal – level logic, whose norms have evolved after the crisis. Roulet (2014, 2018) confirms the assumption that the banking logic is a dominant logic in banks, which when entered in conflict with other principles, it might resist even at the cost of being stigmatized. Roulet recognizes that there are changes in the society clearly impacting the banking sector. Roulet (2018) describes the same type of clash between the field-level logic and the societal-level institutional logic when examining how media report on the misconduct of the investment banks. However, Roulet (2014, 2018) does not define more precisely the higher – good of the societal – level logic which enters into the conflict, neither he specifies if this societal – level logic corresponds to the logic derived from the market order. Roulet (2018) specifies in the model that the norm violation is between the societal norms and professional norms, societal norms being derived from societal – level logic and professional norms from field – level logic. In both articles it is assumed that there was a change on the society – level logic and the field has not yet adapted to these changes. The assumption is justified by the description of the financial crisis, which exposed some deviations of investment banking from the accepted society – level norms. If in Roulet (2014, 2018) the two logics in conflict come from the same order – the market – then this would be a case of intra – institutional complexity. The intriguing question is how come the norms changed on the society – level, and whether this situation corresponds to an institutional change that happened sometime in the past.

In their theoretical paper, De Clerque and Voronov (2011) develop the ideal-type of the sustainability and profitability logic. The paper is focused on how entrepreneurs seek legitimacy when they are confronted with the two logics when they enter the field. The authors suggest that it

is not so important to understand the conflict and whether the logics are conflicting or coexisting but “how expectations about sustainability and profitability are institutionally embedded” (ibid, p. 325). The legitimacy that the entrepreneurs seek is prescribed by the environment and is defined by the institutional interactions. Rather than one dominant logic shifting or conflicting with another, the starting point is the presence of two logics in the field, which is indeed plausible for entrepreneurs entering a field. However, the model is less useful for a situation of powerful incumbents with a dominant logic.

There might be also other studies, which do not use the approach of institutional logics, but they analyze the same conflict of sustainability and the market logic through other concepts. O'Sullivan and O'Dwyer (2015), for example, examine the construction of the most important agreement in trade finance in terms of social and environmental sustainability, the Equator Principles. The authors show in detail how the NGOs could influence and steer this agreement, while acknowledging that the powerful banks retained power in the mature trade finance field. Although the conflict between NGOs and the banks is not conceptualized in terms of logics, from the way it is described and resolved, we can observe the struggle to influence the dominant logic. This study “evidenced how the conflicting, collective rationales and actions of both the NGO and commercial bank movements surrounding the issue of socially accountable project finance acted as the basis of EP issue-based field structuration, and how this contentious, political process enhanced, rather than constrained, adopting Equator Principles Financial Institutions’ (EPFIs’) social accountability” (ibid, p. 50).

2.2.2.2 Summary

We do not find a convincing case for considering sustainability as an institutional logic that is in conflict with a dominant logic, in particular if we consider organizations firmly and historically embedded in a dominant logic. We find that several studies point to the direction of intra – institutional logic tensions instead, although not explicitly (Roulet, 2014, 2018; O'Sullivan and O'Dwyer, 2015; Yan, 2019; Kok et al., 2017).

These studies examining the conflict of the banking or market and sustainability logic do not offer a unifying framework, which would explain the inner workings and the characteristics of the conflict. The conflict of logics becomes often a way to problematize another issue and contribute to the explanation of another phenomenon, such as legitimacy or identity. Several explanations are proposed why the market logic prevails in the end, such as subcultures and identity, low permeability, resource environment or prevalence of the market logic in the society. Several ways of

settling the conflict are proposed as well, for example institutional work or resources in the environment.

Yet, the empirical reality shows that sustainability is being increasingly adopted by companies and banks while at the same time the results are not completely satisfactory and there seems to be a great inertia (Introduction section 1.2). The existing models do not help to understand the underlying dynamics of this situation. Therefore, we propose an alternative approach to the conflicting logics. We propose not to theorize sustainability as an institutional logic but as a transversal concept, which acts across institutional orders, in line with Meyer and Höllerer (2016). The place of analysis will thus move from inter – institutional to intra – institutional.

We also find support for the study at an organizational rather than field level: many studies are conducted on the field level and do not yield a model, or internal working of the conflict. On the other hand, the studies at the organizational level offer a better insight into the workings of the conflict, such as in Battilana and Dorado (2010), Kok et al. (2017) or Almandoz et al. (2017).

2.2.3 A concept rather than a logic: from inter- to intra- institutional complexity

Social and environmental sustainability issues are currently observable across many business practices and on all levels, from individual to trans-national organizations and institutional fields. In the institutional logics literature examined, it is conceptualized in different ways, most commonly through a conflict of logics. The conflict of logics is the manifestation of what is referred to as institutional complexity. It was originally proposed as an institutional pluralism (Kraatz and Block, 2008, 2017), referring to a situation where actors are subjected to multiple institutional logics, whether competing or complementary. Institutional complexity, on the other hand, refers to conflicting demands that a person or an organization need to solve (Suddaby and Greenwood, 2005; Lounsbury, 2007; Pache and Santos, 2010; Kraatz and Block, 2017; Greenwood et al., 2011). These conflicting demands stem from different audiences, which need to be satisfied. When it is possible to segment these various audiences, the communication can be also made specifically to satisfy the demands of each audience, or “compartmentalize” (Meyer and Höllerer, 2016). In many cases this is not possible because certain information is publicly available to everyone (e.g. through media or official reports) as opposed to tailor – made information (e.g. investor communication). Raynard (2016) provides an overview of four types of institutional complexity based on three factors of how complexity is experienced: prescriptive demands, prioritization and jurisdiction of logics. The

combination of these factors results in various field-level settlements. Many articles are cited as examples for each type of complexity, pointing to the extent to which the issue has been studied.

Meyer and Höllerer (2016) study a particular type of institutional complexity, the intra – institutional, which has not been given attention in the literature. The intra – institutional complexity refers to the conflicting demands within one institutional order. Meyer and Höllerer (2016) give some examples: different models of capitalist market, different religions, various visions of the role, interests and the structure of a bureaucratic state, or subsidiaries of international firms. This situation arises because albeit belonging to the same overarching order and sharing fundamental characteristics but with variations across the categorical elements (y-axis in Thornton et al., 2012).

Meyer and Höllerer (2016) chose as an empirical case of intra – institutional complexity the rise of shareholder – value orientation in Austria, which was subsequently contrasted with the increasing pressure to adopt CSR, both considered as two types of management concepts within the market institutional order. They find out that in certain situation, such as in this case of contradictory management concepts, companies can choose ambiguity as a communication strategy. This allows them to neutralise the previous commitment to shareholder – value orientation concept, as well as adhere to the CSR demanded by the audiences but without too much specificity. The case of CSR examined by Meyer and Höllerer (2016), the ambiguity strategy could work particularly well because CSR is not a well defined concept, and it can assume different meanings and interpretations.

2.2.4 Emotions and sustainability

Similarly to CSR, sustainability is very wide - ranging concept and in absence of an institutional order there are no well-defined characteristics similar to those logics derived from an institutional order. As we already noted (section 2.2 a)) the community logic shares some characteristics with the sustainability concept. To gain an initial, conceptual idea of the nature of the tensions created within a banking logic by sustainability, we will start by examining the differences in the market and community logic ideal-types according to Thornton et al. 2012 (p. 30). We can note that across almost all categories on the Y-axes the ideal – type community logic is defined through values; it has emotionally – charged characteristics. This is opposed to the market logic, whose definition is emotionless. The most notable opposition is the category “sources of identity” where one is defined as “emotional connection, ego-satisfaction and reputation” while the other is simply “faceless”. This simple “faceless” is an encompassing expression for how the market logic is a transaction, based on efficiency, increasing profits, market status and self – interest.

While sustainability is not identical to the community logic, it is often carried and advocated in the society by social movements (O'Sullivan and O'Dwyer, 2015; Reinecke and Ansari, 2016) which might be anchored either in geographical or, now perhaps even more common, virtual communities (Almandoz, Marquis and Cheely, 2017). Social movement research is characterized by its interest in contestation and the strategies to mobilize resources and people (Schneiberg and Lounsbury, 2017), as well as frame their demands in order to gain acceptance (Conelissen and Werner, 2014).

2.2.5 Emotions at the heart of social movements

Social movements are characterized by emotions, although initially also the social movement research suffered from the cognitive bias (Goodwin and Jasper, 2006). However, a solid research stream developed, and the emotions have been studied either explicitly or implicitly by the researchers of social movements for over twenty years. Ness and Summers-Effler (2019) review this research, starting by discussing how emotions were shown to have a structuring role in the participation and commitment to social movements but also demobilisation. For sustainability it is the understanding of emotions which keep people engaged in a movement that is especially interesting.

The participation in social movements can spark certain emotions which motivate the individuals to join them. These can be positive such as mundane pleasures (Jasper, 1997) and thrill from protesting (Wood, 2001) or negative emotions such as anger (e.g. Brym, 2007) or perceived injustice (e.g. Brockett, 2005). While treating negative emotions only implicitly, Daudigeos et al. (2018) investigate how corporate scandals mobilize stakeholders against enterprises.

Emotional processes that lead to shared identity can also a powerful motivator for social movements (e.g. Collins, 2004). The intense emotions and potential mobilisation of bystanders can contribute to the movement being reported on in media (Oliver and Meyer, 1999). Some originally peaceful protestation can turn into violence as the police, especially in the US, increasingly uses military gear to suppress protesters (Balko, 2014).

Moral shocks identified by Jasper and Poulsen (1995) as a motivator for participation were equally found to sustain the commitment to social movements. Activists often identify a common enemy or a target, which they can blame creating emotions which make them feel united and sustain their involvement in the movement (Ness and Summers-Effler, 2019). Experiencing victories can also sustain the commitment (Gupta, 2009). The physical place or space can also create emotional ties to the movement (e.g. Feigenbaum, McCurdy, and Frenzel 2013). Not only the motivation to participate or to remain engaged in the movement is animated by emotions, in fact “the “output” of

the action is image, perception, emotion” (Davis et al, 2005, p. 238). The very objective of social movement is to produce impressions and emotions.

Social movements and organization theory, and in particular the institutional theory, have at times converged because they study the same phenomena. There are similarities in as much as social movements can have formal organizations, and organizations are influenced by social movements from outside but also from within (Davis et al, 2005).

2.2.5.1 Framing

The objective of social movements is not only improving social situations or creating a general awareness of an issue, but also forcing companies to act more responsibly (Reinecke and Ansari, 2016; Davis et al., 2005). In order to achieve that, social movements use framing. Framing is a theoretical construct, which is widely used in the management and organisational research, and it is especially relevant to the literature on social movement. Framing involves “the ways in which individuals use language or other symbolic gestures in context either to reinforce existing interpretive frames or to call new frames into being.” (Cornelissen and Werner, 2014, p. 197)

Three tasks of framing have been identified (Snow and Benford, 1988; Cornelissen and Werner, 2014): diagnostic framing to define the problem and determine who is responsible; prognostic framing which identifies strategies for addressing a problem and motivational framing, which mobilises activists.

Benford and Snow (2000) looked at the processes of frame alignment and they found four: 1) bridging, which means joining two or more issues, which were previously not connected, 2) amplification, which puts the focus on cultural values and beliefs, 3) extension, which enlarges the reach of the social movement, and finally 4) transformation, which refers to the change of old meanings with new ones. These frame alignment processes are used by the social movement actors to connect their frames with other actors, such as future adherents or sponsors.

Benford and Show (2000) also point to nine “master frames” (p. 618), which they identified across the literature. These are frames, which are broad and flexible, such as rights frame, injustice, culturally pluralist, choice, environmental justice and “return to Democracy”. The authors suggest that framing processes are critical to achieve desired outcomes of the agenda set by social movements.

Framing means selecting certain aspects of reality, issues, meanings, interpretations, objects or people, focus attention on them and promote a certain way how they should be seen, understood or linked. Framing makes these selected aspects more salient when they are communicated (Snow,

2013; Reinecke and Ansari, 2016). If actors, which previously had different frames, agree on a common interpretation, framing can lead to a shift in collective understanding, or “frame shifts” (Ansari et al., 2013).

The ultimate challenge of framing is to make companies recognize their responsibility for particularly complex, or “wicked” problems, which they do not want to admit (Reinecke and Ansari, 2016). Reinecke and Ansari (2016) identify three reasons why this is the case. First, these problems usually do not have a easily identify cause, such as poverty, structural social injustice, societal harm through inadequate CSR policies, climate change. Second, the ambiguity of the problem and its causes leads to a difficulty in finding a solution convenient for all parties in absence of a clear definition and identification of the villains. Third, since the cause and the solution are difficult to establish, so is the mobilization of actors to support the cause, especially business.

Reinecke and Ansari (2016) show how a new business responsibility frame was created to address a conflict in Congo, where emotional framing was used by the activists. The authors establish the mechanism of three frame shifts that lead to corporations assuming responsibility. The first frame shift was to construct the responsibility frame. This involved “cognitive shortcuts” by choosing only a few problems out of a complex issue of the conflict, namely trading in conflict minerals and sexual violence. Causal linkages were created between the multinational companies and the problem, without their obvious existence a priori. Finally, the emotional connectivity was established. The issue needs to be made “emotionally moving” and “immediate in the course of people’s daily lives” (ibid, p. 317). The objective is to change a multifaceted issue that people do not feel immediately concerned with, with a cause that arouses strong emotions. In the case of Congo, the activists linked sexual violence with mobile phones.

The second frame shift was the solidification of the responsibility frame. Mobilizing emotions such as shame or praise, which are powerful at influencing behaviours (Creed et al., 2014) can be used to generate social judgments which in turn solidify the responsibility. Reinecke and Ansari (2016) suggest that positive appraisal can serve as a competitive differentiation. Self-disclosure is another tool to strengthen responsibility frame and induce social judgments. The form of disclosure will depend on the nature and materiality of the information, the most powerful form of self-disclosure is when it becomes mandatory.

The third shift was the corporate adoption of the responsibility, where the companies were involved in a deliberative process of public acknowledgment of responsibility. Having to voice their positions publicly, it was “difficult for companies to publicly dispute the morally unambiguous principle of

mitigating human suffering in a region devastated by death and destruction” (Reinecke and Ansari, 2016, p. 319). This way they have become co-authors of the responsibility frame.

With their process model of corporate responsabilization, Reinecke and Ansari (2016) extend the more straightforward view usually presented by social movement literature: target the culprits for a well-identified social problem, use master frames to mobilize wider support and induce them to adopt a more responsible course of action. These authors introduce the notion that it is possible to craft strategically the problem and the causal linkages with a solution, although there have not been obvious ones before. They also show that emotional narratives are a vital ingredient in creating the responsibility frame.

2.2.5.2 Divestment

One particular tactics of social movements targeting financial institutions and investments has been divestment (Nath, 2021). College students across USA protested against apartheid, demanding that universities divest their investments in companies that were doing business in South Africa (Soule, 1997). This movement created the consciousness that it is possible to pressure companies by threatening to withdraw their financing. Other campaigns continued for example divesting from tobacco companies (Wander and Malone, 2006), divesting fossil fuels (Stephenson et al., 2013). Divestment is a specific tactics, and it is distinct from the responsible investing strategy where holdings are selected based on a particular investment strategy, which might include a set of exclusion criteria. Seidman (2015) describes divestment as:

“...a tactical weapon, one that that aims to call attention to larger issues, redrawing moral lines around acceptable behavior and changing the calculations of multinational corporations and national governments.” (p. 1016)

2.2.5.3 Summary

In this section we discussed the relevance of institutional theory and institutional logics. We discussed how the conflict of institutional logics is treated in the literature, especially the conflict between the sustainability, or sustainability-related logics and the market, or market-related logics. We introduced a particular form of institutional complexity, the intra-institutional complexity. We showed how sustainability involves emotions and how emotions are treated in the literature on social movements. We presented the framing, including emotional framing, and divestment as two particular strategies of social movements to gain support.

2.3 Theoretical framework for studying emotionally – driven intra – institutional tensions

“Institutions are ways not only of doing, but of being.” (Friedland, 2017, p. 8)

2.3.1 Why emotions were not considered more in depth in the institutional literature

Emotions are central to the human being’s existence. Yet, they are inherently difficult to understand, recognize, categorize or manage. That might be the reason why they have been virtually absent from the institutional theory until about a decade ago. The reason might have also been that emotions are traditionally associated with the loss of reason. “An emotional reaction” in common language means that the person has not sufficiently reflected upon a given issue. Emotions are also typically associated with the private sphere, where they can be expressed while they are not so welcomed or even shocking in public or in formal settings.

Nevertheless, there is a general perception based on fictional literature and everyday life that there has been an enormous evolution on how much emotions can be displayed, discussed and taken into consideration over the past century. Yet, based on anecdotal experience the display of various emotions is still not entirely welcomed in a workplace. These anecdotal observations of absence of emotions are indeed in line with the conceptualization of the institutional theory of people as rational and cognitive actors.

The emergence of large bureaucratic corporations was accompanied by the rise of rationality and elimination of everything related to emotions. The “overrationalised conception of organizational life” has gradually emerged (Ashfort and Humphrey, 1995, p.102). All manifestations of seemingly irrational behaviour was thought to be controlled or avoided. Related to the rationalisation is the traditional assumption is that action arises through cognitive thought (Simon, 1989). Even seemingly more flexible concepts are based on cognitive rationality (Boedker and Chua, 2013).

Emotions were situated at the opposite end to rationality and therefore neglected in the institutional theory for a long time. The reality is quite the opposite, as shown by the more recent neuroscientific research. Emotions are at the core of how human brain is organized. Without emotions we would be unable to take rational decisions. Unconscious emotional responses are faster than cognition and enable us to lean toward one fact or another in order to take a rational decision (Franks, 2014). In short, emotions are hard wired in our brains, there have been with us for more than cognition and they underlie our seemingly rational thinking. Emotions and cognition are not opposed to each other, they are part of the same unified whole. The “sociology of emotions” research has already

established a solid basis for understanding emotions in social contexts (Stets and Turner, 2006, 2014).

Although all healthy humans feel emotions naturally, there is some confusion as how to define and categorize emotions and how to distinguish them from feelings. Frank (2014) defines feelings as “being simply there”, a conscious sensation felt in the body. Emotion in contrast “is directed outside of itself toward an object or person in the sense of being “at,” “to,” “over,” or “because” of something.” (ibid, p. 273) This definition coming from the sociology of emotions points out the relational nature of emotions as opposed to that of feelings, which relates only to a particular individual. The fact that emotions are often associated with psychology and the focus on an individual might help explain why they were not explicitly treated in the new institutional theory in its beginnings. The challenge with theorizing emotions is to move from the individual on the micro-level to relational conceptualization (Voronov, 2012). In order to integrate emotions into the institutional theory, Lok et al. (2017) precise that “emotions should be seen as intersubjective, as residing in transpersonal exchanges that are double embedded in systems of relationships and in institutionalized systems of meaning” (p. 20).

2.3.2 The introduction of emotions into the new institutional theory

Institutions prescribe not only how people act but also how they feel (Jarvis, 2017). However, this has not been recognized in the institutional theory for a long time because people were seen as actors or agents, driven only cognitively based interest – maximisation or habit. If people start being considered as they are, that is creating social bonds and commitments through complex emotional processes, the well-studied institutional processes such as change and reproduction suddenly gain another dimension; they become “lived” (Lok et al., 2017).

As this research area has emerged strongly over the past decades, Lok et al. (2017) have summarized the evolution of the emotions research within the new institutional theory and attempted to provide a framework for future research paths. Emotions have not been explicitly theorized in the institutional theory until 2010. Prior to that they were treated implicitly, but the current of «inhabited» institutions has started already in 2006 when it was first introduced by Hallett and Ventresca. Since 2010 it has been firmly established by a growing body of literature that emotions are part of the institutional processes (Lok et al, 2017; Zietsma and Toubiana, 2018). The role of emotions has been studied in the context of both institutional change and reproduction.

Lok et al. (2017) suggest that it is time to systematize the field with the a framework of different approaches to studying emotions and institutions: Based on the research tradition, emotions are seen

as “constituted in institutions”, “in response to institutions” and “as tools for institutional work”, leading to either institutional change or reproduction. All of these traditions offer interesting research directions, which are not exclusive. Emotions as tools for institutional work can be paralleled with their role in social movements, that is an instrument to convert or mobilize people. The examples in the institutional literature are already several. Zietsma and Lawrence (2010) expose a case of highly emotional communication in media by environmentalists and First Nations to contest Canadian logging industry practices. Voronov, De Clercq and Hinings (2013) show how Ontarian wine makers seeking both global and local legitimacy were able to create emotional narratives that resonated with their distinct audiences. Moisander, Hirsto and Fahy (2016) show how rhetorical strategies can be deployed to manipulate emotions in field constituents. The actors evoke shame if they want to sanction and pride if they want to reward a specific views, they eclipse and divert collective anxieties which underpin resistance in order to gain legitimacy for new institutional arrangements.

The emotions have been explicitly considered in the institutional work (Voronov and Vince, 2012) but they have also been studied in relation to the institutional logics. Some major research outcomes have already crystallized from the examination of the interaction of emotions and logics. Table 2 provides an overview of the major contributions to the understanding of the interplay of institutional logics and emotions.

Table 2 Overview of literature on institutional logics and emotions

Paper	Type of emotions	Type of institutional logics	Role of emotions	Level of analysis
Creed, DeJordy and Lok (2010)	Strong emotions stemming from the “lived” experience of contradictions	Not explicitly, intra-institutional tensions	Institutional contradictions resolved through identity reconciliation work	Individual level
Creed et al. (2014)	Shame	Not explicitly; institutional prescriptions,	Systemic shame as a self-regulating mechanism and episodic shaming as juridical power to induce conformity with institutional prescriptions	Theoretical
Toubiana and Zietsma (2016)	Negative emotions	Care versus research logic	Conflict of logics intensified or constituted by incompatibilities in emotions	Organizational level
Jarvis (2017)	Feigned emotions, emotional display	Institutional logics in general	Emotions catalysing coexistence, blending or contestation of logics	Theoretical
Fan and Zietsma (2017)	Social emotions, moral emotions, emotional energy	Economic and environmental logics	Emotional facilitators enable the construction of a new governance logic	Organizational level
Friedland (2017)	Complex emotions	Institutional logics in general	Institutionally constituted and constitutive	Theoretical
Sadeh and Zilber (2019)	Social emotions	Universalism and ethno-nationalism	Emotional control contributing to desired constellation of logics	Organizational level

Creed, DeJordy and Lok's (2010) research was among the first that explicitly studied the interaction of emotions and institutions. It is a study of micro-processes that lead to challenging the existing institutional prescriptions. The LGBT ministers in the study considered their work as a vocation and were strongly devoted to their church. They at first suppressed their sexual orientation which was in a contradiction to the existing orthodox narrative of LGBT disapproval, leading to strong emotions

such as shame and self-hatred. As the contradictions became untenable, they engaged in an identity work, leading them to reconcile their identity with their vocation by creating self-narratives. Ultimately, these self-narratives allowed them to resolve the contradictions stemming from their personal experience within the institution. The emotions and desires to be accepted shaped how these ministers engaged in their practice after this reconciliation, turning them into change agents. This study shows how the focus on emotions rather can provide deep insights how individual people can resolve the intra-institutional tensions, and how the incongruence in identity can lead to strong emotions and subsequent motivation to bring about institutional change, even if only through subtle changes in everyday practices.

Creed et al. (2014) develop a theoretical construct, the shame nexus and theorize its role in institutional reproduction and change. Although not explicitly theorizing institutional logics, they show how shame helps ensuring the alignment with institutional prescriptions. The systemic shaming acts as self-regulatory mechanisms to preventing transgressions, thus ensuring institutional reproduction. The episodic shaming, on the other hand, serves as a punishing mechanism to force conformity. When these mechanisms fail, the institutional change occurs.

In another theoretical work, Jarvis (2017) researches the everyday, lived display of emotions and how feigning behaviour can have an influence on a particular constellation of logics. Feigning is either valence congruous, that is exaggerating the emotion which is physiologically experienced, or diametric, which is displaying the opposite of what a person feels but in line with social acceptance. Jarvis (2017) theorizes the process of codification of emotional display into logics. He further argues that feigning emotions contributes to either stability of logics or change through contestation and blending.

Fan and Zietsma (2017) examine the role of emotions and values in the construction of a new logic. According to these authors, the understanding of how actors embedded in differing logics can develop a new logic, which spans several fields, is essential. The role of emotions is seen as central to this construction of a new logic. For the logics to converge and find a common ground or at least to arrive at a settled prioritisation of logics (Zietsma et al., 2017), elements of framing and of emotions from one logic should find echo in the other one.

Toubiana and Zietsma (2016) study emotions in the case of institutional complexity. In particular, they focus on the emotive responses following a disruptive event in the presence of differing logics. As people have not expected a certain logic to be enacted in the organizational response, they reacted strongly, expressing their negative emotions on the social media which amplified them. The

work of Toubiana and Zietsma (2016) is innovative in considering the emotions as the source of tensions and the role of social media.

Sadeh and Zilber (2019) also explore the emotional dynamics in responses to institutional complexity. In particular, they study an organization committed to a universalism logic, while at the national level the dominant logic is ethno – nationalism. The organizational response to this situation is emotional control. Specifically, “emotions are cultivated, navigated, and overtly prescribed to strengthen a desired constellation” (ibid, p. 1435), and this constellation could remain stable despite a different dominant logic at the societal level. Each logic was associated with specific emotions that, manifested through text, interaction and material design, ensured the emotional control in routine times.

On the other hand, disruptive societal events may trigger uncontrolled emotional eruptions in favour of the previously rejected logic and shift the internal constellation of logics for a period of time. The research of Sadeh and Zilber (2019) highlights that logics act through an emotional dimension which is embodied, residing deeply within individuals with the possibility to emerge despite conscious steering away from it. This implies the limits of maintaining a logic which is in contradiction with the societal-level logic, especially at times of crises.

Sadeh and Zilber (2019) also propose that collective sensemaking could be a better mechanism to cope with tensions arising from institutional complexity. In the context of these tensions, Lok et al. (2017) suggest exploring mixed emotions because we could expect that is what actors might experience in conflicting situations. Mixed emotions have so far not been much studied.

Friedland (2017) analyses how emotions fit into institutional analysis and logics. While he considers basic emotions as institutional intermediaries, the more complex emotions which are the majority are also “institutionally constitutive and constituted” (ibid, p.6), they are “elements of institutional logics as proofs, markers of preference and modes of being.” (ibid, p.22) That means that emotions are one of the essential elements that makes up a logic. In addition to being constitutive, Zietsma and Toubiana (2018) see emotions as valuable and energetic.

In summary, the overview of the research on the interaction of emotions and logics shows that emotions have incontestably a role in the institutional conflicts and tensions, as well as in the way these tensions are resolved. In many studies, especially those where the emotions are specifically identified in the language or the text, the emotions have the role of institutional intermediaries (Creed et al., 2014; Toubiana and Zietsma, 2016; Jarvis, 2017; Fan and Zietsma, 2017). However, the accounts are often complex and go beyond the intermediary-type of role, empirically showing

how institutional logics can be constituted of emotions (Sadeh and Zilber, 2019; Creed, DeJordy and Lok, 2010). Although not explicitly conceptualized as such, some of these studies could be considered cases of intra-institutional complexity, providing a nuanced view of how these type of tensions arise such as in Sadeh and Zilber (2019) and Creed, DeJordy and Lok (2010).

However, to move away from the individual conceptualization of emotions and their explicit identification as a specific type of emotion, the psychoanalytic approach is suggested by Lok et al. (2017) as suggested in Voronov and Vince (2012). Although this direction was mentioned in this foundational paper by Voronov and Vince, the researches have not yet taken up this challenge. In this approach, the focus is on the unconscious and automatic actions which are prompted by anxiety, fantasy and desires (Lok et al., 2012). This approach has been influenced by the French psychoanalyst Jacques Lacan, who inspired a stream in organisational scholarship (Arnaud and Vidaillet, 2017; Long, 2006). Lacan saw emotions as “unconscious as well as conscious, collective as well as individual” and “bound up with the political effects of fantasy” (Voronov and Vince, 2012; p. 61). In the absence of attention of the institutional scholars to the unconscious emotions, Vince (2018) has formalized a framework of “institutional illogics”, which formalizes the unconscious dynamics of fantasy and defences against anxiety in relation to the institutional logics. Using psychoanalytic theory is an alternative way to approach the challenge to conceptualize emotions as relational, moving beyond the individual, and thus provide insights into the institutional processes (Voronov, 2014; Lok et al., 2017).

From social emotions through emotional task to unconscious dynamics

The literature on emotions and their role in institutional processes has thus focused mostly on specific social emotions, such as fear, anger, happiness etc which are observed to have a specific role in institutional processes, eventually contributing to either institutional change or reproduction. As argued earlier, the acknowledgment of emotions might be largely absent in organizations which have specific kind of dominant institutional logic, such as the market logic or the corporate logic, as opposed to those where emotions are explicitly part of the logic, such as religion, family or community. In particular the banking logic, derived from the market logic, is in a fundamental way based on mathematical models and rational decision-making (Kent and Dacin, 2013).

The sustainability concept, on the other hand, is often carried by social movements or NGOs which employ emotional framing (Ness and Summers-Effler, 2019; Reincecke and Ansari, 2016). Emotions have been part of the social movement literature as it is at the very basis of how the collective action gains widespread support, as discussed in section 2.4.

The collective action frames consist of beliefs and meanings, which motivate and legitimate the activities of a social movement organisation. They “are constructed in part as movement adherents negotiate a shared understanding of some problematic condition or situation they define as in need of change, make attributions regarding who or what is to blame, articulate an alternative set of arrangements, and urge others to act in concert to affect change.” (Benford and Snow, 2000, p. 615) Framing is a dynamic process, which is in constant alteration, and so is the interaction between frames and the audiences. The framing literature examines how the characteristics of frames result in potency and resonance (Benford and Snow, 2000; Creed et al., 2002).

The emotional framing of a social and environmental issue, which needs to be treated in a context of a specific task might influence how this task will be performed. The logic which guides the decision-making might not prescribe how it should be handled. The “usual ways of doing” might be to ignore the emotional component. We can imagine a situation when the emotional framing will not allow to ignore this component, it will then become an “emotional task”.

The psychodynamic literature has studied the unconscious and anxiety-producing tasks in organizations or large dynamic systems for over four decades. Susan Long (2006) reviews this research which has become to be called “social defense theory”. Following the first conceptualisation by Jaques (1955), social defenses were largely developed through the work of Menzies - Lyth (1960) in the study of a nursing service. In this study Menzies - Lyth uncovers a series of features of the nursing system, which were dysfunctional, causing distress and anxiety in the nursing staff. The analysis reveals that these features are unconsciously built into the system to prevent anxiety, which is inherent in the nurse's work.

The general model of the social defense theory is that many people within an organization or even society might experience primitive anxieties originating from their responses to work tasks, leading to defenses against these anxieties. These defenses become gradually a part of the structure and culture of the organization, “part of the way things get done” (Long, 2006, p. 284; Hinshelwood and Skogstad 2000). Importantly, social defenses can be activated to protect people not only from their primary tasks, or the associated tasks such as management, but also from distressing emotions.

Long (2006) explains how this stream of research sees these social defenses as the fundamental force that ensures organizational persistence and resists organizational change. If social defenses were absent, the members of the organization would not be protected from overwhelming anxieties. They, in fact, allow the engagement in anxiety – provoking tasks. However, at times it happens that the defenses prevent members from performing the task. The psychodynamic studies show that

even if the need for change is clearly recognized, and social defenses are identified, it is often still not possible to operate the change.

Vince (2018) formulated the concept of “institutional illogics” (Vince, 2018) which introduces the unconscious and social defences into the institutional theory by positioning it as the counterpart of institutional logics. The dynamics of institutional illogics is defined through social defences, disavowed assumptions and shared fantasies. This concept is an alternative way of exploring emotional processes in the organizations without descending on the level of the individual but also without focusing on particular social emotions. Illogics bring forward the hidden dynamics, which have both “structuring and unsettling” effects on institutions (Vince, 2018).

As discussed, the organization is configured in a way that it contributes to alleviating anxiety arising from the task itself. These social defences which perform this function can have different forms: policies, structures, operation patterns. The social defence system can have a positive effect on the functioning and creativity within the organization. On the contrary, it can also have devastating effects by producing a disturbing organizational environment (Krantz, 2002).

Disavowed assumptions refer to a concept which sheds light on power relations whereby the power holders unconsciously retain their power and perpetuate a particular hurtful or damaging social order with the consent of the vulnerable group (Dick and Nadine, 2011; Vince, 2018). Disavowed assumptions allow systematic harm caused by organizations to be tolerated or perceived as normal. Vince (2018) illustrates this on the case of abuses in the residential care institutions in Northern Ireland. Abusive practices became an integral part of the system of care, sustained and tolerated for decades by authorities on all levels. Examining the unconscious and power dynamics in organizations can provide us insights into how institutional behaviour is influenced by values or assumptions, which are not explicitly acknowledged, or even denied (Vince, 2018).

Fantasy is the connecting piece between the inner part of self and the political and social reality in institutions. There is a small, but already existing literature on fantasy in organisations (e.g. Gabriel, 1995, 1997; Glynos, 2008). For Vince (2018) fantasy describes “how the unconscious is collectively expressed in organizations” (p. 9). Fantasy is a reflection of how people internally cope with emotions arising from a certain social phenomenon. “People invest in fantasies that help to sustain institutional order, to contain and limit the intensity of emotion within systems, as well as the implications of emotions in practice.” (p.9) Glynos (2008) argues that there is a logic of fantasy in the workplace which contributes to sustaining workplace practices.

2.3.3 Summary of the theoretical framework

We have started the literature review with an investigation if the institutional theory still can provide answers to the current societal challenges. Many research currents within the institutional theory are well developed and could provide insights to respond to the research question. We concluded that the institutional logics approach still has a strong potential to uncover the dynamics of the tensions at the organisational level. However, we suggest not to conceptualize tensions as a conflict of different logics, but rather as an intra – institutional complexity resulting from the dominant banking logic being confronted with a sustainability concept. We argue that the particularity of the sustainability concept is that it is often emotionally - framed because it is carried by social movements.

We reviewed the rapidly emerging literature on emotions in relation to institutional logics and identified the challenge to study emotions not on the individual micro-level to inform the microfoundations of institutions, but rather as relational. Emotions are identified to be institutional intermediaries as well as the essence of what constitutes institutions.

We connect the sustainability with the actual task that needs to be performed, and which becomes emotionally – laden as well. The sustainability concept is theorized to create tensions within the dominant logic, which have an emotional component. We identified that social defense theory based on psychoanalytical insights has studied anxiety- provoking tasks for decades. Indeed, studying the unconscious emotions is an unexplored but promising area within the emotions stream in the organizational institutionalism. Finally, we present the institutional illogics framework of Vince (2018) which is designed to study the unconscious dynamics in organisations as a counterpart to institutional logics.

2.3.4 A final note on values

As we reviewed the various literatures to build the theoretical framework, values were almost omnipresent. Values seem to clearly be an element that matters in the different conceptualisations, be it of the conflict of logics, contestation by social movements or emotions. However, precisely because values appeared across all the concepts and approaches, we were not able to collocate them in one particular place within the framework.

Values have been shown to play a fundamental role in institutional change (Vacarro and Palazzo, 2015). Gehman et al. (2013) studied value-laden practices. Suddaby and Greenwood (2005) talk

about higher - order society values. In institutional logics, values are placed inside of the fundamental, most widely cited definition (Thornton et al., 2012).

Kraatz and Block (2017) argue throughout their update on the institutional pluralism that values was the most significant concept that they omitted in their initial, most widely cited article from 2008. They argue that what is meant by pluralism is “value pluralism”. However, this is a future research direction not yet fully explored.

Further, values are recognized in social movements (e.g. Zald et al., 2005). In the emotions research stream values also take a central role. Lok et al. (2017) stipulate that when arguing for collective social change, strong emotions are mobilized through arguments which create emotional identification by resonating with the values of the audiences. Friedland (2017) positions values in the centre of his essay on institutional logics and emotions.

3 Methodology

Summary

In this chapter we present our methodological approach and an auto-ethnographic narrative of the field research. The chapter starts by presenting the selection of the case studies among the “cases of dilemmas” which were proposed to us by the Bank. The next phase was data collection. We used varying sources for our data: interviews, public documents, internal, confidential documents, social media and observation. For data processing we employed thematic coding. Some challenges with data processing, such as the absence of recording of interviews, or emotions not being directly mentioned in interviews, are discussed. Data analysis was approached through narrative explanation building as well as inspired by the critical realist methodology. We conclude the chapter with the detailed field trip narrative in order to show how emotions emerged directly from the field.

3.1 Introduction

This thesis research has started with a problematics of responsibility of banks for human rights and a series of cases which illustrated this phenomenon. The case study approach (Yin, 2008) and qualitative research methodology (Dumez, 2016) were quite obvious methodological choices from the start. The most intensive data collection was carried out in 2017 and in 2018. As soon as the first data about the cases was collected, we have started engaging with the theory. The institutional theory has become rapidly the main lens to analyse the data. The data and early findings were presented at international conferences several times. The theoretical and methodological choices were also a result of discussions within the “emotions” community of organizational scholars, the community of institutional researchers and a community of scholars writing about financial services. Being part of these communities helped the researcher to position the research project within the current conversations in institutional theory and organizational studies. The feedback from these communities has been precious in the analytical work of moving between data and theory by pointing out new directions or by clarifying existing concepts.

3.2 Case study selection

The case selection process and the broader context of the research is already described in Introduction chapter. I was already familiar with the financial services so a bank was an obvious choice. We approached the CSR central department of a major European bank, where I used to work. The department's director presented us with the problematics they were facing at the time, the increasing pressure on companies from the civil society, government and supranational organizations to take on more responsibility for the impact of their business, especially on human rights. For banks this was a particularly contested issue because most of the negative impact on the society, people or the environment happens indirectly, through the companies and projects that banks finance. The department gave us access to a list of dilemmas, or particular cases, in which a decision to continue the given business was not straightforward. These cases illustrated particularly well the problem of the responsibility. A research structured around case studies has thus emerged immediately as the most logical approach. From the very early discussion about the cases, it was evident that each case is stand alone and different from the others in the type of issues it is dealing with, yet there are common themes that can be shared by all of the cases. We have selected the DAPL case and the Uzbek cotton case through theoretical sampling based on their ability to illuminate a phenomenon and provide new insights (Baker et al., 2016). These two cases were interesting because they happened in a different time period, they concerned resources which is where the journey to sustainable products begins, civil society and a social movement albeit of different sizes have been created around these issues. Most importantly, these cases represented real dilemmas and complex issues, where it was not immediately evident if the Bank has been at fault and where the final decisions taken – not known for the DAPL case at the beginning of the investigation – were not favorable to that particular business at the bank.

We have presented our early analysis to the director and opened up a follow-up discussion on how we could approach the case analysis. Afterwards, the CSR department was restructured and the bank adopted a new strategy with the ambition to position itself as a leader in sustainability and green finance. This happened some months before my return to work at the Bank again in late 2018. From this time on, I have observed the ramping – up of this new strategy, so much more because my two colleagues have worked on the early definition of this new approach and its implementation.

At this time we have been still exploring several of the initial “dilemmas” as a candidate for the third case, with tobacco and coal positioned as prominent candidates. Coal would have been a slightly different from the previous two cases, but it would have added the focus on climate change

and sustainability which have become increasingly important topics in the industry. Tobacco, on the other hand, would have been more similar to the Uzbek cotton as it is mainly linked to human rights, albeit with an a negative environmental impact. These topics shared other interesting characteristics, notably the emotional dimension as well as interesting institutional dynamics.

However, than a very important insight emerged unexpectedly during a presentation of my colleague who worked on the new engagement strategy of the bank, who spontaneously talked about emotions. His presentation was an early indication that the new engagement director worked specifically with emotions in framing the new strategy and securing adherence to it on all levels. This was an extremely interesting insight and the presence of emotions surprisingly evident, as the colleague specifically mentioned the intention to transform negatively perceived, restrictive CSR policies into positively perceived business opportunities. It was clear that the new engagement strategy was attempting to address the intra – logic conflict we observed in our two cases which dealt with external actors in the framework of an internal transformation.

Although the third case does not share the characteristics on which the first two cases were selected, it shares the characteristic which emerged from the field research and reiteration with theory and which has been the central focus of the case analysis – emotions. Therefore, we have decided to work on this case of the move from the previous CSR approach to the new engagement strategy. This way we were also able to introduce an analysis of an evolution over a time horizon of almost a decade from 2012 to 2021, which corresponds to the substantial rise of the importance of sustainability.

3.3 Methodological approach to data collection and analysis

3.3.1 Data collection

After the selection of the cases, we started with the data collection phase. The data included semi-structured and unstructured interviews, internal documents and videos, press articles and other public material, social media and observation. The detailed information about the data collection is in the Table 3.1.

3.3.1.1 Public and internal documents and other materials

The consultation of various audiovisual sources served as a preparation phase for the interviews but it was also reiterated afterwards in order to gather more information on certain topics, confirm the sequence of events, or get a richer description. The documents were also a major source of the case description, which was then enriched with the interviews. The major drawback for the research was

that many internal documents were confidential and could only be consulted and internal documents could not be cited directly.

There are numerous examples of the interwoven use of document and interviews which resulted in the case description and analysis. For example, the Uzbek cotton case was studied first from the sources indicated by the Bank, and other public sources (including the documentary made for the French television) to get a good view of the human rights situation. Then the employees were interviewed, with a particular focus on emotions. Subsequently the NGO representatives were interviewed and brought up some additional documents to be studied (e.g. the Statements of the National Contact Points for the OECD Guidelines for Multinational Enterprises). The interviews also put the information from the documents into another perspective, for example reports from the ILO done by the independent monitors or by ILO employees.

Another example were the stories of the activists which they experienced in the protest camps we already knew from newspaper articles, so we could ask some additional, specific questions. After the interview, we made another review of the articles to support the emerging themes.

As the central case narration was being constructed, additional articles or videos were consulted during the whole duration of the research 2017 to 2021, including to get updated information on how the events evolved in both DAPL and Uzbekistan cases.

To get familiar with the general sustainability theme in Finance and the Bank in particular, all available sources of information (broker reports, press reviews) were routinely reviewed and archived for later consultation and use if interesting for the research.

3.3.1.2 Interviews

The thesis research has started with the interviews of the central CSR team of the Bank, and afterwards concentrated mostly on the DAPL case during the field research stay in the USA. Afterwards followed the interviews for the Uzbek case with the travel to Berlin to meet two NGO representatives. Other interviews were conducted in Paris. Finally, the third case emerged from a presentation and observation of how the CSR department evolved from 2016 to 2019. The interviews were mostly concentrated in 2017 and partly in 2018, with a few in 2019. Overall the interviews lasted from half an hour to one hour, some were conducted over a telephone. Not all interviews could be recorded. The interviews with the DAPL activists have low record quality because they were often conducted in noisy environments or as a casual conversation, and only notes were taken. None of the interviews with the Bank employees could be recorded with exception of the two interviews with the director in 2019.

The interviews were always semi-structured, which allowed much freedom in directing the conversation towards interesting themes as they emerged, but also allow the interviewees to narrate freely their point of view. This technique was especially employed during the interviews with the activists in order to capture their experiences. The interviewees included the leaders of the divest movement, the protest camps organizers, the persons who went on divest roadshows to Europe and the participants in the protest camps both from Standing Rock Reservation and from other cities. In addition, three experts have been consulted.

The first interviewees were contacted through Facebook based on their posts about the DAPL movement, others were recommended by those already interviewed. The interviews developed in a similar way. The researcher presented the context and the scope of the research and formulated a general question about the role and responsibility of banks in the DAPL conflict. Then each respondent started narrating their own story about the experience and their opinion about the conflict. The researcher adapted questions to each story in order to understand it in depth. Depending on the role and position within the movement, these stories were different and focused on banks in varying degrees. The water protectors described mostly what happened in the camps and the lasting effects this had on their lives. The interviews confirmed many stories that were relayed by the traditional and social media. The leading activists had also information specific to the protests and actions taken against the banks.

For the Uzbek cotton, it was not possible to conduct field research directly in Uzbekistan due to potentially dangerous situation. However, interviews with two key human rights activists were organized as well as an interview with an NGO representative who was directly involved in the case. One Uzbek citizen, a scientist also involved in the financial industry, was invited for a friendly visit to the researcher's house. Another Uzbek citizen was contacted but did not provide much information. Finally, an expert who deployed projects for supporting entrepreneurship in the country was interviewed. Two bank employees directly involved in the case were also interviewed.

Several interviews were conducted from the beginning of the research on the topic of human rights and the CSR policy in the Bank, financial institutions or in general. These interviews were then used to inform the writing of the introduction and the third case about the engagement strategy of the bank. Some additional interviews, in particular with a Bank's important director, were conducted specifically once the research on the case specifically has started (late 2018).

At least a dozen unstructured, informal interviews of various lengths were conducted with colleagues in the Bank by the researcher. Sometimes the conversation started with a discussion on the current findings, and continuing often with learning the reactions of the colleagues to the key

ideas, or their point of view. Some former colleagues were fund managers of sustainability – themed equity funds and they provided the researcher with important insights in how the industry is evolving as well as how they live daily the “banking logic” in relation to sustainability. These discussions took place in an informal setting during lunch in the company canteen.

3.3.1.3 Social media

Social media, notably Facebook, played an important role in getting in touch with the activists especially for the DAPL case but also the most prominent Uzbek activist in German was contacted by this means.

Facebook posts from some of the key persons continued to be viewed to continue alimending the ongoing reflection on the case, the key themes identified, and the subsequent evolution of the events.

3.3.1.4 Observation

The researcher assisted at a Court Hearing of Holy Elk Lafferty. It was a short session with the lawyer asking more time for investigation. It was interesting though to observe the small gathering of activists, the interview with the accused Holy Elk, the general mood of this meeting. We met a few of the people we also interviewed.

The researcher also attended a meeting in the Netherlands on human rights and soft – law, which was a gathering of many NGO representatives in order to observe and get acquainted with the problematics of human rights in the country which has some of the most progressive laws on this issue.

Since late 2018 the researcher resumed working in the Bank, which provided many opportunities to observe the banking logic, the rising presence of sustainability, as well as its absence in many settings.

Table 3 Type of data

Source of data	Type of data	Use in the analysis
Semistructured interviews	2017 - 2019 Semistructured interviews (see details in table 3.2): 17 DAPL case 7 Uzbek cotton case 7 Bank's CSR and sustainability strategy 2 Human rights At least a dozen unstructured, informal interviews of various lengths (from a few minutes up to an hour) with	Identification of the themes that allowed the distinction of sustainability concept and institutional logics; uncovering the dynamics of institutional illogics

	colleagues in the Bank	
Internal documents and videos	<p><i>DAPL</i> 27 Oct 2017, 8 Feb 2018: Consultation of internal documents in the Bank offices 1 and 2.5 hours (some documents only consulted, without permission to copy), other internal documents received by e-mail: 5 presentations (2017) Documentation each month from Nov 2016 to Aug 2017, 40 documents in total</p> <p><i>Uzbekistan</i> 2 internal documents</p> <p><i>Sustainability strategy</i> 4 company – wide training videos Internal sector specific procedures (5-10 pages per sector) Daily sustainability news on the Bank's intranet 2020 - 2021</p>	These documents served as a basis to construct the case study narration and reveal the dynamics of institutional illogics
Press articles and other public documents and videos	<p><i>DAPL</i> over 30 documents collected on the internet from NGOs, bank's websites Systematic search of press database for articles mentioning Standing Rock DAPL protests (Oct 2016 140 articles; Nov, Dec 2016, over 300 articles): Selection of 25 press articles for detailed analysis and specific citations Other press articles to reconstruct the timeline and update events until 2021: over 10 articles</p> <p><i>Uzbekistan</i> over 25 articles and reports 1 podcast 1 documentary</p> <p><i>Sustainability in finance</i> Money stuff – daily (working days) blog of Matt Levine (Bloomberg) 2019 – 2021 Bloomberg Green daily newsletter 2020 - 2021 Daily scanning for major sustainability reports among broker equity reports (Société Générale, HSBC, Morgan Stanley), Boston Consulting Group and McKinsey reports Selection of news from daily press from the Bank's press service “Leonard”</p>	Construct the case study narration and confirm the themes and stories which emerged from the interviews
Social media	2019 - 2021 following of Standing Rock Dakota Access Pipeline Opposition, Holy Elk Lafferty, Tara Houska and Uzbek Forum for Human Rights Facebook accounts	Deeper understanding of the ideas of social movements and individual activists

	Visioning of 5 YouTube videos about Standing Rock DAPL protests	
Observation	Event on Human Rights: Asser institute - “Towards Responsible Banking: The Dutch Banking Sector Agreement on international responsible business conduct regarding human rights and beyond” Court hearing Holy Elk Lafferty Deployment of the Engagement strategy in the Bank	Understanding civil society involvement in the human rights issues Understanding the Bank's adaptation to sustainability becoming a prominent theme in the society

Table 4 The list of interviews

Code name	Type of activity	Location	Case	Duration (hours)	Date
Bank director 1	Interview	Paris	All/general	1	05/09/16
Bank employee 8	Interview	Paris	All/general	1	17/05/17
NGO – human rights activist 2	Interview	Bratislava	All/general	1	24/07/17
Bank director 1	Interview	Paris	All/general	1	10/10/17
Bank employee 7	Interview	Paris	All/general	0.5	17/10/17
	Event	The Hague	All/general	1	02/11/17
NGO – human rights activist 1	Interview	The Hague	All/general	1.5	02/11/17
Bank employee 5	Interview	Paris	All/general	0.5	08/11/18
Bank employee 6	Presentation	Paris	All/general	1	14/06/19
Bank director 2	Interview	Paris	All/general	1	30/09/19
Bank director 2	Interview	Paris	All/general	0.5	10/12/19
Bank employee 3 & bank director 3	Phone interview	New York	DAPL	1	31/03/17
Bank employee 1	Phone interview	Paris	DAPL	0.5	27/10/17
Consultation of documents	Consultation of documents	Paris	DAPL	1	27/10/17
Water protector 1	Interview	Seattle	DAPL	2.5	10/11/17
Leading Activist 1	Interview	Seattle	DAPL	1.5	10/11/17
Leading Activist 2	Interview	Seattle	DAPL	1	10/11/17
City council staff	Interview	Seattle	DAPL	1	11/11/17
Water protector 3	Interview	Seattle	DAPL	1	11/11/17
Water protector 2	Interview	Seattle	DAPL	1.5	11/11/17
Expert – environmental protection	Interview	Seattle	DAPL	1	11/11/17
Water protector 4	Interview	Cannonball, Standing Rock Reservation	DAPL	2	13/11/17
Leading Activist 4	Interview	Fort Yates, Standing Rock Reservation	DAPL	1	13/11/17
Leading Activist 3	Interview	Fort Yates, Standing Rock Reservation	DAPL	1	13/11/17
Court hearing	Event	Bismarck	DAPL	0.5	16/11/17
Water protector 5	Interview	Bismarck	DAPL	0.5	16/11/17
Leading Activist 5	Interview	Fort Yates, Standing Rock Reservation	DAPL	1	16/11/17
Expert – historian	Interview	Bismarck	DAPL	0.5	18/11/17
Bank employee 2	Interview	Paris	DAPL	1	14/12/17
Expert – social movement	Phone interview	Bellingham	DAPL	1	18/12/17
Consultation of documents	Consultation of documents	Paris	DAPL	2.5	08/02/18
Citizen 1	Interview	Paris suburbs	Uzbekistan	2	14/06/17
Bank employee 4	Phone interview	Genève	Uzbekistan	1	08/02/18
Expert – projects in Uzbekistan	Interview	Paris	Uzbekistan	0.5	02/04/18
Citizen 2	Phone interview	Paris	Uzbekistan	0.3	17/09/18
NGO – human rights activist 3	Interview	Berlin	Uzbekistan	1	25/10/18
Uzbek human rights activist 1	Interview	Berlin	Uzbekistan	1.5	26/10/18
Uzbek human rights activist 2	Interview	Paris	Uzbekistan	2.5	02/11/19

3.3.2 Data processing

The choice of an inductive method of analysis was evident given the case study approach and the nature of the data. However, the data processing and subsequent analysis presented a challenge for several reasons. First, we could only conduct a few interviews with bank employees directly involved in the cases. Second, none of the bank employee interviews, except with the director, were registered. Many of the interviews with the activists was also not properly registered mostly because of noisy environment. Third and most important challenge, the investigated phenomena – responsibility of banks and emotional dynamics in institutional processes – appeared directly only very marginally in the interviews and were practically absent from text documents in a direct form. The objective over the course of the research has increasingly become revealing what people did not or would not consciously express. Moreover, most of the data came from social movements, or articles about the protests, while the research object for us were not social movements, or the environmental and human rights issues themselves, but the institutional processes in a bank. In addition, the theme of emotions emerged from the data itself after the field research in the USA, the first preliminary analysis and reiteration with theory. Only afterwards the emotions could be investigated more directly through explicit questions in the Uzbek cotton case and the Engagement strategy case.

Despite these limitations, we have used thematic coding approach (Gibbs, 2007; Miles and Huberman, 2003) to structure the data. The thematic coding was firstly applied to the interview data with the Native Americans for the DAPL case. Each block of notes on the same topic was assigned to a theme. The interviews that were recorded at least partially were coded in the same way and also compared to the notes taken of the same interview. Afterwards, 25 press articles were selected to confirm and enrich the information on the themes already selected. These themes were largely confirmed by the articles because only a few other topics emerged from them. The detailed themes were then clustered in more general themes. The clustering of themes was performed several times, joining similar themes under one heading to arrive at the resulting themes. The same work has been than performed with the data gathered from the Bank, NGOs and the construction company, which was less rich and the grouping was much more straightforward. The tables are presented in the section Findings. For Uzbek cotton the the data was quite homogeneous and much less voluminous, the themes were identified directly for each interview and reported in the case narration. For the Engagement strategy case, think case description was adopted with a detailed analysis and citations of the two interviews with the director.

As most of the collected data did not inform directly about the studied phenomena, therefore an important element of the analysis was the focus on events. The events were clearly identified in the case description in order to what exactly happened, when and what information might have led the actors act in ways they did. The events analysis has added a temporal dimension and allowed to observe and correlate other external, seemingly unrelated events with what was being described in the case study. These events might have had an indirect influence on the actors in the case, or on the overall organizational dynamics, because as we argue, the organization is immersed in a medium. For the Uzbek case this kind of events might have been the military involvement of the West in Afghanistan using military bases in Uzbekistan. In the DAPL case the political events were directly driving the decision-making. The increased focus on sustainability in companies was also fueled by the Paris Agreement, various governmental initiatives as well as the movement of Greta Thunberg.

Given the various challenges the data set represented and the vast experience of the researcher in the financial industry, the most important element of the data processing was the “reflexive engagement with the lived experience” of collecting and analysing the data (Clancy & Vince, 2018, p. 10), to which is dedicated a separate chapter. It is important to point out at this stage that the researcher was very much advantaged by almost ten years of experience in the financial industry with an interest and some involvement in sustainability issues. The starting point for data collection was already an advanced understanding of the type of business the bank is doing, the culture of the Bank, the professional attitude etc. The interviews with the employees, and even the NGOs, have been conducted with this knowledge already acquired. We suggest that the initial data processing has been performed over the years of experience which resulted in the interest to understand much more deeply the drivers and dynamics of sustainability adoption in the financial industry. This starting point of advanced knowledge on the issue allowed to progress in the research and towards data analysis despite the challenges the data presented for analysis.

3.3.3 Data analysis

Overall the approach to the data analysis was explanation building proposed by Yin (2009). The objective is to search for causal links which provide the response to the questions of “how” and “why” events happened in the case. The explanation takes a narrative form which allows for an explanation of complex and difficult to measure phenomena. However, this type of approach is very generic and therefore we sought a more specific description of building the analytical explanation.

Our approach to data analysis was directly inspired by the critical realism methodology as described by Fletcher (2017). Fletcher (2017) on an example of a research of farm women in Canada illustrates how she has proceeded in her critical realism research project, which shared a classical

qualitative research characteristics. We have found Fletcher's description of the method and its application for uncovering deeper causal mechanisms particularly useful. Fletcher (2017) concluded that corporatization was the key driving force behind the farmers' loss of control, although almost none of the participants have evoked this fact directly and they some of them could easily disagree with the findings.

Fletcher (2017) describes the research process in detail: As critical realist researcher, she considers all theories and explanations including those from the participants or scientists as potentially incorrect. Although the theories are not assumed to be a perfect description of reality, they drive the analytical process. After the initial phase of data collection Fletcher (2017) employed coding to reveal empirical demi – regularities. Afterwards abduction – or theoretical redescription – is used to identify other themes, which have not directly showed in the first coding. The final stage is retrodution, which focuses on the causal mechanisms. The objective is to “identify necessary contextual conditions for a particular causal mechanism to take effect and to result in the empirical trends observed.” (ibid, p.189)

Inspired by this methodology, with the objective to arrive at an explanation of phenomena not directly addressed by the data collected and relying on the experience of the author in the industry, we have moved constantly between data and theory, thus arriving at “surprising facts” and “uncodified creative leaps” (Langley, 1999:691; Fan and Zietsma, 2016, p. 13). In addition to the reiteration between the theory and data, we have explicitly operationalized the concept of institutional illogic to guide the analytical process to uncover the causal dynamics.

The first theoretical concept that we engaged with was institutional logics. The early research design and framing of the problematics as “dilemmas” pointed us to a conflict of parties with different views. The definite choice of theory emerged from the data as we started processing the DAPL interviews. It was evident from the very beginning that the themes evoked by the activists and the financial industry were very different. This led us to the literature about the conflict of institutional logics and a closer examination of the sustainability and community logics. The constant reiteration between data and theory has subsequently oriented us towards the intra – institutional conflict, which fit with the data.

Emotions equally emerged from the data, initially from the field research with the activists and were then analysed through the lens of the approaches to studying emotions within the institutional literature. One of such approaches is also institutional illogics (Vince, 2018), which has provided us with a specific framework to uncover the hidden dynamics involving emotions within the

institutional logic. It helped us uncover the particular structuring role of emotions in the context of each case.

3.4 Reflexive researcher

Clancy and Vince (2018) argue that the emotions of the researcher can become an instrument in theory building, particularly when using the grounded theory. They invite researchers to consider the unconscious emotions which might be hidden behind defences or formed into fantasies as part of the research process and the “lived experience of the research” (ibid, p.12). They suggest that one way to reveal unconscious fantasies is through auto-ethnographic writing of these lived experiences of doing research. Davis and Ellis (2008) describe that when multiple voices need to be included in auto-ethnographic research, the “words, thoughts, and feelings of the researcher also are considered.” (p. 287)

As a novice researcher but an experienced professional, I have realized early on that my own experience and emotions are instrumental in the data processing and analysis. Throughout the research process I have engaged profoundly with what I have felt and thought as a professional in the financial industry and how I needed to position myself as a researcher.

When analysing interviews with the bank employees and when thinking about the action the bank took, in addition to taking at face value what they said, I also tried to understand how they felt about it. I imagined myself in their professional role and what it would be like to be faced with the given situation. Then I positioned myself back as a researcher, taking a distance, striving to impartially uncover the underlying dynamics. Engaging with theory from early on has greatly helped me generate the first interpretations but also push them further to achieve deeper insights.

I have consciously tried to identify and process the emotions that I experienced either directly from the field research and conducting interviews, or from my own analytical process. The main theme of this thesis, emotions, emerged directly from the field research because I was attuned to my own feelings to reveal the emotions of the interviewees. This approach is not dissimilar to what Ellis, Kiesinger and Tillmann-Healy (1997) and Davis and Ellis (2008) call multi – vocal auto – ethnography where researcher and interviewee enter into a process of mutual sharing and understanding and where the researcher shows own vulnerability but also empathy and respect for the interviewee.

It is methodologically an immense challenge to research emotions and I have departed from the approach of analysing the emotional expressions in the speech. To provide more understanding of

the emotions as researched and understood in this thesis, I have described my field research with the DAPL protesters in an auto - ethnographic way (chapter 3.6). This way, I am connecting my own experience to the experience of others who narrated me their own stories, thus opening up the conversation about the society we live in, the institutions (Davis and Ellis, 2008). In this narration I am the main character as well as the researcher, as is the case auto-ethnography.

Yet, as a researcher I was guided by theory. In my case description I have attempted to convey both, the high emotionality of the human rights and environmental issues, as well as the neutrality of the analytical approach. Interestingly, during this period I have started exploring my relationship with emotions in my personal life, revealing the those that I have been hiding as well the defences against them.

3.4.1 DAPL field research narration: auto-ethnographic narration of the research trip to the USA

“Are you sure you want to go?” I asked my dad at least for the third time. It was so unplanned, or rather we planned it so fast that I was not sure if it was all real and a reasonable idea. There was no time to hesitate though because after mid – November it would be too cold to travel to North Dakota. The plan was to fly over to my parents, leave the kids with my mom, and take a plane from there to the US with my dad. My dad volunteered immediately to join me when I first started talking about wanting to go to the US to do the field research. His argument was that I don't drive and I won't be able to get around in North Dakota without a car. He was right. I played a little with the possibility of a great adventure like taking a Greyhound bus, but it would have been a wild bet out there in the north of the US. For a year I lived in Arizona in the middle of the desert, so I knew the conditions in the US a little bit.

We bought our tickets about one week before the planned departure, and at the time I only had five interviews confirmed. Thanks to them the plan was to first go to Seattle and then to North Dakota. The most important, though, was that I knew what channel to use to potentially get more interviews: Facebook.

Receiving a financing help encouraged me to consider seriously the field research directly in the Indian reservation Standing Rock, the centre of a social movement which one of my cases was about. I started by calling the reservation administration several times but they only gave me a name of a lawyer who never answered. I was starting to lose faith. If I wanted to go, I needed to have some interviews secured before, I thought, otherwise in less than a week I will not get any information. One evening I was discussing with my husband and he told me: “I think these things

pass through the social networks. Try to find somebody via Facebook.” Of course! Why haven't I thought about it? The social movement was strongly relied by social media, and Facebook is where I got a lot of information about it. I checked the Standing Rock Dakota Access Pipeline Opposition Facebook page where I found a list of names who were included in an announcement for an unrelated event. I contacted them and some days later I had a promise for three interviews, which then grew to five. I have found one professor at the University of Washington whose research focus is on the environmental preservation. She pointed out to me that the day I planned to be there was a bank holiday, which made me understand why some people could meet me during the day in the middle of the week! I tried to finalize the places and hours of meetings just before the departure, I was a bit worried how I will manage to get from one to another on time, it was a tight schedule and for some meetings not entirely fixed.

On the day of the flight, we drove in the early morning hours two hundred fifty kilometres to the airport to catch a morning flight. We landed in Seattle on a rainy evening, with our last forces figuring out the train to get to the apartment we rented. We checked the equipment and charged the batteries for a GoPro video camera, photo camera, two phones, extra chargers. The next day I had to get up early for my interviews.

The meeting place for my first interview was Westlake park, which was actually a small square. I was meeting Matt, a leading Native American activist in Seattle. He explained me that the little square was often the starting point of protest marches. We then went to a nearby, almost empty café. After the first short exchange, as I was walking next to him across the street, I immediately sensed how down-to-earth and nice how he was. I noticed this especially because I knew very well that he was named the most influenced person of Seattle. He, as all of the people whom I interviewed, knew perfectly what he wanted to say about the movement. As he was among the leading figures, he explained me some of the most important concepts, such as why they preferred to be a grass-roots movement, how why decided to pursue the divestment strategy or about the importance of women in the movement. It was a great introductory interview. He also gave me a valuable contact to LaDonna Allard in Standing Rock who has started the protests and who was the most important figure. I was extremely happy at this success, and even more when Matt agreed to be filmed shortly at the Westlake park. The impression of an extremely humble, simple man with hair even longer than mine, but who was able to accomplish some real change in his community stayed with me since that moment.

My next meeting was in a mall outside of downtown. Hopefully, the technology worked perfectly and I could just follow the exact navigation of where to take which bus and at what moment to get

off. It was at least half an hour ride to the South of Seattle, and I had almost no time before my next meeting. We grabbed some lunch, and sat down to eat and talk. When I knew that my interviewees were leading activists probably used to giving interviews and talking, I asked them if I could register our conversation. I did so with Rose but unfortunately there was a very strong background noise as we were in the food court in a shopping area. Rose was also a leading figure of the movement because she traveled to Europe with a few other Native American women and talked to the directors of the European banks involved in financing the DAPL. She narrated me how they felt that they were treated as if they were very uncivilized (at one bank they asked them if they were armed), how they were not listened to when they talked about a genocide. She joined a delegation of female native lawyers, as a daughter of a well-known Native American female activist, in order to narrate stories about what happened during the Standing Rock protests. She was also arrested, put to the dog kennels, treated with disrespect and at the limit of humane. She talked exactly about those incidents that I read about in the press articles or saw on video. It left a strong impression on me when I heard it directly from her.

My next interview was with Jane, whose kindness accompanied me until late in the evening. She came to pick me up to the mall and asked me if I already visited Seattle. I said no, obviously, as I only landed the evening before, so she decided to drive me to a great spot. When I was getting into her car I thought to myself that if she was a man, I would have been really scared to go driving somewhere. It was late in the afternoon, people were going back home from work but the traffic was still quite fluid. Jane called herself a water - protector and wanted me to understand well what the Standing Rock meant for her, and people like her. She started by explaining what water meant for the Native Americans. Water is life, and that's why women were the guardians. Water has a powerful symbolic meaning for them.

We drove to a place from where we could admire the full skyline of Seattle. It was the moment just before it became completely dark, and it was magical. What Jane was narrating me fit with the sombre atmosphere but had no magic, it left me speechless.

“We are in war,” she said. I felt goose bumps all over my back. I only listened and from time to time interrupted her to clarify some connections I didn't understand. She talked about the same events I read about, the attacks of the policy, the surveillance, the tough conditions for survival. Jane was there in the protest camp from the beginning to the very end, when the protesters were ready to leave. She explained me how things changed when the veterans came and how they wanted to take things into their hands, deploy a combat strategy while for them it was a peaceful protest. People

came there to the camps for different reasons, some very unprepared for the winter, some ready to get arrested.

Jane was what she explained me an “assimilated”, meaning that she ran away from the reservation when she was a teenager, managed through life well to be able to open her own massage practice, have a daughter who could get a better education to become a doula. She closed her practice and went to Standing Rock. Her skills were highly useful and appreciated, she could provide people with relief through her massage if they were injured, for example. She was helping with everything that was necessary in the camps, without expecting any return. When she came back, she told me that she sold her practice and was working to earn enough to leave to support indigenous protesters around the world while she has enough money. Then go back, earn some more, and leave again. That was how the Standing Rock protest camp changed her life. It changed the lives of many, if not all, those who came there.

We were sitting in a cosy café, the conversation was long. I only sent a short message to my dad that everything is ok and I will come back in the evening, so that he would not worry about me. Jane bought a huge coffee mug with sweets inside and gave it me for my mom. She drove me close to the apartment where we were staying and we hugged in the car. She said she feels it was a destiny that I contacted her and she could narrate me all her experiences. I felt honoured by so much trust and kindness, but I was also embarrassed for being there for an academic work, which would probably never have any impact.

My dad was quite worried about me although it was not even nine in the evening, but it was dark, rainy and cold outside. Seattle was full of homeless people on the streets and the area around the apartment did not feel particularly safe, especially for someone who didn't know the city.

While eating a few things that my dad got for dinner, I told him a few anecdotes from the conversations. I was too exhausted to talk about it more. Too impressed. Too overwhelmed.

Of course, I prepared for the interviews by reading all the stories about the protests. However, hearing them directly from the people had a much stronger effect. Suddenly the helicopters flying over their heads had a real sound in my head, the people had visible pain healed by Jane, the tough conditions felt much tougher than the wind and rain behind the large windows of a Seattle apartment with a great view.

I went to sleep early because the day after I had four other interviews. Three of them were a contacts given to me by Matt and Jane, one with the university professor I organized from home.

I left my dad to explore again the city alone while I hurried to look for the right building at the University of Washington. The professor, who happened to be from Eastern Europe like me, provided me the political background I was missing. She put into context why the protest movements were recurring to a divestment strategy and legal processes. There were in fact other examples of indigenous communities fighting corporate projects by finding various strategies to sue them. This is happening because after the wave of environmental protection laws that were passed in the 1970s, the legislative process has been close to mission impossible since then. Interestingly, my following interview was a combination of the divestment and public administration win for the Native community and environmental movements.

I was meeting Andrew around lunch time at the City of Seattle Council office. He worked as an assistant to a socialist council member, who was also a Native American, who successfully drove a legislation on divestment from fossil fuels. At the time of Trump administration, the Democrats dominating the City of Seattle were ready to pass all the bills that were in direct opposition to the Republican policies of that time. Any environmentally oriented law certainly checked that requirement. Moving \$3bn from Wells Fargo because of its involvement with DAPL was a great win, one that the bank certainly felt despite its size. As Matt had mentioned, the divestment of the city and the various Indian reservations who operate casinos, could start making divestment effective.²⁸

Andrew explained me very clearly the background of how this divestment was won, but he also deviated towards very extreme socialist ideas, which were very confusing or even embarrassing for me, coming from a former communist country. We were in Seattle, the home of two of the richest men on Earth, and two of the very powerful corporations, Microsoft and Amazon. Perhaps because they were so far from socialism, they could freely fight for it? Well, it was certainly a theme there because my next interview for a great part moved in that direction. Fortunately only after Edward, whose parents came to the US from the Central America, narrated me his experiences at the DAPL camp. He talked about PTSD (posttraumatic stress disorder), just as Rose did. He said that he still thinks of helicopters sometimes when he sees lights on the streets at night. Stories about the water cannons, policy brutality, surveillance, cold and much more came to life once again through his narration.

He talked about divestment for a while, about how he thought he could not make a difference, but finally he understood that we all could, whatever sum we had. Then our conversation drifted towards a lot of confusing utopian ideals with very socialist flavours, with examples how things

28 <https://www.seattletimes.com/seattle-news/environment/protesters-call-for-seattles-billions-to-be-pulled-from-wells-fargo-over-dakota-access-pipeline/>

work much better in Central America. In this cosy café in a comfortable Northwest city, we chatted for far longer planned, as Andrew dropped in with his baby daughter and wanted to stay only about twenty minutes.

Amy was my last interview. While I waited for her to be free and come meet me in a supermarket, I rushed to visit the Space Needle. Unfortunately it was too windy to go outside to admire the skyline, but it was compensated by the impressive movements around 160m above ground. It was already dark when I sat down with Amy at a table in a supermarket after we got a cup of coffee and something to eat. She was not Native which sat her apart from the others I interviewed. She was still studying, from quite a well-off family. She went to Standing Rock because she had Native American friends and wanted to support them. She came to “honour the sacred”. The most staggering story she told me was how she got arrested, but because she was white, she was not treated brutally as Rose, and the other Native women. Afterwards, she hired a lawyer and all the charges against her were dropped without any issues, while for the Native Americans it did not go so smoothly.

For her Standing Rock was about “a greater good” and social justice issues. For her, solidarity stood out very clearly as a social concept that emerged from the protest camps: people came to Standing Rock out of solidarity, the protesters supported and helped each other in the camps, people sent money and supplies and followed them on social media. Amy also mentioned an issue which I had not known so much about, missing and murdered women from reservations. That was also a result of having male workers concentrated in temporary housings alongside the pipeline construction path for months.

The supermarket was closing, it was time to go. I jumped on the Seattle Monorail which I noticed by chance. Then I got on a bus which was going directly to the station in front of the apartment. A homeless person got on the bus as well, since it was already cold outside, it was mid-October. The driver let him get on without a ticket.

My second day was less intense than the first one but only because I already knew what to expect. Having four interviews in different parts of the city was tiring. I discussed with my dad what I heard that day. The socialist ideas and the peculiar situation of a rich city with high rents resulting in many homeless.

The following day and a half we had free for sightseeing before taking a plane to North Dakota. It was the first time I was in the Northwest of the US and was surprised how much it reminded me of Scandinavia.

Finally North Dakota! We landed with a small airplane in Bismark, the capital, on a tiny airport. We rented a car and drove to the hotel. I was very tired but excited by being there, so close to Standing Rock where I would go the day after. With a telephone number from Matt, I could schedule a meeting with the founder of the movement LaDonna. For me, not an extremely outgoing person, it was quite stressful to contact all my interviewees and exchange multiple messages to arrange the meeting. It was often not done in a very straightforward way, but rather through a vague “let me know when you are around”. The hotel room was nice and comfortable. After we had dinner at the cafeteria of the hotel, I was alone in my room thinking about the stories I have already heard.

When I was growing up, I loved Indians. I dreamt about riding a horse, living in a tepee, spending all day in nature. I read books about Indians and the far West. I grew up in love with Winnetou, of course, the Indian hero of Karl May books, interpreted by a French actor Pierre Brice in a German series of movies extremely popular in former Czechoslovakia. Indians and their traditional way of life, as idealized in these Western interpretations, personified for me the values I cherished much: freedom, love and respect of nature and animals, friendship, adventure, resistance.

For a year I lived in a boarding school immersed in the rough nature of a semi-desert in Arizona, close to the home of the Navajo tribes. However, to see the prairie remained a secret wish for me. There I was, thirty years after my first crush on Winnetou, more mature and without illusions. I knew that the contemporary Indians are a far cry from the literary heroes of the 19th century. There is poverty in the reservations, the life expectancy is lower than for an average American, the suicide rate is higher than a national average, obesity, smoking, drinking and drug abuse are major health issues, with rates generally higher than in the general population or other ethnic groups. It was also not the best season to visit the prairie, the grass was dry, it was very windy and cold. Normally I'm used to the cold weather from Slovakia, but the biting wind was at times hard to withstand. The four days in North Dakota only gave me a longing to come back again, in other circumstances.

There we were, heading to the Standing Rock reservation. I still was waiting for replies from my interviewees, so we had time to take some pictures and explore the places which I remembered from the various articles as the places where a lot of drama happened. It was at the confluence of the Cannoball river and Missouri river and on the Backwater bridge over the Cannoball river. We then continued to Fort Yates where we had lunch in a local pub. We hung out around in the Tribal administration building but did not really manage to find anyone to whom we could talk to. There were not many people on the streets. Finally, we got a reply from LaDonna that we can come visit her. She was very friendly, and gave immediately the impression of somebody who is used to

speaking. There was no problem to record or film her. Another person was also present, who assisted her with the communication. I asked a few questions but she knew what she wanted to tell, her speech was ready. There was no hesitation. The only weird moment for me was when I asked about her cooperation with NGOs and she said she didn't know what it meant. It was quite hard to believe she didn't know what it was and I didn't know what to make out of it. I explained her, and she gave a very diplomatic answer that she welcomes all supporters for the cause that is dear to her. I explained her at the beginning, just like to everyone, that this interview was for an academic work, which usually takes very long to complete. Indeed LaDonna passed away in April 2021 at the age of sixty four years. For me it was a moment of reflection about how I often consider that there is still time to do certain things, while the time could be finished in a moment.

The next interview was with Chase, who was also directly involved in organizing the protest camp. Chase is an attorney and leading activist for indigenous rights and cultural preservation. When I explained him that I was writing about the banks, he surprised me right from the beginning with his statement that “the capital without compassion is uncivilized”. Then he talked for a long time about spirituality, about how his son was learning the Lakota language that even he didn't know, their collective awakening. He spoke without hesitation, in a rather philosophical style connecting the role of the legal system with the issues that the Native Americans face, the environment, the role of money, and all of this in the context of the spiritual awakening and sacred rituals. Chase left a strong impression on me. How he said that Standing Rock changed him still resonated with me after the interview. He also informed me that the next day there would be a court hearing.

There was one more meeting left for the day, as the second one was postponed to the day after. It was with Alice, whose interview I hesitated to accept because she asked me for money. Fifty dollars, she requested, and in exchange she would drive with us to where the protests took place. Of course, I brought small presents to all the people who I interviews, chocolate and small objects, but I felt like paying for the interview would compromise the quality of information but then I agreed considering it as a sort of tourist service. It still felt a little embarrassing at first. It was a little awkward looking for Alice in the village. She didn't give me precise instructions and there was nobody on the street. So I knocked on the door of one of the houses to ask. I said her name and they told me that they didn't know her. I then asked another person and I got the same answer. That was very weird and I was becoming worried that my interview would not happen. It was a very small village of a few houses and I couldn't believe that the people didn't know somebody who lived a few houses further away. Maybe her name on Facebook was not real, I thought to myself. Fortunately we managed to agreed on another place. Alice was only two years older than me and

seemed very friendly from the very beginning. We got into the car and drove to the place where the camp once stood. We had rented 4x4 and that was the only way one could drive there because we had to drive on a dirt road. Alice talked about the camps and the protests and how they massively cleaned up and planted trees so as not to leave any trace. She showed us where the different camps were, the lights across the Missouri river, the places of clash between the police and the protesters. She came back to some of the stories and details I had already heard and read about. She hinted at how some people got rich thanks to the Standing Rock but others remained even worse off after everyone was gone. For a long while we stood outside and as she was speaking, sometimes she made pauses because the emotions overwhelmed her. It was freezing cold, I could almost not stand it to be outside. She didn't seem to be particularly uncomfortable although she had less clothes on than me. We were only in the middle of November, I could not imagine the conditions they had to withstand camping outside in December and January.

We drove her back to her house, we spent with her two hours. I didn't feel bad about the money at all. She even prepared a little present for me, earrings in the shape of a feather. I was happy to hand her the envelope with her remuneration and a little present; I thought I understood her. Her last words were about the lights across the river that she could see from her window and how she does not enjoy the view anymore.

Later on her Facebook page I saw a video made by her daughter Gracie, which starts with this theme of lights across the water which reminded her of the pipeline. She says that her mom does not open the window to look outside anymore. She and her mom helped during the protest camps, and this left a strong impression on her, motivated her to get more involved. She mentions that only very few people from Cannonball, the village where they lived, helped or felt concerned. (The video can be accessed by searching The Babel project.)

This was an interesting information and helped me connect the various bits of information also from Chase and from some newspaper articles to get a better idea of what went on in this relatively small community. One part of the population was involved in this fight for water, leading the protests, organizing, being on the frontline and for some of them continuing with projects related to the protest movement. Another part of the population continued going about their life, not concerned by the numerous issues that the movement was bringing up to the consciousness of the population. These people saw their life disturbed, some of them were employees in the casino, whose normal business was hurt when the protests continued for long. The official tribal government was somewhere in the middle, fighting against the DAPL with the support of NGOs through the divestment call and legal process, but also trying to limit excessive disruption to the life in the

reservation. I realized that the real Standing Rock community was not exactly the one of all the members of the Tribe, but it was a virtual community of people who for their own reasons felt attracted by the values carried by the leading grassroots activists. Some of those people than gathered physically in that physical space on the border of the reservation and the DAPL property.

Our plan initially was to stay at a casino, close to the Standing Rock reservation so as to be in the reservation for the interview the next day. However, I wanted to be back in Bismarck the next day for the court hearing that Chase told us about. So finally my dad proposed to go back to the hotel where we spent the night before, where the room cost less than a half compared to the casino. The receptionist recognized us and asked only half the caution that we had to leave the day before. The caution served for eventual damages, but she said she could see we were alright. She explained me that they had some guests who for example did not hesitate to smoke in the room, and I immediately thought of men coming to work for the oil and gas industry. North Dakota is the second-largest oil producer in the US (after Texas) at the peak in 2012, arriving at this production volume only in six years. The oil boom had a notable social and environmental impact on the state, but also produced substantial wealth.

After a quick dinner in the cafeteria, I was again alone in my room, completing some notes and reflecting back on my day. The strong emotions were again there. I felt embarrassed about some of my ideas at home. I had read many articles about the case, and I examined all points of view. From the very beginning, I was seeking an answer to a seemingly simple question: “Who was right?” The Native Americans or the pipeline constructor? Once extracted, the transport of crude oil was the safest by pipelines. On the other hand, a leak might happen and was not that rare. If the federal judge decided to not to revoke the permits, than no law was broken. At that time, I was still not completely familiar the issue of informed consent and the fact that the laws in the US were not on the level of what the international standards required. Therefore, I supposed that if no law was broken, and the company obtained all the permits, than it was hard to stop them on a basis of old Treaties that the USA never respected, or even harder, spiritual arguments. The articles and the stories from the camps, the calls of solidarity to stop the pipeline, the police brutality and military tactics as depicted in the various media naturally made me favor the Native Americans. Nevertheless, I wanted to be very objective, being aware that the social movement was obviously using emotional images and narrative to gain support.

I already had a similar feeling in Seattle, but that evening it became much more clear to me: My question “Who is right” was quite irrelevant. The people who I interviewed had not talked about those security considerations, specific legal questions or rights. Some of them were capable to

understand it well such as Chase, some might have picked up some bits and pieces from what they heard in the camps such as Jane, but that was not their main concern. Their fight was broader than that, and probably that was also the reason why it had such a broad appeal. The values that they fought for resonated with many people. It was their occasion to reclaim their identity as indigenous people. As my interviewees told me directly or indirectly, everyone had their own reasons to come. I felt ashamed for not having fully understood this point before. Being there, hearing their stories, seeing their houses and those places that had a deeper meaning to these people, I could not avoid seeing how this pipeline symbolized how the indigenous populations were mistreated. It was an intense day.

The next day we had some time to walk around a few streets in Bismarck while waiting for the court hearing. We found two or three lovely streets with shops that reminded of us of a city centre in the European sense. We got a good, freshly grounded coffee from a coffee shop own by a Latin American, a nice change to the usual watery drink with a weak coffee flavour that we had in the hotel.

A small group of people started to gather in front of the building County Court House and we followed the small crowd in passing the security of the building. It was the process of Holy Elk Lafferty, who was facing charges because of her arrest during the 2016 Standing Rock protests. During the hearing the attorney asked the judge to get more time for a thorough discovery process. The aim was to bring more evidence about what happened during the protests and the arrest, including the role of the private security firm, Tiger Swan. Apparently, to introduce an extensive discovery process was an innovative defence strategy that was already used during the hearing of Chase, and the judge had allowed it. As we sat down in the court room, we noticed Chase and LaDonna in the front rows. There were some other supporters, some with clothes or accessories with the traditional indigenous ornaments. The media person that we already met when we visited LaDonna was also present. She handled the media and communication of the projects of LaDonna, including the Facebook page of the Sacred Stone Village. At the court hearing she did a few short video interviews.

I also made a shot of Holy Elk and asked her a few questions. She did not have much time there as people were waiting for her, but she gave me her number promising to get in touch later. However, she had not answered my messages anymore. I understood because she came to Bismarck only for a couple of days and her schedule was tight. The final video of the court hearing was then posted on the Facebook page. As I was going out of the building right after Holy Elk because I had just finished talking to her, I actually appeared in the video. Holy Elk explains in the video that she in

fact is seeking trial in order to expose the truth. The way she speaks is very touching, because she talks about prayers and spirituality, and her body and face expressions, the pauses she makes, the way some words are spoken, leave little doubt about her expressing her feelings and convictions.²⁹

I followed Holy Elk on Facebook and learned that she was found guilty in her final trial at the end of May 2018. She received one year unsupervised probation, which fortunately meant that she could avoid going to jail. She decided not to appeal because this experience had already weighted a lot on her life.

After the court hearing we headed again to the Standing Rock reservation where we had a meeting with another leading activist, Winona. Her mother was a known advocate and activist for Native American rights. I knew that Winona participated in a tour throughout Europe together with Rose whom I interviewed in Seattle. Winona told me that in fact it was her mother who was asked to go but she preferred to send her daughter. I met Winona in her house, and I was lucky to have brought wooden whistles as presents for her children. Winona used to work for the Tribal preservation office, and LaDonna used to be her boss. Winona was the first one to speak about the free, prior and informed consent because she was there when the Tribal office met the Energy Transfer representatives and they had not given their consent. The company states on their fact-checking website that the Tribal Preservation office had not responded, Winona told me there is a registration they put on the internet which testifies they did. She told me how she became tired and frustrated from working in the Preservation office because there were constant requests damaging the land, or whose sole purpose was exploitation of the Tribal land. Her narration of the trip to Europe was also interesting because she gave me a clear insight into the communication strategy: In this delegation of women meeting the directors of the investment banks involved in financing DAPL, some were lawyers who presented well-structured legal arguments. She was invited there to complement this part with the emotional testimony of how human rights were not upheld during the protests. She brought pictures of police brutalizing the protesters or the children in the water training to cross the water. She said that some had understood when they saw the pictures. However, not everyone was convinced with their arguments and it went particularly badly at Credit Suisse. Afterwards there was a clarifying letter sent later to the bank, which was public and reveals what the conversation was about.

After this last interview we felt quite exhausted and wondered if trying the tribal office again. We did not have more luck than previously. I wondered if I should try contacting some other people but

29 <https://www.facebook.com/sacredstonevillage/videos/1798290330469593>

we agreed that the stories are repeating themselves, we continue to hear the same. It seemed to us that there was not much more to hear, we largely confirmed that people narrated us those stories I read in the articles and saw in videos. On the way back, we stopped again at the casino because it was very convenient to heat at its restaurant. We bought some souvenirs and walked through the slot-machine area. We hung out a little in the lobby, where I tried to imagine how it was when the protests were at the peak. The available rooms were gone fast, but the protesters were pouring in anyway, to recharge their telephones, to wash, to stay warm. It must have been a bit of a rough time. Earlier that day on the way to the reservation we stopped at the Custer house

The next day, the last before our departure, the plan was to drive to the very north through the Bakken basin to look see how an oil field looks like. I chose a route that formed a circle, passing through a large territory since I was not exactly sure where the oil rigs were. Our destination was Stanley, the start of the DAPL. We drove for long hours through a very monotonous landscape which belonged to an Indian reservation. It was a vast, agricultural area with no habitations. At around lunch time we finally started seeing the first pumpjacks. We drove close to one to get a few shots, but later there were more of them along the road.

We arrived to Stanley, which was a small agglomeration of houses and realized that we didn't know what we were looking for exactly that would tell us it is the start of the DAPL. I read that there was the so called Bakken Pipeline system, an interconnected system of pipelines – probably underground – which was connecting each oil well to the central pipeline to then transport the oil across the United States. We also saw trucks leaving from the wells, so we supposed that there might be some huge oil tanks. Somehow, we have thought to spot a big sign DAPL but that was obviously not the case. We went for lunch in a gas station because that was the only place to eat that we spotted. I casually asked some ladies if they heard of DAPL but they didn't. So we just drove a bit around and there we saw a guy working on a road. So I went to ask him if he happened to know where the DAPL was. I still imagined to see lots of pipes around and some sort of central structure. The man visibly hesitated and gave me the impression he knew but was not sure if he should say something. I was aware how awkward it had to be to just stop him ask about DAPL, especially when the controversy ended only about a half year before. Surely one never knows, what if we were some crazy activists. Anyway, I insisted a bit and finally he sent a few kilometres back. There we saw several huge concrete tankers, some buildings and many trucks circulating in and out. There was a huge sign Enbridge on one of the tankers. I decided that it must have been there where the DAPL starts. We made a few shots, but were slightly worried about doing it too openly. We left, satisfied, and headed back to Bismarck but through another road. We realized that this road was

were things were happening! The oil wells were ever bigger along this road, there was fire on top of them, many trucks were driving on the way. As we drove on, the nature became more and more interesting, it was not just a dry land anymore, but canyons and strange rocks. Unfortunately, it became dark soon as it was November. All we saw then was methane burning on top of the oil wells. There was more and more wells as we drove on. Decidedly we took the wrong road on the way there. Yet, the methane burning was so much more impressive and chilling at night.

Before driving through this part, we stopped at one or two sights where we read about the Indians that used to live there and the tribes that still have the reservation there. As the oil was found on their land, they decided to profit from this opportunity and own the wells. Indeed, Energy Transfer point out on their website advocating DAPL that the pipeline transports the oil pumped by wells own by two Native American tribes. Money was stronger motivator than the spirituality linked to Mother Earth; so much more because they probably have hardly any other source of income in that quite hostile land. The oil boom certainly ensured a comfortable living for these tribes.

Throughout the North Dakota there are sights which mark the way of Lewis and Clark who between 1804 and 1806 carried out an expedition to explore the newly acquired territory by the United States. They crossed the now Northern states, the Yellowstone, Black Mountains and arrived to the Pacific ocean and back. They mapped the territory, observed and described the Native American tribes. It is a well-known story at least in those parts of the USA which they explored, yet very paradoxical. Certainly, for white Americans this is one of the few bits of their own history. On the other hand, one cannot help but feel a confusion to imagine that only about two hundred years ago the Indians lived lead here their traditional way of life. It is also hard to imagine how these tribes really were. The 19th century exploration by military men, although well prepared in various disciplines, might not have been the best anthropological research. On the other hand, I had also the feeling that the view of the current Native Americans was somewhat idealized as well.

The previous day we also had an opportunity to have a quick visit of another important sight of the US history – the Custer house in Mandan. General Custer is most famous for losing the battle at the Little Big Horn against the Lakota and other Indians led by Crazy Horse among others. The house in the North Dakota was the place where the Custer's 7th Cavalry was stationed although the battle took place in Montana. Unfortunately the museum was closed in those winter months, but we could still walk through to get the feel of how it was in 1875.

On the day of our departure we still had a few hours to visit the Indian museum in Bismarck. A big stuffed bison greeted us as well as the stories and photos of their extermination. I involuntarily wondered how is the cruelty of those people still reflected in the current population. Then we moved to the zone where the different tribes were presented. An museum employee came to tell us to turn to him if we have any questions. So I did, asking about the Standing Rock and DAPL, and I sure stroke the right note! He turned on a video projector, showed me his personal website where he posted the history of the area concerned by the protests. He explained us that many places along the river were important historical sights.

Yes, the Energy Transfer company hired archaeologists to testify there were no burial sites, he explained to us, but these experts came from different US states and did not have the correct specialization. They were licensed archaeologists but not experts in Native American burial sites or the local history. He hinted that his superior who did not care about the true archaeological findings also didn't have the appropriate formation. In his blog post he writes: "In 2015, two archaeological firms surveyed a corridor for the Dakota Access Pipeline. The corridor plan calls for the pipeline to go through the Arikara, Mandan, Jupiter's Fort, near or through the 1825 drowning site, and through Capt. Charger's last camp on Beaver's Creek. In August of 2016, the Dakota Access Pipeline began to disturb this beautiful confluence of history and culture. Activists have set up camp and have begun to protest the pipeline construction."³⁰

Last thoughts

It was a beautiful and unexpected ending of our North Dakota trip. On the plane, I still thought about the US history, or rather the absence of long history and some historical realities about which they cannot be very proud, such as the slavery or bringing disease and alcohol to the Indians, and how this inevitably continues being reflected in the culture. Some of my interviewees clearly referred to me as "you European colonialists", to which I had not reacted, because clearly they were not making a lot of distinction between the different European nations. The immigrants from my country came to work in the American mines, and in general it has mostly been under a domination of another nation, so being called a "colonialist" made me only smile. I was very neutral regarding their claims and accusations, well aware also that if we came to another country, the same claims could be done by certain minorities, albeit with different historical realities. They also talked about spirituality and the relationship with nature as if it was very special to their indigenous culture. Obviously I do not hold those beliefs that contradict science, I have always been close to nature, I

³⁰ <http://thefirstscout.blogspot.com/2016/08/water-determines-territorial-boundaries.html>

grew up with nature. It seemed to me almost as if they have been discovering it for themselves. The “Western world” as lived by me and many I know has certainly not been deprived of spiritual moments and an intense connection with nature. It is true, though, that indigenous people talk about it in a way that we have abandoned progressively. The way which lives with us in proverbs and sayings and customs, but which we take as folklore; it would be embarrassing for us to do otherwise. There are groups of people and tendencies to revive for example this reconnection with nature and spirituality. For example I have a friend who is involved in organizing circles of spirituality and dancing according to old Slavic traditions, typically to reconnect with own emotions and femininity. Yet, when listening to some of the discussions they are filled with ideas or images that are not very coherent with even elementary science knowledge. This is very similar to when indigenous people talk about their spiritual beliefs about earth which clearly have no connection to science, it is not immediately obvious how to deal with this kind of imagery, how to take it seriously. What I have understood firmly is how delicate and sensitive these conversations need to be to arrive at an understanding of the other side and also how easy and tempting it is to be positioned only on one side.

Another observation that stroke me was that throughout our trip in North Dakota we observed how everything was neat and clean. We were traveling through a rich Western nation and there was hardly any sign it is otherwise even on the reservation. I expected much worse in the Bakken basin but everything around the wells was well kept, the only dirt was the dry land creating a lot of dust, at least in those parts that we visited. I have certainly seen worse. On the reservation certainly the houses with their yards didn't look like the chick and rich neighbourhood, but it was not so bad as I would have expected. Perhaps in the houses and in the parts of the yards I could not see the conditions were not nice, but certainly the visible part had nothing much disturbing to me.

Epilogue

Upon my return, I had to quickly write up the findings from my interviews in North Dakota. I already knew what emerged as I had been thinking and analysing it during the trip: I summarized the themes which were evoked by my interviewees, and which indeed I read in the newspaper articles before and after the trip. These themes had little to do with the topics that were mentioned by the bank in relation with this case, except perhaps the summary of all the issues under the very generic concept of “human rights” and particularly “indigenous human rights”. There was nothing within the theories that I reviewed at the time which would help me advance. Often theories would account for one part of the conflict but not both and not the fact that what one side was talking

about was almost with no relation to the other side and vice versa. Performing a deeper analysis, I realised later on that the Tribal office, the official representative of the Standing Rock reservation, and the NGOs acted as intermediaries to bridge these differences between the banks and the protest movement. Then the consortium of banks appointed another intermediary, a law firm, to bridge the remaining gap, and get even closer to a common ground where they could agree on the precise actions which went wrong and which both parties could acknowledge as wrong. I realized during the process of analysis there that the precise point of what went wrong was at that stage (especially as this bridging came very late, basically when the protests were over) beside the point.

Right after I wrote up the first summary analysis I was looking through different themes of the Egos conference to see where it could fit, although I was not sure exactly how to combine the themes from the conference with the responsibility of the banks for human rights. The moment I read the overview of the sub-theme on emotions, I realized that it is exactly what emerged from my observations and what I was missing to connect the two opposing parts.

Emotions was what I felt when I first started investigating the DAPL case but that I wanted to suppress initially to find the “right answer”, to determine who was right, to be objective. Emotions was what I felt when conducting the interviews. I was overwhelmed and emotionally exhausted during my trip. I often tried to impersonate myself into the people from the bank who dealt with the DAPL movement and imagine how they felt when hearing some of the stories, claims, ideas: sometimes it felt embarrassing, sometimes shocking, sometimes ridiculous, sometimes sad, sometimes outrageous. Very rarely during the whole investigation somebody told me “I felt” either way, but emotions were implicitly present in the whole story, omnipresent. I knew they are the key to the understanding of the responsibility of corporations and banks for human rights and environmental issues, precisely because nobody dares to be emotional in the corporate world while these issues are so obviously emotional. The connecting part of the two sides of the conflict are people. And people are connected by emotions.

4 Case studies

Summary

The chapter begins by exploring a few other cases which could have been researched as well as the reasons for choosing the three cases, Uzbek cotton, Dakota Access Pipeline and Engagement strategy. The three cases are then discussed in order. Each case is divided into two parts: first, the case is described in detail; second, the findings from each case are presented based on the structure of the theoretical framework.

4.1 Introduction

The first two case studies are about cotton production in Uzbekistan and the Dakota Access Pipeline construction. They have been selected among other cases of a “dilemma” as described in the Introduction chapter 1.2. The “dilemmas” represented cases where the recommendation of the CSR team how to act was not straightforward. The CSR department has over the years defined a set of policies but sometimes these policies did not provide sufficient guidance to take a decision. In this case the responsible business decision-makers and local CSR staff contacted the central CSR team to provide a recommendation. The CSR team has provided us with a list of various issues related the protection of human rights. This list has been the basis for us to understand the specific problematics which the banking industry faces when implementing the UNGP (explained in 1.2.2.b).

The third case has emerged two years after the start of the research when the researcher returned to work in the Bank. A new Engagement department was set-up, whose head became the member of the Executive Committee of the bank. This department integrated the CSR department with whom we started the cooperation on the cases of “dilemmas”. We chose to work on this case rather than another case of a dilemma because emotions have emerged as an important aspect of the strategy of this new department.

The three cases are interesting also from a time perspective. The Uzbek cotton has become an issue as early as 2010 and was concluded in 2013, supporting the publication of the policy on human rights. The DAPL case happened over 2016/2017, that means after the Paris Agreement in 2015, and probably led to a publication of a more stringent unconventional oil and gas policy. Afterwards, the new Engagement department was created, the subject of the third case over 2018/2020, which

clearly positioned cases such as DAPL and the way they were approached as not being in line with the bank's strategy.

4.1.1 The selection of the cases of “dilemmas”

We explored some of these cases in more depth in order to get the grasp of the issue and the feasibility of its investigation.

Notably we explored the case of tobacco industry which illustrates the large scope that is covered by human rights.

“Tobacco industry is among the most controversial in the world in terms of CSR as it has negative impact on human rights at several levels: working condition in tobacco fields, tobacco impact on smoker health (specially when targeting young and poor), second hand smoking. Several studies demonstrate that tobacco is the only industry to have an overall negative economic impact on society. On the other hand, tobacco is a legal industry, largely covered by specific regulation throughout the world.”

(citation from the original case description)

The tobacco industry foremost violates this basic human right for health. This concerns the exposure to secondhand smoking and the addiction to nicotine. Children in particular have the right not to be exposed to secondhand smoking. There is a clear approach to attack the tobacco industry from the point of view of human rights.³¹

The production of tobacco itself involves human rights abuses due to the use of child labour, for example. In 2014 the tobacco companies pledged to eliminate child labour, committing to adhere to international standards and treaties. Still, the tobacco industry has a shameful past: marketing cigarettes to children, the denial of the negative effects of secondhand smoking and addiction to nicotine. In the 1990s it went to a series of trials in the United States denouncing the unlawful and immoral practices of the industry.

Looking at the websites of major tobacco producers, it seems that now they are committed to the environment and human rights. Specifically they launched programmes for “harm reduction”. The major producers seem to be conscious of their harmful impact on the society. They diversified into new products, which contain nicotine but not smoke.

The World Health Organisation Framework Convention on Tobacco control was the first international treaty on public health, which entered into force in 2005. On the European Union level, there is a coordination of legislation and recommendations because tobacco consumption

³¹ <http://ash.org/about/>

presents the largest avoidable health risk. The cost to the society was estimated at 544 billion euro in 2008. The EU is working in the following policy areas:³² the regulation of tobacco products on the EU market (e.g. packaging, labeling, and ingredients), advertising restrictions for tobacco products, the creation of smoke-free environments, tax measures and activities against illicit trade, anti-smoking campaigns. While the rules on manufacturing, presentation and sale of tobacco products should be harmonised across the European Union with a directive from 2016, not all states have adopted comprehensive smoke-free laws. Many developing countries, however, are not protected by similar laws and it might be largely up to the tobacco companies to restrain their behaviour.

The giant tobacco companies were clients of the bank, as well as of other major banks given their financial power. This has been a dilemma for the bank for several years. Finally, more than a year after we received the case, the bank has decided to publish a policy on quitting the financing of the tobacco industry. It is interesting to note that this policy is not very much advertised, the bank is much less vocal about it than its climate change, or other social engagements.

The tobacco industry case was interesting because by quitting this industry the bank would take a strong stand on an issue, which is widely publicly accepted. The risk of a scandal was probably low and the tobacco companies have strong financing needs, thus being presumably lucrative clients. The policy announcement coincided with the creation of the “Engagement” department, which is described in the third case.

Nevertheless, the tobacco case has not been selected for the thesis since the decision was not clear when we started working on it, there was no controversy over whether the industry is truly harmful, and there was not a visible collective movement targeting particularly the banks (although there are many pressure groups active against the industry). This case nevertheless showed how human rights are intertwined with other issues, typically health or environmental impact.

We briefly explored another case dealing with Australian refugee camps situated in the Papua New Guinea. After reading the descriptions of the living conditions and the situation of the refugees, the negative emotional effect was too strong to be able to investigate the case for the thesis.

Already at this stage of the case selection it was clear that these issues are emotionally charged and it is in fact their differentiating factor, despite other specific dilemmas presented by the bank. Of course the factor such access to the field, or the availability of ample data was also a factor in selecting the case. However, the emotional reaction to the issues and a personal attitude toward the issue have been an important element of selection. The ability to neutrally investigate the topic was of a concern when selecting the case. Although this experience was clearly lived and taken into

32 https://ec.europa.eu/health/tobacco/policy_en

consideration when selecting the cases, it has not been explored theoretically until the field research for the DAPL case (see section 3.4.1).

The Dakota Access Pipeline case was selected because it was a controversy that was still in progress at the time, it was widely diffused on the social media, and covered by media. A visible divestment movement has been created, including of prominent investors, while no legal wrongdoing was demonstrated early on. The appeal of the case was also in the fact that it connected human rights and climate change, thus positioning it as an issue of sustainability.

The Uzbek cotton was interesting because it offered a retrospective view of the CSR work when it was largely driven by risk and scandal avoidance. It shows a long engagement with the client, an effort to understand the issue, which was not self – evident at the time, and the willingness to investigate a business where the bank was very well positioned. While the decision was taken, the doubts over its impact persisted. Thus the case also shows what banks stress often, that is that individually they have little leverage to force a change upon a client.

4.2 Case A: Uzbek cotton

4.2.1 Case description

4.2.1.1 *Context*

Uzbekistan is among the world's largest producers of cotton. This production has been a result of a deplorable system, which violates human rights and destroys the environment. A former Soviet republic, Uzbekistan officially became a democratic state in 1991 with Islam Karimov elected a president. In reality the country had a repressive authoritarian regime, which still used a lot of Soviet-era practices and was violating most of basic human rights. Uzbekistan was among the top five countries ranking highest on slavery index 2016 by Walk Free NGO.³³ It was estimated that around 1.2 million people, or almost 4% of the population, were in modern slavery conditions.

In 2016 Shavkat Mirziyoyev, a former Prime Minister, succeeded president Karimov after his death and the regime has become much more moderate with major reforms underway. Human rights are still an issue in Uzbekistan with for example the most recent scandal of NGOs registration refusal.³⁴

The specialization of Uzbekistan in cotton production is a legacy of the Soviet times. Although the land was officially privatized, the farmers were largely dependent on the state and state monopolies. Mono-culture cotton production was imposed by the Soviet regime, when they sought specialization for each Soviet Republic. Now cotton is still dominating the agricultural industry. The production was completely piloted by the state by imposing production quotas, the type of seeds, fertilizers and machinery. The companies that sold those products necessary for growing cotton were state-controlled. Various tactics were used to ensure that farmers plant cotton instead of vegetables which would have been more profitable for them.

Moreover, the Karimov regime used to force its citizens, including children, to work during the harvest period, which runs from September to November. It concerned state employees, such as teachers, nurses, doctors, who were threatened by the loss of their jobs. A special category were students and schoolchildren, who were forced to work on cotton fields and supervised by their teachers. In recent years the situation of forced labour has changed substantially, although forcing state employees to do maintenance and other tasks seems to be persistent. The system of quota has been accused of being a major cause of the forced labour situation as well as the need for more machinery to mechanize the harvest. Mechanization was resisted probably because of lack of financing but also the hand-picked cotton has a better quality.

33 <http://www.globallslaveryindex.org/findings/>

34 <https://www.uzbekforum.org>

An interviewee, a French, who lived in Uzbekistan during the time when child labour was still a common practice and was recently involved in a project in the country, held the view that local people integrated the forced labour practice into their lives: “*The children are not unhappy in this country.*” (Expert – projects in Uzbekistan, April 2018) An extremely cruel massacre near the city of Andijan in 2005, when hundreds of unarmed protesters were killed, was still very much alive in the minds of people. People were probably careful and likely not willing to criticize the regime.

In fact, another interviewee (citizen 1), an Uzbek, has mentioned the massacre pointing out the particular cruelty when the armed forces entered houses and shot unarmed people. He explained that he preferred to leave the country because he could not study and work seriously if every year he had to go to the field to pick cotton for a month. According to him during the Soviet times at least it was a better paid job but later under Karimov it was not worth doing it. He explained how deeply controlled the state was and perhaps still is, with threats and punishments extended over all family members, including the families of siblings or cousins in case of non-compliance with the government's requirements. As he had been also working partly in the finance industry, he also had a view that there is deep corruption and important international financial and political interests, also due to rich natural resource reserves, which prevent the country from changing its system.

Uzbekistan controlled media, international organizations had a restricted access to data, activists and journalists were often jailed. It was among the least cooperative countries because it ignored requests by UN agencies and suggestions for improvement, according to Human Rights Watch.³⁵ Therefore, under the Karimov regime it was difficult to understand the real situation of child labour, the scope of the problem and monitor progress, even if officially laws had been passed.

A UN Convention banning child labour has been signed in 2008 but the practices have been changing only very slowly. Since independent observers were generally not allowed to monitor the harvest, and if they were, they were accompanied by government officials, it was not clear to what extent the law had been enforced. Despite the repressive regime, in 2013 and 2014 harvests small children were no more forced to work. Older children might have continued to participate longer but apparently this was caused by local officials, who did not want to change practices. This was supported by the fact that allegedly more adults and older students were mobilized for the harvest to compensate for the younger schoolchildren. According to the International Labour Organisation (ILO) report after the 2016 harvest, the child labour had been gradually discontinued.³⁶

35 <https://www.hrw.org/world-report/2015/country-chapters/uzbekistan>

36 <http://www.worldbank.org/en/news/press-release/2017/01/31/ilo-report-says-uzbekistan-making-progress-on-labor-reforms-organized-child-labor-phased-out>

Uzbekistan is a strategic country in Central Asia and it was politically important for foreign countries to create a relationship with the regime. It has a strategic geographical position, on the crossroads between Russia, China, South Asia and Middle East. Uzbekistan has traditionally economic and cultural ties with Russia, but not only. Historically it has been on the silk road and had ties with China. The US and other European countries installed their military bases in Uzbekistan for their war operations in Afghanistan and thus political interests were put before concerns about the human rights violations under the repressive regime of Karimov. Nevertheless, the US was expelled from Uzbekistan in 2005.

The country is also at risk from radical islamisation. Under these circumstances a political isolation was and is not an option and this further complicated any solution to systemic problems. European Union maintained a preferential trading relationship with Uzbekistan. It is to be noted also that Uzbekistan is rich in natural resources, notably gold and natural gas. The world's financial institutions such as the World Bank and European Bank for Reconstruction and Development also provided aid to the country.

According to the Uzbek Forum for Human Rights, an NGO founded in Germany which monitors human rights situation in Uzbekistan, the following progress has been made by the Uzbek state in recent years:

2014: Schoolchildren are not sent to pick cotton

2017: Students are not sent to the fields; announcement to move the cotton sector into private ownership

2018: Nurses and teachers not sent to harvest

2020: The system of cotton quota production has been abolished

4.2.1.2 The human rights activists view

The following synthesis of the issues that Uzbek citizens have been dealing with has been drafted based on a meeting with two Uzbek activists, both with a political refugee status, one NGO activist who worked on a campaign against cotton traders and a scientist who emigrated during his university studies. One of the activists is a founder of an award-winning NGO which has been relentlessly alerting to human rights violations in Uzbekistan since 2009. It relies on a network of local monitors in Uzbekistan who have been gathering documents, photos, videos, conduct interviews in order to bring a realistic view of what has really been happening in the country. Often

this network works undercover because of the fear of retaliation from the state. The second activist worked in this network as a monitor and he also monitored the cotton harvest for the ILO.

From around 2008 onwards a movement has formed against the extremely repressive regime in Uzbekistan, which was based on several levers, aiming to pressure politicians in Europe and decision-makers in international organizations. Cotton Campaign, a coalition of human rights, labor, investors and business organizations was formed in 2007 with the objective to eradicate child and forced labour in cotton production. The main collaboration is with the Uzbek Human Rights Forum since 2009. The cotton industry being the major area where the repression played out fully was targeted by the non-profit organizations campaigning against Uzbekistan. The financial sector was one sector, which was seen as an enabler of the repressive practices by providing finances to the Uzbek cotton industry.

In early 2010s a European NGO specialized in lawsuits started a campaign against the Uzbek regime, most notably as a consequence of the violently repressed uprising in Andijan. They had a wider campaign against an Uzbek state representative presumed responsible who went to Germany for treatment. Later in 2012, the NGO filed a complaint with the OECD against some European cotton traders for contributing to human rights violations in Uzbekistan and thus not respecting the Global Compact. There was a process set-up with local points of contact in several European countries, which was mediating the response from the accused firms.

The trading companies were asked to at least engage with the Uzbek counterparties and exert pressure on them, but the vast majority of them remained extremely vague and did not want to commit to any concrete steps. There was no official involvement of the Bank in this process but some traders as clients of the Bank were concerned about the situation and the Bank followed the issue.

“We asked them to take steps either to fully stop trading as long as it's not stopped [child labour], or to tell the Uzbek government that they don't want to be involved...overall we were disappointed, the mediators were quite weak, no power to engage very much, it's all voluntary, there's no sanctions that can come out of it, it's good willingness of the organization to do something.”

(NGO – human rights activist 3, October 2018)

Although there was some success in France where the local mediator stated that the child labour is clearly demonstrated, the complaint procedure of the OECD did not lead to any concrete commitments or engagements, not even traders telling the state officials about the issue.

Nevertheless, the NGO succeeded to contribute to the movement against the Uzbek government and the issue was noted by some politicians. The movement continued with exiled Uzbek activists in Europe and NGOs directed at the cotton industry.

The NGO activists tried also a more direct persuasion approach. The interviewee narrated that they went to a big cotton conference in Germany where they arranged one hour meeting with the accused cotton traders. They wanted to convince them of the existence of child labour in very bad conditions through evidence. The NGO showed them pictures of children, on buses, at work. However, the traders were very “business like”, they did not want to admit the child labour, they usually found counter-arguments, or weakened their arguments.

“We knew we had to do reports, this is the petition, this is the coalition...this is just not us campaigning randomly but there is a movement.”

NGO – human rights activist 3, October 2018

Clearly the NGO tried to deploy a more emotionally effective tactics, working directly with visual evidence, talking to the concerned parties but this did not have an effect on the concerned parties.

As child labor is among the worst forms of human rights violations and it is clearly intolerable in Europe, the activists focused their early work on children. During the interviews the human rights activists and Uzbek citizens explained the broader context in which the child labour was happening. One aspect was the very hard conditions under which the children had to work, but other aspects included the explanation of how the situation was a result of the state system and power relations. They explained how their work uncovered the human rights violations, its causes and proposed solutions, but mostly nobody was interested in changing the situation.

The state system as the root cause of human rights violations

The Uzbek state devised an interconnected system leading to the forced labour situation. At the very heart of the system were the quota of cotton production, which had to be fulfilled by each region. The responsibility was divided among several people who had to find people who would fulfil the quota. The number of people needed to complete the harvest was about twice as much as the voluntary workers. As the mechanisation is very low, it seems that it is even lower than in the Soviet Union, a large number of workers is needed to pick all cotton. The system includes a fear of possible consequences in case the person refuses to work, or financial penalties.

Although the child labour was eliminated as the worst form of forced labour, children were simply substituted by other people because the state has not changed anything in the system. As the new

Prime Minister took power, the situation has been improving but it was still not clear for a long time to what extent the system has been changing.

“We are trying to explain to the World Bank that the system couldn't work...they say...you know it's a system which remained for so many years, it might take more time, next year it will be better.”

Uzbek human rights activist 1, October 2018

“the law exists, everybody has rights...the Uzbek law is adequate, this state of things is convenient for World Bank and ILO, but the problem with forced labour has not been solved, it is only formally covered, the government continues refusing to pay higher wages to the cotton pickers and that is why it is forcing them to work for a very low wage and in bad conditions, in order to save, it is just all hidden behind different forms, which are passed into the law. An adaptation to new situation happened.”

“They [ILO] were monitoring child labour during cotton harvest, we, human rights defenders, were monitoring the state system of child and forced labour, that is how this labour is organized by the state.”

Uzbek human rights activist 2, October 2018

The international trade and financial system enabling and perpetuating harm

The human rights activists denounce the transnational organizations that they only care about the interests of those who finance them. In their view these organizations do not care to truly eradicate the problem of poverty in certain countries, or of human rights. They see banks as powerful intermediaries, which could force even the government to change its practices. However, at that moment they did not see the official system enabling or motivating banks to be very proactive in fighting for a change in the system.

“Banks are looking at their profit and if there is an official document of ILO, that forced labour and child labour doesn't exist, why should they lose their profit? I think they don't have a reason to stop the financing.” Uzbek human rights activist 2, November 2018

“Because they [banks] are an integral and indispensable part of the system that enables corporations to function and as long as corporations are fuelling crimes and feeding conflicts it is also the responsibility of the financial institutions not to enable this because they are part of the system. They need to be held to account because profit does not have priority over human rights,

based on morality and humanity, they need to be humans and not businessmen. Financial institutions need to learn not to just listen to one side of the story...

“when we try to fight against seven actors we are trying to show that the problem is a system”

NGO – human rights activist 3, October 2018

a Power

The state has created a system which allows it to retain power. A corruption on all levels and the connections between companies and the state are such that it favours the ruling party. Power was also a factor in international relations. Uzbekistan as a resource – rich country is attractive for certain companies and governments. It is also strategically positioned in Central Asia and therefore it is politically desirable to keep good relations with the country. On the other hand, Uzbekistan also has interest to maintain good relations with the Western governments, rather than become isolated or dependent on other super-powers such as Russia or China.

“...human rights is rarely a question of laws, it's a question of power, it's a question of understanding the underlying politics...”

“It is clear to us that Uzbekistan care about relations with the West... we should not underestimate this.”

NGO – Human rights activist 3, October 2018

The activists had a strong opinion that the best course of action is to leave the country in order to send a strong signal that if the state wants to deal with the Western actors, it needs to respect the basic human rights standards. In this sense they attributed more power to the foreign companies, and in this case to the Bank that it itself considered to have. The power lied in the legitimacy it provided to the Uzbek state.

The huge profits made on the international markets go only to the corrupt government-aligned elite. None of the children, their families, or the farmers profit from this form of forced and child labour. The International Labour Organization and other UN bodies have for years criticized Uzbekistan for this system and have called on the state to allow independent inspections of cotton harvesting. ..

By doing business with the Uzbek state, the traders involved in this case are supporting the inhumane system of forced and child labour in Uzbekistan. After many years of business dealings in Uzbekistan, these firms have great influence over the state and are obliged to make effective use of this power. If this proves impossible, the trade relations with the state must as a last resort be discontinued for as long as the human rights violations continue.

(ECCHR Case report, 30 January 2014)

b Human rights violations overlooked

The NGOs were created in Europe and USA to defend human rights in Uzbekistan because of the very repressive regime during Karimov. Many human rights defenders had to quit the country after they were severely menaced or even imprisoned. They created a network of activists in the country who are documenting the internal situation and send information abroad. They have also conducted several media campaigns to make wider public aware of the problematics. Nevertheless, officially the European Union continued to trade, or ways to sell the Uzbek cotton even if it was boycotted existed, the government refused to acknowledge any problems. For some financial intermediaries this did not pose a problem. Although human rights violations were well documented, it seemed as if there was not a consensus about it, so much more that local people did not want to talk about it.

“It was our understanding that the moment you would go to Uzbekistan to trade cotton, I mean it [forced and child labour] was well-known that they harvest cotton, because it involves millions of people...ok, well-known is maybe too much but it was known, it has been documented, and despite it being documented that there was youth and child labour, European cotton traders continued doing business with Uzbekistan.”

“They [cotton traders] were not giving us anything...No commitments to change their behavior drastically...We never got it loud and clear and strong.”

NGO – Human rights activist 3, October 2018

c Pragmatic approach

The human rights advocates have also the proposals of how they would resolve the forced labour in Uzbekistan. Or, what firms could do in order to contribute to destabilizing the system. The NGO, when negotiating with the cotton traders, was asking for concrete action that could pressure the government at least by signaling that they do not agree with those practices. The Western actors were seen as important for the government and thus influential, but the opinion of what they should

do differed. The founder of the NGO for protecting human rights was clearly in favor of a Western business quitting Uzbekistan in order to show that it does not tolerate the repressive regime, despite the need to engage with the government. In her opinion, the threat of isolation and signalling no tolerance was more important.

The other Uzbek activist, as well as the Uzbek scientist were more sceptical about any power a commercial bank could have. In their view the country was a playground for bigger political interests and the transnational organizations providing financial aid but at the same time gaining influence. The NGO activist, who was French and who co-led the campaign against the cotton traders believed (as her organization) in the power of the legal system to hold companies to account for their actions and their impact. From a more realistic point of view, she would have wanted at least some sort of small engagements from the traders. However, very little was gained from their campaign, but among the companies on which it has an impact was the Bank investigated in this case.

“Fighting for human rights and better work conditions are worthy slogans, and also human rights activists use them, but all would be solved by more money, specifically adequately remunerated work; higher wages for picking cotton. The problem of forced labour would be solved.

I participated in many meetings between the World Bank and ILO where we told them that there are many problems that need to be solved. They didn't want to hear all at once about all problems, they said it needs to be solved step by step. Child labour seemed like the first problem, that needs to be solved. I proposed increasing the wage for picking cotton, other problems would disappear on their own. This was not accepted.”

“...the government considers the situation with forced labour as goods, with which it trades to have investments. It manipulates the situation, it uses people as goods. As long as there is pressure on the government, they will give in.”

Uzbek human rights activist 2, November 2018

4.2.1.3 A documentary about cotton production on French TV

The French television³⁷ has aired an investigative reportage in 2017 about the textile industry, notably the cotton from Uzbekistan. The journalists have met the human rights activists directly in Uzbekistan, they drove around the fields to understand the situation and they were even arrested.

³⁷ <https://www.youtube.com/watch?v=Pt4LKHybFLk>

They showed the work of the monitors and some stories of very poor conditions where people had to stay during the harvest. Then they tried to follow the way of the cotton to Bangladesh to understand if it is boycotted as announced by the apparel retailers. Some of the leading brands pledged not to use Uzbek cotton. However, the traceability in the sector is not perfect and it is extremely difficult to control the value chain. In Bangladesh, cotton from various countries might be mixed together or is not correctly identified as coming from Uzbekistan. Once the cotton is woven into yarn it is practically impossible to be certain of its origin, despite efforts from the final apparel producers to control it.

The journalists also revealed that the quality of hand – picked cotton is higher, which was probably the competitive edge that the government did not want to lose, at the expense of hundreds of thousands of people. They also pointed out to corruption and dishonesty. For example, they meet with a sales person in Paris who offered them products from Uzbek cotton but with a label from whatever country they prefer.

4.2.1.4 The point of view of the Bank

The Bank was alerted in early October, 2010 by Compliance and Risk on potential CSR issues associated with the Bank trade finance activities in relation to cotton sourced in Uzbekistan, especially forced child labour issues.

The Bank was involved in the export of Uzbek cotton by financing cotton purchase contracts between Uzbek Central Purchasing Agencies and its clients who were cotton traders. Such financings involve a counter guarantee from the National Bank of Uzbekistan (NBU). At the time the Bank was been a leader of the Uzbek cotton export financing.

Cotton export financing

Cotton has been a valuable commodity since ancient times. It has been one of the key commodities of the industrial revolution. Today it is a globally traded commodity with standardized marketplace rules. Trading of futures and options on the exchange allows for setting a fair market price and a transfer of risk.

The producers need to solve their financing need, notably bridge the liquidity need which is created between when they need to pay for the production and when they receive money for the delivered goods. The risk in export finance is both on the side of the exporter who might not deliver the goods and the purchaser who might refuse to make a payment. The purchaser is usually a cotton trader who assumes the risk of price fluctuation. Nevertheless, there is a need of an intermediary who can

ensure the guarantees of delivery and payment. Thus, banks play an essential role in financing the export.

In Uzbekistan, the whole cotton production was organized by the state and thus the bank had as a counterparty the state itself to guarantee the delivery of the purchased quantities.

The costs of bank credit facilities and other related services differ from country to country and depend mainly on the solvency of the borrower as well as the strength of the underlying transaction.

*Source: Guide de coton*³⁸

The Bank conducted a desktop review of Uzbekistan cotton sector. The findings of this review showed that there were increasing concerns over allegations of forced child labour relayed by the media and civil society at large. The commodity trading team has undertaken steps to raise the issue with their clients, the state officials. Overall the summary and timeline of the crucial steps of the due diligence and actions that were undertaken:

From 2010 to 2011: Thorough desktop review of the allegations of child labour in Uzbekistan and drafting of two reports presenting evidence of child labour

September 2011: A letter sent to the Uzbek Central Agencies in charge of the sale of the cotton to express the Bank's concern over child labour. The Bank requested a clause that financed cotton is free of child labour. The letter went unanswered.

The official position of the Uzbek government was that changes of the system will be made very gradually and it is not the Bank's role to interfere.

September 2011: A decision to maintain credit lines in relation to the 2011 Uzbek cotton campaign. However, tangible progress would be needed in 2012 if the Commodity team wanted to continue financing its clients for the 2012 cotton campaign (CSR memo drafted)

April 2012: A meeting with UNICEF representatives to obtain an update and insight of the situation in Uzbekistan. This meeting confirmed the allegations of forced child labour during cotton harvest.

The contact with UNICEF was unofficial because the organization did not want to jeopardize its projects in the country. UNICEF expressed its disagreement with the decision

38 <https://www.guidedecoton.org/cotton-guide/cotton-marketing-the-role-of-banks-in-cotton-export-finance/>

of the Bank to quit the business. The organization would have preferred that the Bank remains active and exercises economic influence on the country. In the competitive banking industry, the European bank could be quickly replaced by a Russian or Chinese bank, for which the concern for human rights would be much less of an issue.

Between May 2012 and August 2012: Three conference calls with the International Labour Organisation (ILO) representatives to discuss the situation in the country and their views on political negotiations in relation to ILO monitoring missions.

The commodity team member responsible for the Uzbek cotton clients (bank employee 4) along with her manager conducted a field trip to the country, when the previous efforts were fruitless and the evidence was mounting. She said that she had deep understanding and affinity with Uzbekistan. She knew the country well. Nevertheless, she was not aware of the extent of child and forced labour used. She explained during the interview that investigating the issue of child labour directly in Uzbekistan was difficult because local people in general did not consider it as necessarily negative, and tried to downplay the problem. This system has been used for many years and was ingrained in how people perceive reality. For example, the child labour was likened to children helping their parents on farms in the US or Europe. The population has adapted to the extremely hard living conditions and there was a certain sense of acceptance or resignation.

When evidence was mounting, she had the opportunity to speak with the people from ILO who were directly investigating the issue and who witnessed the atrocities. She explained that when the facts about child labour were narrated by people who have the same cultural and moral framework, that is European, then to her there was no doubt about the severity of the issue. It was the determinant moment when she became convinced that the allegations are correct. She saw pictures of children and heard the descriptions, which left no doubt. The emotions that produced such a testimony were not possible to ignore. In the interview we asked specifically about emotions, and if they played a role in how she assessed the issue of child labour. She replied that yes, definitely, when seeing the pictures the emotions were there. Subsequently she wrote in her report about the evidence of child labour.

After two years since the alarm was raised about the child labour issue, the Bank decided to terminate its cotton trading business in Uzbekistan. The decision was based on the fact that there has been no tangible progress in Uzbekistan with regard to forced child labour. In particular, the country was not responding positively to the ILO request for a monitoring mission during cotton harvest. Thus, the Bank considered the situation in Uzbekistan as too dangerous and was fearing a

potential scandal if its trading ties with the regime was widely publicized. Also, the societal impact was evaluated as causing irremediable, lasting damage. As the Bank has not registered any progress in their efforts to pressure the government, they preferred to not run risks with this kind of business clearly violating human rights.

The case coincided with intensified efforts to monitor human rights in the Bank and the publication of the statement on human rights. Although the decision was guided by the Global Compact guidelines, human rights and business issues were getting more international attention with the UN Guiding Principles on Business and Human Rights which were being published at the time. The Bank used the case of Uzbekistan as a showcase example when a business was terminated due to human rights concerns. This case also accelerated the publication of the specific policy.

In summary, this case illustrates a situation when the Bank found itself being part of a state system, which was based on severe violations of human rights in a very sensitive and complex political context. The gravity of the issue of child labour was confirmed through an almost direct contact with the reprehensible, emotionally charged facts. The Bank tried to use its leverage as an economic partner to influence this system but being a relatively small actor, these efforts were unsuccessful. The decision to quit was justified by the high risk situation.

4.2.1.5 Uzbekistan today

During the 2020 cotton harvest, the situation in Uzbekistan seemed much improved thanks to several factors, such as more labour available due to covid-19 situation which made people return home and higher prices. Now the local monitors are allowed to monitor the harvest for the International Labor Organisation. The state monopoly company which used to purchase the cotton from farmers was replaced by four privately owned cotton clusters but these de facto control the purchase price locally, and the minimum price was still set by the state without considering the true production costs. There are cases reported of farmers being forced to give up their land without compensation.

An Indian company has started operating in one region and there were already complaints about working conditions, leading to the formation of the first labour union. Although the government imposed quota system was abolished, the system still suffers from many problems and the old ways persist in many areas. Many families live in poverty. The silk sector suffers from similar challenges as the cotton production. The civil society does not function freely, the NGO registration is lengthy.

Yet, those issues that the human rights activists voiced since years, and the systemic problems that they have also talked to me about are finally being slowly addressed.

Uzbekistan has yet to begin to grapple with the enormity of the impact and loss the forced labour system has had on its society and economy, much less the countless personal tragedies it entailed. Amid all the celebration of the reform process, there should also be some sober reflection and some attempt to make amends through investments in education, healthcare, and affected communities.

(Uzbek Forum for Human Rights³⁹)

4.2.2 Case A Findings

4.2.2.1 *Emotionally - framed sustainability carried by social movements*

In this case the focus is on social sustainability, namely the use of forced and child labour for production. The cotton production also has an environmental impact which is less widely covered and which was not a concern for the Bank in this case. Nevertheless, as with every commodity the environmental considerations are present. In this case it is very much linked to the social issue in a sense that many farmers saw that growing other type of crops would be more advantageous and that Uzbekistan, or at least some parts of it, are not the best zone to grow cotton. An intense irrigation is needed which comes from two tributaries to the Aral Sea. Aral Sea is a major environmental disaster, precisely because its dwindling water supply is used for agriculture. Uzbekistan had poor water and land management, exacerbating the environmental impact, along with the quota system and transformation of the cotton sector since the communist times (Abdullaev et al., 2005). Chapagain et al. (2005) suggests for example to imagine an approximation that Uzbekistan exports an equivalent of the entire runoff of the Aral Sea basin.

The activists focused only on child labour because it is the worst form of forced labour and probably among the least acceptable human rights violations. Of course, their objective was to denounce the system as a whole, the repressive state and its leaders, but by focusing on children they could use concrete, impacting arguments with explicit imagery. In line with what is described in the theory of social movements (Ness and Summers-Effler, 2019), emotional messages were used to mobilize stakeholders against the perpetrators of human rights violations – the state but also the cotton traders. The activists used the photos of children, testimonies, detailed descriptions and particular narratives to strengthen the argument of inadmissibility of the situation through an

39 <https://www.uzbekforum.org/10-years-monitoring-child-and-forced-labor-in-uzbekistans-cotton-sector/?fbclid=IwAR1idV-RVHl2rm04oEz64KAqSoRCzcRKSCAnL7VgVxxV4WFmLfj6LiLCeHM>

emotional perception, not only a rational recount of facts. As Davis and Zald (2005) assert the very product of the social movement is an emotion or an emotional artefact.

Indeed, the Commodity team member described and admitted the emotional effect that this imagery had on her, especially when she trusted the view of the people from Western institutions who presented it to her. It had a strong effect on her and created no doubt about the severity of the situation. As research has shown (Davis and Zald, 2005), social movements can have effects on organizations from within.

However, the same effect was not achieved with the cotton traders who were directly confronted with the material that the NGO obtained from the Uzbek activists in the field. As far as the NGO activist could remember, the traders tried not to engage with the evidence, downplay or dismiss it. We can only speculate that by not wanting to openly admit these facts about child labour, emotionally they did not have to accept that they are indirectly contributing to this situation. Thus, we can also suppose that this made it easier for them not to engage in putting pressure on their clients.

The Bank, on the other hand, has engaged in a serious investigation also with official UN institutions without dismissing the validity and emotionality of the facts and the evidence. This has led to clearly establishing the severity of the issue and its veracity as a basis for the decision – making.

From our interviews with the two Uzbek activists and the Uzbek researcher the impression was that of authenticity and humbleness. While there was no doubt about child and forced labour at the time of the interview, as it was widely revealed and the reforms were already in progress, it was nevertheless very delicate for them to speak openly. They have witnessed the old regime and did not underestimate its power. They were deeply concerned for their country, even though they all lived in other countries.

4.2.2.2 Bank's presentation of human rights issues: factual and emotionless

As described above, the Bank has not avoided the emotionality of the child labour issue in their investigation which served as a basis for decision – making. Unfortunately, we have not seen the reports which were the result of the investigation and the way the issue was framed internally within the CSR department. However, we could consult a short presentation which was not confidential, although Uzbekistan was not explicitly mentioned in it, rather it was a case of a Central Asian cotton – exporting country. The only adjective pointing out to the severity of the situation was

“irremediable”. Apart from this there was no specific, emotional description of the situation. The description was reduced to the factual description of “country accused of child labour” or “involvement client in child labour”. The presentation focused on proving that the bank has made an effort, that is, it engaged in an initiative to influence the client but without success. The decision was based on the reputational risk since the issue had already received attention.

Systemic use of forced and child labour

Societal impact - Irremediable adverse impact on human rights

Impact on the Bank – Reputational risk: involvement client in forced and child labour; case garnered international attention

The Bank tried to increase leverage: drove multi-stakeholder initiative to engage the client but did not materialize

Letter which went answered

Policies, procedures and tools: Due diligence

(Excerpt from the internal presentation of cases of human rights due diligence, no date provided)

Table 5 The differences in framing

	Framing with emotional elements	Framing with mostly rational arguments
Activists	Emotionally – charged individual stories of hardship, pictures, descriptions of repression and consequences	Reports with numbers and factual descriptions
Bank	Contact with emotionally charged evidence about child/forced labour during investigation	Factual summary of the situation, high risk of reputation damage due to the visibility of the issue

As expected from the literature on social movements, there is a stark contrast between the communication of the activists, who were part of a social movement against the Uzbek government and the bank's official external or internal documents. The activists use emotions as is common for social movements, while the bank remains faithful to a rational presentation of facts and actions.

i The intra-logic tensions as a source of the Bank's dilemma

In the Uzbek cotton case the Bank entered into the business relationship with the Uzbek state agencies without having a full knowledge of massive human rights violations. During this period, some civil society actors put pressure on the traders of cotton. The UN had just endorsed the Guiding Principles for Business and Human rights, reflecting the increasing importance of human rights on the international agenda, which required more responsible business conduct.

The Uzbek state deployed dictatorship style ruling and mass – scale use of forced labour. The very basis of the system, exploitation and cheap labour, would be directly threatened if the problem of the forced labour was eradicated, thus the state was denying the issue. The bank was caught in the middle of this conflict, by the nature of its role as an intermediary.

The intra-institutional logic complexity refers to conflicting demands within the institutional logic (Meyer and Höllerer, 2014). The basis of the banking logic is the maximization of profit and share price and the transaction, as a market institutional order (Thornton et al., 2012), and it is especially driven by careful risk management, financial but also reputation. An impact on reputation is seen to lead to degraded status in the market, in the eyes of industry analysts, and ultimately in decreased profits, all elements of the market institutional order. A large diversified bank has multiple client needs to whom it needs to attend to in order to safeguard its reputation. It has expectations from various stakeholders about its behaviour which sometimes might be contradictory.

On one hand the commodity department obviously wanted to keep its client and the business relationship especially since it was the leader in that particular business. On the other hand, for certain clients and the general public it would not be acceptable if their Bank was directly contributing to child labour. We could suppose that the decision is based on weighing how much business is lost versus the risk that the issue becomes public and harms the Bank. In addition, for certain issues the Bank engages not to pursue the business in any circumstances. As long as the discussion is around human rights, engagement, requesting assurances, financing etc. the emotions are kept out of the decision-making process. However, by introducing the emotionally charged evidence, the activists enhanced the emotional side of the issue of child labour. The emotions became hard to ignore for those confronted directly with the evidence.

In the banking logic, the guiding question would usually be – what is the best course of action for the Bank? – in line with the self – interest principle of the logic. This question brought out the dilemma though because it would be bad for the bank if the situation of the rights holders – in this case children and Uzbek citizens – became a subject of public attention. Beyond this self – interest

motif, the emotionality of the issue was inevitably making the Bank employee investigating the case consider the real question: What is the best course of action for them, the Uzbek citizens? What is the best course of action to end the human rights violations?

Yet, these questions where the central stage is occupied by the rights holders are not comfortably answered because this is not the focus of the bank and it's not its objective. The Bank was not in the business of ending human rights violations and environmental harm.

It might be the objective of the NGOs and activists but not of the Bank. And yet, when the full emotionality of the issue was considered, the objective to do the best for the Uzbek citizens came inevitably to the forefront. How to proceed then, how to evaluate the case without the correct tools to take into consideration this emotional dimension is exactly what has created the tensions within the banking logic. The usual "ways of doing things" was disturbed by the need to consider social sustainability. The environmental sustainability was not even considered as an issue because the activists did not talk about it.

4.2.2.3 Institutional illogics

i) Social defenses

Social defenses are mechanisms to protect organizational members from anxiety related to their task and role in an organization (Long, 2006; Krantz, 2002). These mechanisms can take various forms. The financial industry builds up a structure that removes the direct contact with the system which produces the traded commodity. The traders handle a financial instrument, a contract between the buyer and the seller that specifies the conditions under which the resource will be exchanged. This allows them to concentrate on the financial parameters of the commodity. One of the traders for example said that they are not in a direct contact with the Uzbek Central purchasing agencies but only with a Central Asian wholesaler, who apparently had only a very small amount of Uzbek cotton.

It is evident that the traders follow the issues around the amount of cotton that will be produced in a given year, or its quality, but this information is probably examined primarily with the objective to estimate the right price. The problematics linked to the human rights violations during the cotton harvest is de facto separated from the financial instrument linked to the commodity by those who handle it. Unlike the bank or the garment retailers, commodity traders are not likely to be much influenced by negative publicity because their business is not with the final consumer. This

packaging as a financial instrument effectively creates a social defence for traders of commodities, many of which come from corrupt countries where human rights are not respected.

The traders and financial actors use other two arguments, which excuse them from making effort that goes beyond the every day business. One argument is that despite efforts and external pressure, nothing changes, no one has sufficient leverage to influence the government. Some traders could point to others who achieved no results. Another argument is that if a Western company leaves the country, the government does not care because there are companies from other countries who do not care about human rights or environment.

These two arguments are used but they point out to the fact that the whole issue is considered only from the point of view of the company, in particular the cotton traders: How to preserve the business? How to safeguard the reputation built over the years? Is this risk too high? Can the issue be negotiated with the NGOs? If the financial actors ask implicitly or explicitly these and similar questions, which seems to be the case, then the objective is not to be responsible for human rights but not getting involved in human rights scandal. From that follows then that the NGO is right to suppose that if the financial actors see that they can be sued and held accountable for their actions, then they are likely to consider the issue. Otherwise, they are effectively removed physically and psychologically from any direct impact on them other than the pressure from potential clients or trading partners.

For the bank the situation is slightly more complex. While it is equally removed and protected from any emotional effect of contributing to the perpetuation of a repressive regime, it was not protected from the impact these revelations would have on general public, who are all potentially clients of the retail part of the bank. There could equally be corporate clients from the textile industry who need to safeguard their reputation and who might not want their bank to be a leading financial partner of the Uzbek government. Therefore, the investigation was conducted with the spirit to understand if the child labour, as a very serious form of human rights violations, is the reality in the country once this has become more widely known.

ii) Disavowed assumptions

The disavowal serves to simplify the situation when a decision has to be made by denying certain assumptions or values (Vince, 2022). It is a way to perpetuate harmful practices without doing it with a conscious consent. The Uzbek cotton is a case of a complex political situation. In certain cases the banks rely on the official international organizations to provide input and an assessment of the situation. However, these entities might have different objectives and connections with other

powerful actors, such as it seems to be the case with the International Labor Organization and the World Bank. The methodology that the ILO uses to monitor the work conditions might not always be adequate in absolute terms, while it still serves well their own objectives. In the case of Uzbekistan, the human rights activists criticize both organizations for their methodology and communication.

In the case studied in this research, the Bank consulted ILO, which showed convincing evidence about child labour. This was during the period when the ILO was not allowed to monitor the cotton harvest and used information from the local human rights activists. They had better access to the information and could report on what was really happening on the ground. Later when ILO could monitor the harvest, the reports allegedly started to diverge, because ILO became much more positive about the situation.

The civil society actors might also pursue certain strategies and by consequence issue demands and recommendations, which might not be optimal for a bank. The NGO which brought the complaint against the traders was pursuing various actions against Uzbekistan due to not only child labour but also torture accusations. It was part of a bigger campaign. The objectives and agendas of the non – profit organizations might be specific and not necessarily the same as those of a bank wanting to act responsibly.

The complexity of the overall situation would need to be considered in order to uncover the best course of action for the rights-holders, in this case the Uzbek children and Uzbek citizens. The political situation, the natural resource interests, the systemic cause of forced labour were not considered in depth as far as our analysis could reveal. Yet, those were the basis of understanding the situation in the country, including the fact that far reaching, structural reforms were needed to eradicate the problem. The Bank investigated the issue seriously, but let aside many related issues, assumptions or values. While it decided to act in line with the demands of a certain group of activists, it went against the other group. It acted in accordance with the Bank's guidelines to engage with the client formally and then it preferred to quit the business because if a scandal broke, it would be accused to act only in the interest of profit maximisation. So it acted in its own best interest in order not to be accused to act in its own best interest. Maybe it was also in the best interest of the rights – holders, but the issues was considered too narrowly and the possible solutions too few to be sure of it.

iii) Structuring fantasy

Glynos (2008) posits that fantasy is at the basis of resistance to change of practices. Fantasy can be seen as repressed desires and as a materialisation of unconscious life (Vince, 2018). Fantasy is a collective idea that becomes deployed by organizational members collectively to defend themselves from the organizational realities.

The people involved in assessing how serious the situation in Uzbekistan were convinced by the evidence gathered during the investigation. The evidence included pictures of children in unacceptable conditions, which led to an emotional reaction of the Bank employee. The CSR department and the investment bank decided that it is against the human rights policies of the bank. In addition, their efforts to communicate with the client about the issue did not lead to any improvement. Therefore they terminated the business with Uzbekistan and put in place regular monitoring to see if the situation is resolved.

The case was presented as an example of due diligence, when the Bank made all efforts possible, reaching out to the State Agencies without success, performing the required checks and concluding that the human rights risk was too high. The Bank sent a letter requesting an assurance that the financed cotton is free from child labour. Knowing the extent of child labour and how systemic the issue was, such a request was unthinkable, and in fact went unanswered. The Bank performed various steps to engage with the Agencies which were required in order to perform the due diligence. However, the scope was always to protect the Bank, manage the risks the Bank could potentially face. The Bank displayed the case as a prime example for the engagement to safeguard human rights.

By exiting the business the Bank ceased to continue perpetuating the harm linked to child or forced labour. However, if it had not performed in-depth analysis, including the understanding of the systemic issues and environmental damage caused by cotton production, then it is impossible to decide for the right course of action. Exiting the business is the easiest option which satisfies the objective of eliminating risk. Nevertheless, it seems that the Bank was not concerned with resolving the human rights situation inasmuch as it was not analysing the underlying issues. The Bank also considers itself to be a weak player with no real leverage over the government, which might not be the reality.

Despite little progress on the issue of child labour during the investigation of the Bank and the campaign against European cotton traders, two years later the state stopped using child labour almost entirely. Forced labour persisted but the new government is gradually ceding to the pressure

to end this system. Therefore, it can be speculated what theoretically would have been the best course of action for the bank. Maybe their continued presence in the business but stronger advocacy would have helped to speed up the transformation. However, the risk for the bank would have been to face accusations of supporting child labour for business.

As Vince (2018, p.10) tells us, fantasy “ties together the inner world of individuals with social and political dynamics generated in institutions”. The gravity of human rights violations in Uzbekistan was felt by at least one employee of the Bank, and most likely by the others in the CSR department and taking the decision to exit a lucrative business reconciled them with the profit-making principle of the bank. The fantasy is that the Bank's policies and procedures put the rights holders on the first place in finding the solution of the dilemma. From the outside it is difficult to reconstruct the motivations for particular action taken by the Bank several years after it had happened. We can suppose that if the Bank employees and in general the policies asked fundamental questions relative to the state system, the role of international organizations, the political context etc. then it was not a fantasy. If, on the other hand, the main driver of the decision was to preserve the Bank from the high risk of a scandal around child labour, then the efforts done could be seen as a fantasy of implementing effective CSR policies.

4.3 Case B: Dakota Access Pipeline

4.3.1 Case description

A Native American woman, overlooking the Missouri river and the vast, dry prairie explained slowly: “No, it did not feel like a war. It was a war.” (Water protector 4, interview, November 13, 2017) It was clear why from what she and others narrated and recorded about their experiences in the protest camps of the No Dakota Access Pipeline (No DAPL) movement in North Dakota, USA.

The extent of the No DAPL movement surprised many actors involved: a small “not in my backyard” protest grew into an international event covered by major media with alleged violence of police and private security, linking wide ranging issues from discrimination and social injustice through historical trauma to water protection and climate change.

Banks were among the main protagonists in this fight as they were targeted by the social movement. This conflict is inscribed in a broader societal trend towards inducing the private sector to take on more responsibility for the impact of its activities. One of its concrete manifestations is the Guiding Principles on Business and Human Rights that the United Nations Council endorsed in 2011. Divestment as a tactics against powerful corporations has worked in inasmuch as some banks sold their parts of the loans and strengthened their pledges to not support fossil fuels. As of 2021 the pipeline is in operation, though, and expanding.

4.3.1.1 Contextualisation

The Dakota Access Pipeline (DAPL) runs underground for almost two thousand kilometers from Bakken/Three Forks region in North Dakota to refineries in Illinois. It had capacity of 570, 000 barrels per day and runs for 1886 km. The major company behind the DAPL is Energy Transfer Partners (ETP), which started the approval process for the pipeline construction in 2014. In August 2016, only the crucial permission of the water passage under the lake Oahe in North Dakota was missing, which was to be issued by the US Army Corps of Engineers (USACE). This permit was postponed due to large protests of Native Americans that lasted for several months. The pipeline was finalised with a delay but the pipeline started transporting the oil in summer 2017. The native Tribes continued suing the DAPL, although the case has closed in June 2021, the USACE was ordered to conduct another environmental review. The Tribes can continue to file additional actions (source: Reuters). In the meantime, as of August 2021 the DAPL owner company is expanding the capacity planning to transport as much as 1.1 m barrels per day.

The shale oil extraction in Bakken, North Dakota (USA), has experienced rapid growth since 2000 thanks to the introduction of new technologies. It accounts for about 10% of the US production. One of the drivers behind this growth was the desire for the US energy independence from unstable producers in Latin America and Middle East. Because the area lacks refineries, it is necessary to transport the oil elsewhere. The growth peaked in December 2014, since then the production was decreasing. There are existing pipelines, but due to the rapid growth, it was considered necessary to increase transportation capacity. The truck and rail transports are not well adapted for this kind of oil, and the capacity was also close to the limits.

For reference the evolution of oil price since the start of the permission process for DAPL in 2014 to the finalisation of the construction in 2017, and expansion plans in 2020 – 2022.

Graph 8 The evolution of the price of Brent Crude Oil



Source: Nasdaq⁴⁰

The pipeline was constructed by Dakota Access, LLP, which was a subsidiary of Energy Transfer Partners, but later 49% stake was sold to Enbridge and Marathon Petroleum. The project cost is \$3.78 bn, out of which \$2.5bn was initially financed by 17 banks in August 2016 (Citibank, Wells Fargo, BNP Paribas, SunTrust, Royal Bank of Scotland, Bank of Tokyo-Mitsubishi, Mizuho Bank, TD Securities, ABN AMRO Capital, ING Bank, DNB ASA, ICBC, SMBC Nikko Securities and Société Générale)⁴¹.

40 Brent Crude Price: Latest Futures Prices, Charts & Market News | Nasdaq

41 BankTrack https://www.banktrack.org/project/dakota_access_pipeline#financiers

The pipeline has a diameter of 76 cm and it is buried underground. It is installed primarily on private land, for which the company negotiated and compensated access. Only 0.02% passes through public land, according to the construction company. The route is determined with an algorithm, which calculates the best alternative given a number of predefined and weighted constraints, such as national parks, monuments, wetlands, rivers, inhabited areas, existing infrastructure etc. The preference is given to the route already having pipelines.

The project was launched in June 2014 and scheduled for delivery on January 1, 2017, when the contract with the oil drillers came into effect. Apparently, the company was under pressure to finish on time because the contracts were negotiated before the price for oil crashed to about a half. Due to the protests, the company missed the deadline of end of 2016 because the final permit for the crossing of lake Oahe was received only in February 2017. The company claims it obtained around 1000 different permits. The crossing under the lake Oahe was the most contested, along with the passage through the nearby lands.

The Army Corps of Engineers (USACE), which regulates the water crossings, issued the approvals for the project, except for the crossing under the lake Oahe. They issued an Environmental Assessment with the finding of no significant impact, but they refused to conduct an Environmental Impact Study (EIS) as demanded by the Indian Tribe.

The Standing Rock Sioux Tribe sued USACE for not complying with law, demanding to halt the construction until further permissions were obtained. The Tribe was contesting the passage of the pipeline under the Lake Oahe because they rely on it for drinking water, which would be put at risk in case of an accident. The company notes that there are already seven other pipelines in the near proximity.

In addition, they protest the passage through the land adjacent to their reservation. In fact, the pipeline doesn't cross the land belonging directly to the Indian tribe. However, it crosses the land that was promised to the Indians in Fort Laramie treaties of 1877 and 1889, and which was never given to them. The Sioux received only nine smaller reservations, including that of the Standing Rock. The Standing Rock Tribe claims to have strong cultural and historical ties with this land and claims that the pipeline would disturb the ancient burial sites and potentially cause damage. In 1958 the government constructed a dam on the Lake Oahe, for which it used the lands from the Indian reservation, without their consent. They feel that they are being tricked again by the federal government.

In September 2016 the lawsuit against USACE did not succeed but hundreds of protesters came to North Dakota to protest. The protests started in spring with around 200 Native Americans but grew to thousands in summer. The Obama administration demanded a pause of the construction amid increasing protests. The US Army Corps of Engineers started a review process of their decision and thus the construction works for the part under the lake Oahe could not start. This review terminated in November, with the proposal to further discuss the issues with the Tribe. In January 2017 the USACE announced that they will be conducting an EIS in order to gain further insight into the claims by the Indian Tribe or an alternative route. However, in February 2017 President Trump signed an executive order to speed up the permission process. The USACE granted the final easement for the construction under lake Oahe without finalising the EIS.

Only in summer 2020 the Tribe has won the case and the judge ordered USACE to conduct a new environmental review which is expected to be terminated in 2022. The request to stop the pipeline operation in the meantime was denied, however. Furthermore, the construction company went on to expand the pipeline despite the pending environmental study.

The protests were intended to be peaceful, however, there were reportedly incidents, which led to hundreds of arrests. The activists occupied also federal property managed by USACE, which requested that they leave. The Standing Rock Sioux Chairman also demanded protesters to leave illegally occupied property because the protests were turning violent. The North Dakota governor issued an order to evacuate the camp on December 5, 2016. Finally all the campsites were evacuated by March 2017, with a lot of garbage and destroyed land left behind, as reported in some local media, not favourable to the protesters. When we visited the site in autumn 2017, it was perfectly restored, with trees planted and no sign of any campsite.

Millions of people worldwide showed sympathy with the protesters via social networks. A petition signed by scientists was also organised. Many prominent environmental organisations also joined the protests, including Greenpeace. In November 2016, „National Day of Action“ was organised in numerous cities around the United States. After the easement was granted, the Native Americans continued their protest in Washington, D.C. lobbying and protesting in front of the White House.

The banks have been targeted in particular as a way to stop the financing of the project. A letter from BankTrack, signed by other 500 organisations worldwide, was sent to each participating bank. A letter to Equator Principles (EP) was also sent, stating that the banks, which are signatory to EP and are participating in the DAPL project are violating their commitments.

The banks responded by engaging a human rights expert law firm, which so far presented only a draft of a report and the final version is expected. Some banks put a response on their websites, stating that they cannot disengage from the contract but that they are in contact with the client. Some banks also met with the Indian representatives.

In February 2017, a group of investors representing \$653 billion of assets under management also sent a letter to the participating banks. It included Calpers, the influential California pension fund. A sustainable asset manager Storebrand sold shares in the companies, which are partial owners of the pipeline. DNB and Odin Fund Management also sold shares of the companies connected to the pipeline. The worst impact so far was on Wells Fargo because the Seattle City Council did not renew a contract worth billions with the bank citing among other also Dakota pipeline.

Six Banks step away from Dakota Access Pipeline (DAPL) and backers (Apr 26, 2017) ⁴²

In February 2017, ABN AMRO, ING, BayernLB and Nordea all announced they would step away from financing the project or its backers. ABN AMRO committed to end its financing for Energy Transfer Equity (ETE) if the pipeline proceeds without consent from the Standing Rock Sioux or with further violence. Nordea excluded three companies behind the Dakota Access Pipeline from investment. BayernLB stated it will withdraw from financing DAPL at the earliest opportunity, and not provide further finance. In March, ING became the first bank to sell its portion of a project loan to the pipeline. A good move followed by DNB (entered into an agreement to sell its part of the loan) and by BNP Paribas (sold its part of the loan in April).

Equator Principles

Most of the banks financing this project were signatories of the Equator Principles (EP), a standard agreed upon by banks, which governs project finance such as the DAPL construction. Therefore, EP were at the centre of the polemic at least from the point of view of the banks. They have performed due diligence and complied with what EP assessment required. Yet, it turned out that the framework was inadequate and indeed have been revised.

“The Equator Principles (EPs) is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk

42 https://www.banktrack.org/project/dakota_access_pipeline#updates

in projects and is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.

...

EPFIs commit to implementing the EPs in their internal environmental and social policies, procedures and standards for financing projects and will not provide Project Finance or Project-Related Corporate Loans to projects where the client will not, or is unable to, comply with the EPs.

The EPs have greatly increased the attention and focus on social/community standards and responsibility, including robust standards for indigenous peoples, labour standards, and consultation with locally affected communities within the Project Finance market.”

(Equator Principles ⁴³)

The USA is a so called designated⁴⁴ country under EP and therefore it is sufficient to comply with the local laws in order to fulfil the EP. More precisely:

“Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. The Equator Principles Association makes no independent assessment of each country’s performance in these areas.” ⁴⁵

The EP Association updates the list of the countries regularly based on the World Bank High Income Country list and a member of OECD to qualify for a designated country. The notion of designated countries was introduced with the revision of Equator Principles in 2013 to replace high-income OECD countries. There was a certain awareness of problems with the law in some high-income countries, particularly the countries where extraction business is extensive and there are indigenous communities. This should have been evident also when the USA, Canada, Australia and New Zealand voted against the United Nations Declaration on Rights of Indigenous Peoples in 2007.

The international standards for indigenous rights developed more stringent requirements than those within the legislation in the USA. Most notably, the concept of free, prior and informed consent (FPIC) is a standard requirement when indigenous communities are concerned in non - designated

43 <https://equator-principles.com/about/>

44 Designated Countries are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. <http://www.equator-principles.com/index.php/designated-countries>

45 <https://equator-principles.com/designated-countries/>

countries, while in the US only a simple consultation, and not consent, is required. (Foley Hoag, May 2017)

“The banks knew it in 2013. A work group didn’t find indicators to classify the countries, designated countries was used in the meantime...the standards were not perfect but there was no specific case, no list of precise problems. It was on a level of general discussions.”

Bank employee 2, interview, December 14, 2017

In summer 2016 the NGO BankTrack associated with other organisations launched a campaign “Equator banks, act!” to revise the outdated EP to include the respect of indigenous rights and climate change. The DAPL protests have contributed to this call for revision and many signatory banks joined this call and set up a working group to prepare the new version of EP. The revised EP 4 were released in fall 2019, coming into effect in early 2020. Nevertheless, the NGO criticises the outcome of the revision, which took three years and resulted only in minor adjustments.

“The campaign, launched in 2016 following the financing by 14 Equator banks of the construction of the Dakota Access Pipeline (DAPL) aimed at achieving a major overhaul of the EPs, to stop Equator finance for new fossil fuel projects and protect Indigenous Peoples’ rights. It cited DAPL as the most notorious example of such a ‘fully Equator compliant’ project that nevertheless turned out disastrous for indigenous communities as well as the banks involved.

...

There is no explicit commitment to respect Free Prior and Informed Consent in all circumstances, meaning the principles are unlikely to prevent Equator banks from financing another situation just like DAPL.

...

...these are small and rather weak changes - projects located in designated countries can still rely on local law even where this doesn’t reflect the highest standard of social and environmental review, and projects can still be financed under the principles entirely in secret where the client requests it.”

*Banktrack*⁴⁶

46 https://www.banktrack.org/blog/at_last_ep4_is_launched_but_will_it_shield_banks_from_risk_or_us_from_banks

4.3.1.2 Standing Rock protests timeline summary

September 2014: Standing Rock Sioux Tribe expresses opposition to the pipeline at a meeting with the construction company

Spring 2016: Standing Rock teenagers start protesting, the Sacred Stone camp is set up

July 2016: US Army Corps of Engineers issue permits for the construction, finding no significant issues

August 2016: The lawsuit filed against the Corps by Standing Rock Sioux Tribe; the number of protesters starts to rise

September 2017: Standing Rock Tribe's case dismissed by the court, construction continues despite some Federal agencies recommending further investigation; UN human rights experts called for halt of the construction

October/November 2016: Backwater bridge clash and other violent encounters between protesters and security/police forces, President Obama intervenes

December 2016: Army Corps of Engineers conducting a new environmental review, construction halted, protesters asked to leave the camp sites; a draft report by a law firm is prepared for the banks providing financing

January 2017: President Trump's executive order to speed up the review and approval process

February 2017: Army Corps of Engineers grants the easement and the construction resumes, protesters ordered to leave; a group of investors calls for rerouting of the pipeline

March 2017: A lawsuit of the construction company by Tribes dismissed

May 2017: the law firm finalised the report for the banks; some institutions already divested their participations or plan to

May 2017 : Pipeline starts operating

July 2020 : A judge orders Army Corps of Engineers to conduct a new environmental review and to shut the pipeline in the meantime

August 2020 : Ruling to shut down is overturned, but the environmental review needs to be conducted, expected in 2022 ; the construction company expands the pipeline

4.3.1.3 Detailed case narrative

The case narrative is structured into three phases according to the development of events in the protest camps and in relation to banks. It has been constructed based on interviews, press articles and Facebook posts.

Phase one (April to October 2016): Warming up

At the end of April 2016, some members of Native American nations set out for a long spiritual relay. In May, some Indian teenagers organised a petition, obtaining around 80 000 signatures and some celebrity endorsements against the pipeline construction next to their reservation. The Standing Rock Tribe (North Dakota) was worried about a potential oil spill into the lake Oahe and subsequent water contamination. They sued the USACE but lost the process in September 2016.

The lake Oahe is the Tribe's primary source of drinking water and they have fishing rights. The water preservation was the main argument throughout the movement against the pipeline; the protesters who gathered at Standing Rock Reservation called themselves “water protectors”. “Water is life” was and still is the anthem of the protest movement: the Great Plains lack water and therefore it is considered essential for life and therefore sacred by the indigenous population.

LaDonna Allard has set up the first protest camp on her own property, overlooking the construction site. After this first prayer camp, The Sacred Stone, others were set up and the protesters engaged in direct action against the pipeline construction. Their objective was to slow down the progress of the construction works. The protests were non-violent but the first arrests happened already during August 2016. Although the prairie would become soon much cooler, the number of camps and people in them was growing to several thousands.

The banks' viewpoint

In mid August 2016, the financing of this infrastructure project was being finalised by 17 international banks. The leading bank of the consortium appointed a consultant to perform due-diligence on environmental and social issues. Then the project went through an internal approval process within each bank. No major issues were identified. As the banker who worked on the project said during an interview, it was a project of fossil fuel infrastructure like many others, subject to some contestation, just as is common with similar constructions. Consultations before construction were carried out, land bought to make it private, permissions obtained.

The banks probably entered into the project because it offered an advantageous risk versus reward ratio and it positioned them favourably within the energy industry. Banks seemed to be caught by surprise because by the fierce contestation in their view they have thoroughly reviewed the project according to the Equator Principles, which is the standard in the industry.

One EP signatory bank commented on its website :

“When presented with the funding request, we carefully screened the project according to laws and regulations as well as ING’s environmental and social risk policy framework. We do this with all projects we finance.

The US government had issued all necessary permits, an independent legal review confirmed the project complied with all laws and regulations, and an independent contractor hired to do further due diligence also gave us a green light.”

(ING communication on corporate website, March 21, 2017)

According to individual internal procedures at the various banks, a project of this kind typically includes several levels of approvals.

The internal documentation of the Bank shows that in the process there was some doubt about the last permit by USACE being delayed. Also, the banks were aware of the initial protests but they considered them as a normal part of the permitting process. This type of infrastructure projects are always resisted by impacted communities. Since these protests did not have a wide national media coverage, they were not considered threatening. At that point, without important precedents, the banks did not anticipate the possibility of an extensive use of social media to mobilise thousands of people, including celebrities, without prior traditional - media coverage.

Phase two (October 2016 to February 2017): Heat in the cold

The camp life

The standoff between the water protectors and the construction company, as represented by the private security and protected by law-enforcement, turned into a real, serious conflict. The police and numerous federal agencies became involved. While the camps claimed to be non-violent and protesters unarmed, the police and private security deployed anti-terrorist tactics. They were using infiltrators to gather information about the water protectors and their tactics. They deployed various surveillance methods, from aircraft flying over the zone, through lights pointing at the camps to Facebook monitoring. A rare no-fly zone was established over the area for about two

months and the protesters and media could not make their drones fly and record the happenings. Such videos drew large media attention because they were showing how the law enforcement was handling the protests.

There are many articles and a few documentaries showing the life in the camps. During the interviews, the activists who participated at the protests described their experience in the same way. They mentioned how they knew about presence of infiltrators who had for an objective to provoke violence. Some people came to the camps completely unprepared for the rough weather conditions. Organisation of daily tasks and making sure everyone was safe, as well as prayers were a part of the routine of the camp life.

There were at least two crucial incidents when the law enforcement forces seriously clashed with the protesters, one was The Treaty Camp. According to The Intercept (Brown, Parish and Speri, October 21, 2017), it was the “most dramatic standoff between indigenous people and U.S. police forces in over four decades.” The protesters built barricades on access roads, they were camping on the private property of the Dakota Access Pipeline and refused to leave. The police had to forcibly evict the camp. Another serious incident happened in November 2016 when the protesters attempted to remove a burnt vehicle, which was blocking a bridge.

Dramatic pictures of unarmed people, fighting for their just place in the society and for the environment, standing against heavily protected, military-style law enforcement forces made a tour of the world. Overall over 800 people were arrested over the course of the protests, a testimony that those almost seven months were turbulent.

The Tribal Chairman was actively fighting against DAPL by legal means and by cooperating on the divestment campaign with NGOs. However, as per the interviews and articles, the official tribal council was not on the side of the protesters, or at least not always. The nearby casino was a major employer in the area and it could not operate normally during the camps. While the protesters who had the means slept in the casino's hotel, many protests took there the refuge before the cold, used its sanitary and other services. Managing the presence of hundreds, and even thousands of protesters was becoming unsustainable.

In the winter, both the Chairman of the Standing Rock Tribe and the governor of North Dakota asked protesters to leave, perhaps also because their presence was starting to hurt the business. Nevertheless, some people resisted and the last camp was closed late in February 2017. That was after President Trump signed an executive order to speed up the permitting process and the USACE finally issued the last permit to drill under the lake Oahe.

Divestment movement

From the beginning the fight against the oil infrastructure was advancing on several fronts. There were political efforts with President Obama, several legal battles, the physical protests and the divestment strategy. The divestment strategy had several facets. The first was to appeal to individual people and ask them to withdraw their money from the accounts of the banks involved in DAPL financing. The second facet was a direct pressure: in November 2016 a letter to the Equator Principles was sent by NGOs stating that the banks are violating their commitments and asking to stop all loan disbursements until the dispute is resolved. Then followed a letter from BankTrack, signed by other 500 organisations worldwide, to each individual bank.

The Tribal Chairman, with the support of some NGOs, also asked banks during two telephone conversations to engage with the Standing Rock Tribe. He was not leading the protest camps, but representing the interests of the Tribe and pursuing the negotiations on political and judicial level. He also addressed the UN Human Rights Council.

In February 2017 a group of investors representing \$653 billion in assets under management also asked the banks to give their support to the request of rerouting, citing reputational damage and potential legal liability.

The impact of the divestment campaign was real because Energy Transfer Partners sued BankTrack, Greenpeace, other NGOs and individuals. It called the organisations “terrorist” and accused them of numerous wrongdoings, including the impact on the financing costs and financial relationships.

“The Complaint describes the Enterprise's misinformation campaign that aggressively targeted Energy Transfer's critical business relationships, including the financing sources for DAPL and Energy Transfer's other infrastructure projects, by publicly demanding these financial institutions sever ties with Energy Transfer or face crippling boycotts and other illegal attacks.

...

The Enterprise has conceded that their campaign has inflicted "hundreds of millions of dollars of damage to the Company," including increased costs of financing resulting from the Enterprise's interference with the Company's financial relationships and mitigation costs in response to the Enterprise's illegal and malicious campaign. These damages, as

well as the harm to the Company's reputation, resulting from the Enterprise's misinformation campaign, continue to this day.”

(PR News release by Energy Transfer Partners, August 2017)⁴⁷

This lawsuit was dismissed in 2019, yet it clearly points out the impact on the financial industry. The company states that the cost of financing has increased, meaning that their risk profile has worsened. This lawsuit also demonstrates to what extent the construction company did not acknowledge any fault in their practices, on the contrary.

The Bank's viewpoint

The banks were trying to understand the justification for the demands of the activists because the construction company pursued the formal argumentation of conducting everything legally. The subtle difference between the consultation and consent, and requirements for the US law versus international standards became the main line of argumentation between the official Tribe representatives, NGOs and the banks.

As a response to the NGOs call for action, the banks have agreed to appoint a law firm specialized in human rights issues, Foley Hoag LLP, to investigate if the company proceeded correctly in the evaluation of the environmental and social risks. The firm was expected to investigate the DAPL case and formulate recommendations for the construction company. Foley Hoag prepared the first draft of their report in February 2016. Although this draft was deemed not satisfactory it showed the banks that there were some issues which merited their attention.

During the time of the protests, the Bank was subjected to several actions:

- clients sending complaints Bank's entities in several countries, some closed their bank accounts
- demonstration were organised in front of some agencies in the USA, France
- mailbombing campaign: emails directly addressed to the CEO and Finance and the institutional website of the Bank
- two letters, one from BankTrack and one from the Tribal Chairman of Standing Rock

⁴⁷ <https://www.prnewswire.com/news-releases/energy-transfer-files-federal-lawsuit-against-greenpeace-international-greenpeace-inc-greenpeace-fund-inc-banktrack-and-earth-first-for-violation-of-federal-and-state-racketeering-statutes-300507851.html>

- the bank was also concerned by articles that appeared in respected newspapers such as The Financial Times, The Financial Post, Huffington Post, Guardian or Libération
- important social media coverage

Given these developments, the Bank also engaged in several actions to develop a dialogue with the stakeholders:

- Internal notes including a statement to be used in case of need for official comments.
- A response to the letters from BankTrack and the Tribal Chairman of Standing Rock which made reference to further investigation of their concerns by the law firm.
- A call of the CSR department with the Tribal Chairman accompanied by other NGO representatives in January 2017: the objective was to understand the requests of the Tribe. In the minutes of the call the situation on the ground is mentioned at the beginning as a context, it was the period when the protesters were asked to leave due to risk of inundation in spring. Then question related to the risks the pipeline is posing to the source of water supply of the Tribe, if there was a proper consultation process. The Tribe wanted to convince the Bank to use its influence and support a rerouting of the pipeline, not cancel its loan.

One of the CSR team members mentioned already after the official interview was finished how she felt during the call with the Tribal representatives: she had to be professional, an employee of the Bank and she could not express what she herself felt, while the activists were defending their position wholeheartedly. They could give their whole person into that fight, while being a bank employee she was obliged to give the professional view.

- During this period the banks were in a situation where they could not divest from the loan, so all the effort was focused on keeping the dialogue open with the Tribe and waiting for the official report findings of the law firm, which was expected to give the recommendations to the construction company. Only the leading bank of the consortium had a direct relationship with the law firm and other banks depended on it.
- An interviewee noted that the DAPL case was followed by top management and even CEO directly who asked for a report every week during a certain period.

- A report published by a leading ESG scoring agency had as a central theme the “mitigation of community relations risks”. On the two kinds of measurements that the company developed the ETP scored lowest.

Phase three (from February 2017 on): Cooling down but not freezing

The camps were evicted, the pipeline constructed, the trees and grass replanted, but the fight has not stopped. It moved away from that historical spot in the middle of the prairie on the banks of the Missouri river to courtrooms, to streets all over the US and to some European cities, to the conference rooms of banks and banker's offices and other institutions, to city councils; and it remained on social media.

In March 2017, Native Nations organised a march in Washington for their indigenous rights and for water. The City of Seattle decided to end its contract with one of the banks involved in DAPL and other cities followed. Several banks from the consortium sold their participations in the loan, thus seriously acknowledging the issue.

In May 2017, Foley Hoag published a public summary of their report, which remains confidential, where the law firm gives only a number of general recommendations, acknowledging the lacking behind the US legal framework for Free, prior and informed consent.

“If banks commissioned the report to rebuild trust with Indigenous Peoples and other stakeholders, the public summary, in its current state, has the opposite effect. It walls off crucial information while providing easy fodder to activists who accuse banks of window dressing. Besides damaging banks’ credibility, the report could be used to damage the credibility of organizations like ours that advocate for collaborative approaches. It indicates that such approaches lead to nothing but boilerplate white papers”

Excerpt from the reaction of First Peoples Worldwide (NGO which accompanied the Standing Rock Tribe during negotiations with the banks) to the public summary of Foley Hoag report, June 1, 2017

Despite the finalisation of the pipeline's construction, throughout the year direct action events in Europe were scheduled, shutting down banks, sending open letters, participating at shareholder meetings and requesting meetings. A global coordinated action called “Divest the globe” was organised in October 2017, calling on the signatories of the Equator Principles to stop funding the environmental disaster and human rights violations.

The global move away from fossil fuels continues with the World Bank not financing upstream oil and gas after 2019. In December 2017, the city and state of New York announced divesting fossil fuels. The Mayor of NY even wrote a letter to the participating banks in February 2017, stressing the climate change priority over financing fossil fuels. In October 2017, a major European bank announced that it will support the energy transition and stop financing unconventional fossil fuel (tar sands, shale oil and gas, Arctic exploration) extraction and infrastructure for transportation and export. This announcement came in the middle of numerous protests against three tar sands pipeline projects in the United States and Canada. Numerous other financial institutions updated their energy policy.

The Bank's viewpoint

The Bank has also conducted a number of actions despite the finalisation of the pipeline:

- The Bank has sold its participation in the loan, which was very small (given that 17 banks participated in the consortium, the exposure could have been small for many other banks). The press release was diffused only in the US media, not in Europe, and a set of clarifying questions and answers was drafted but only for discussion in case of additional inquiries.
- It strengthened its policy especially regarding requirement of the consent and consultation.
- Internally the lessons learned for future projects were focused on the verification of the ESG consultant hired to evaluate the company's and project's conduct, to insist on consent even in countries where it is not required.
- It joined the call on the improvement of EP standards, its standardisation for all countries, especially on the subject of Free, prior, informed consent and subsequently participated in the working group to reform EP.
- It made a major update of the energy policy, positioning it as a leader.

For the Bank and other signatory banks to reform the Equator Principles has become very important. The DAPL case showed them that relying on outdated or inadequate standards will not work when issues like climate change and the respect of human rights have become much more pressing and gathering increased public attention which can be easily solicited via social and traditional media.

“As some of us experienced with a recent project located in a Designated Country, banks were publicly and harshly criticised for supporting a project where consultation with an indigenous community did not involve their free, prior and informed consent (FPIC). They were also criticised for not being able to intervene with the Sponsors in order to help identify a solution that was agreeable to all parties in this context.

In addition to the reputation damage that this has caused to the banks involved, we believe that this is likely to damage the reputation of the Equator Principles (EPs) as a “golden standard” and a common playing field for determining, assessing and managing environmental and social risks in projects.

...we believe that the world has changed even more rapidly and that the initial intention of setting a golden standard and common playing field needs to be re-affirmed.”

(Excerpts of a letter to EP Association by ten signatory banks, May 2017)⁴⁸

The Equator Principles meeting in October 2017 was an opportunity to discuss the issues with the fossil fuel infrastructure projects. It is explicitly mentioned that the free, prior and informed consent, designated countries and climate risk were discussed. The organisation started a process of updating the Equator Principles, initiated by a group of banks involved in DAPL, which was finalised in fall 2020, although not very satisfactory as already mentioned.

Although the oil starting flowing through the pipeline on a daily basis from June 2017, the No DAPL movement transformed the pipeline industry and its relationship with the banks. Pipeline protests continue in Canada and the US. One of them is currently the Line 3 protests in Minnesota where one of the key activists is Tara Houska, who also participated at the Standing Rock and the divestment campaign. Despite climate change urgency to leave fossil fuels in the ground, pipelines continue being constructed.

48

https://www.banktrack.org/news/ten_equator_banks_demand_decisive_action_on_indigenous_peoples_following_dapl_debacle

4.3.2 Case B Findings

4.3.2.1 *Emotionally-framed sustainability*

Framing is among the key concepts in social movements theory (Snow and Benford, 1988). Frames are common interpretive schemes, which are used to create a particular narrative about an issue. (Cornelissen and Werner, 2014). Frames are often coupled with emotions to achieve more impact on the target audience. As discussed in the first section Introduction, sustainability is defined in various way, in general very broadly. The nature of sustainability is such that it should not be reduced to a measurable object (Ehrenfeld, 2008).

The analysis of the DAPL case, in particular of the actors, shows the difference in framing and approaches to the issue of environmental and social sustainability. This contestation has fully shown the multidimensionality of sustainability. Each group of actors focuses on some aspects of the issue and not on others. Sustainability is experienced by the activists and the banks in its full complexity.

Environmental sustainability is first and foremost related to fossil fuels which should stop being extracted if we want to prevent the worst development of climate change. In the DAPL case, the shale oil is a particular case of a very environmentally damaging extraction. Water as the most precious resource we have to ensure life on earth, was in the centre of conflict. The Tribe worried about the potential contamination. Beyond the potential accident on the pipeline causing water pollution, the activists pointed out the importance of water. As climate change is deregulating weather, the excess of water or its lack in certain parts of the world is going to cost lives. Beyond these two crucial resources, it is also about the importance of the preservation of natural environment and its value.

Social sustainability was not a smaller issue than the environmental one. In their call to halt or reroute the pipeline, the Native Americans expressed multifaceted discrimination and injustices to which they feel subjected to for decades. The respect of human rights when confronted with contestation is also a crucial issue for a democratic state. Indigenous rights is another aspect of social sustainability whereby respecting the indigenous communities necessitates accepting a whole different point of view. Indigenous people's traditional connection to nature and their land enables them to bring forward arguments which would normally not be considered “rational”.

In order to see how this multidimensional sustainability was framed by the various actors, we will analyse the themes which repeatedly appeared in their communication about DAPL. A noticeable difference is apparent between the emotionally – framed communication of the social movement

and rather fact and rational argumentation-oriented statements from the Bank. The Tribal office and the NGO providing support were standing somewhere in the middle.

The No DAPL movement members, or water protectors, communicated their demands staging physical protests, posting their experiences and opinions on social media and meeting representatives of banks. Their stories are highly emotional, they convey messages which are hard to dismiss because they make reference to the values, culture and social co-existence as well as the environmental protection.

The tribal office and NGOs have communicated through open letters to the banks, requesting action against their client and they organised telephone meetings. Their communication is more adapted to the logic of the receiver, that is the banks, it is more formal, it concentrates more on facts and specific demands.

The banks replied to the open letters, some issued official statements on their websites and participated in meetings with NGOs, tribal representatives and the protesters.

These themes were the same also in press articles and posts on social media. The emotionality of the conflict is evident from the themes of water protectors and is contrasted with the reserved and procedural response of the banks. Nevertheless, the result are some developments on the industry level, which went in the direction of the protest movement.

i) Water protectors

The communication of the No DAPL social movement was framed through themes such as spirituality, historical trauma and legacy, solidarity, fight for the future and social justice. In addition, the environmental protection issue, and in particular the connection with climate change, permeated most of these thematics. It allowed to connect a local, social and community problem to a critical issue on a global scale.

The water protectors did not gather at the Standing Rock Reservation to discuss the reliability of a particular pipeline technology, or alternative transport options or the legal issues around the permitting process. They gathered to denounce the system, in particular the capitalistic system by which they felt exploited and against which they felt powerless. It is interesting then to note that as one of the important outcomes of the protests was the feeling of empowerment. One of the strategies of this empowerment was divestment because it is using the main tool of the capitalism itself, money, to fight against its negative effects. Women as leaders and as protesters brought their specific emotionality into this fight for empowerment.

“But another way to gauge success is to look at the level of involvement by people who feel empowered. I see more and more of our youth realizing their own power, standing up and fighting for their futures. That’s a success in and of itself. You can also see success in the actions of financial institutions and in the explosion of renewable energy and the public push to move America towards a form of energy freedom that doesn’t include fossil fuels.”

Tara Houska (TED interview, Nov 18, 2018)

Divestment is the next stage in the fight against the black snake that has come to poison our lands. The resistance at Standing Rock changed the world – Indigenous Nations are rising up to create a future with clean water and respect for human rights.”

(Matt Remle cited in Mazaska Talks, July 23, 2017)

Media has been a crucial element in the communication of the movement. Social media enabled the protesters to convey directly their emotions from the protest camps and report on the events. Traditional media on the US and global level were also covering the events but mostly after these were already trending on social media. On the other hand, the local media served to reinforce the negative image and perceptions that the protest movement had locally in North Dakota.

During the interviews the activists expressed their experiences from the camps and with the police, their thoughts, their reasons and motivations as part of these highly touching, emotional topics. The emotions of the people who participated in the camps were so strong that some of them speak about a post traumatic syndrome. The Native American population speaks of a trauma due to their history. These topics transpire in the communication of the social movement members when they demand to stop the pipeline construction or speak about their experiences. They are clearly reflected in the interviews, press articles, social media posts and videos.

Spirituality

Prayer has been perhaps the most important component of the movement. It is not connected to a particular religion, but rather to a general spirituality and underpins the intentions for a peaceful protest. Prayer and ceremonies were an integral part of the daily life in the protest camps. The central conflict with the DAPL construction company was because of potential contamination of water, since water is sacred for Native Americans. Another spiritual element is the legend about a black snake, which would poison the water, desecrate sacred sights and eventually destroy the Earth. The pipeline was likened to the black snake. Even after the protest camps were closed, prayer walks continued to commemorate important moments from the protests.

"If you go around the camp, you'll see people in different ceremonies and prayers all day long...It's about prayer."

(LaDonna Brave Bull Allard, cited in CBC News, Dec 11, 2016)

Historical legacy and ancestry

The controversial passage under the lake Oahe near the Cannonball river has been a sight of some important events for both the Native Americans and the US history. This area seems to have a clear historical significance and could be a burial place as well. The DAPL movement became a way to assert the tribal sovereignty and their right to self-determination. It is said to be the biggest gathering of tribes since the Battle of the Little Bighorn almost hundred fifty years ago with more than 150 Native nations.

"All tribes came because they have their own fight with the oil companies."

Water protector 1, interview, November 11, 2017

"Right here where the pipeline went through...the Mandane lived there about 600 years ago...the Chayenne lived there...the Arikara lived there...the English established a trading post there...so there's four historical occupations here. ...it is absolutely preposterous to say that there are no burial grounds nearby – to say so would be to suggest that no one ever died in any of the cultural occupations."

Expert – historian, interview and website, November 18, 2017

"...doing that fight our ancestors did."

Leading activist 2, November 10, 2017

Historical trauma

What happened to the Native American population is a deplorable and sad story. Whichever way one examines it, there is very little positive to be found in the US history in relation to this population. This indigenous population has been devastated through small and big conflicts, diseases, policies of discrimination and targeted atrocities. This is a trauma, from which the population still suffers. In addition to what has been done in the past, they feel still subjected to unfair treatment, of which DAPL is only one example.

“The denial of genocide and its lingering impacts in the lives of Native American Indian women and peoples by CS bank representatives is troubling. Bank representatives must be educated and respectful of indigenous people’s historic experiences when engaging with them and afford them the utmost respect considering the serious human rights violations and the sensitive subject matter concerning impacted communities and women.” WECAN, Letter to Credit Suisse, July 2017

Social injustice

The Native American population is plagued with poor socio-economic conditions, leading to very low life expectancy. There is poverty, drug and alcohol abuse, diabetes and suicides. In addition, the Natives denounce the construction camps as being responsible for missing indigenous women. Through this argument they were trying to communicate that the pipeline construction overall is an undesirable social phenomenon.

“Not only environmental issue... social justice issues, the greater good.”

Water protector 3, interview, November 11, 2017

“The conditions of disadvantage of indigenous peoples undoubtedly are not mere happenstance. Rather, they stem from the well-documented history of the taking of vast expanses of indigenous lands with abundant resources, along with active suppression of indigenous peoples’ culture and political institutions, entrenched patterns of discrimination against them and outright brutality, all of which figured in the history of the settlement of the country and the building of its economy.”

(James Anaya, Special rapporteur on the rights of indigenous peoples, United Nations, 2012, cited in the letter to Credit Suisse, July 2017)

Community, future and fight

The community has been crucial to water protectors. All action was aimed to help the community at different scales. The life in the camps was strongly organised around the concept of community: tasks were divided, everybody was contributing and helping others. The organisation of camps itself was non-hierarchical. The overall organisation emerged because the majority of people who came were ready to work for that community. It was the vision of the water protectors that what they are fighting for is going to benefit a larger community than the one at Standing Rock.

Fighting occurred within the community, with the support of the community and for the community. Community is considered both small, geographically limited such as the camps or the Standing Rock tribe and very large, at the extreme covering the whole Earth. The fight is then directed to protect the close members of the community from the negative environmental and cultural impact of the pipeline, the large Native American community from systematic discrimination and injustice and finally all humans from the impact of fossil fuels on climate. The fight for the community happens in the context of the hope for change in the future and for the future generations. Many children from Standing Rock were taken to participate in the protest camps to keep it in the memory for the future.

“It's not you, it's us. ...We were protecting everybody.”

Water protector 1, November 10, 2017

“Standing Rock was hundred percent about water but also about future generation – decisions are effecting future generations...as indigenous peoples it's our responsibility to take care of the land...keep what was put here so that there is something beyond us.”

Leading activist 2, interview, November 10, 2017

“What people don't understand about Standing Rock...it was the gift to pass on to the children...to understand what that government and banks do to us...to continue that fight for future generations.”

Leading activist 2, November 10, 2017

Solidarity

The protest camp was initiated by youth from the Standing Rock Reservation. As the information was diffused through social media, more and more people came in solidarity with the Standing Rock Tribe. Native Americans from other tribes, non-natives, veterans as well as representatives of indigenous peoples from other countries came. Those who did not come showed their solidarity by sharing and posting comments. Even more people expressed their support on social media and by donating money and supplies.

Female leadership

Women played a particular role in the protest movement because of their traditional role as water protectors and because many took a leadership role. The most serious injury and the most serious accusation, which led to the most publicized trial happened to women. On the pictures and videos

from the camps, the protesting women were in stark contrast to the militarised police, which treated them sometimes very brutally. The divestment movement was also led by several women, who also participated in the European tours when they talked to the bank representatives.

“Standing Rock showed women are the nurturers...women led prayer, women led peace.”

Leading activist 2, November 10, 2017

“Women will decide, will have the final say.”

Water protector 1, November 10, 2017

“Women are the water protectors. Men have the role with fire, they keep the fire.”

Water protector 1, November 10, 2017

Environmental protection

The environmental protection is a thematic that permeates all issues and is a common underlying theme. Although the environmental harm is often the most important underlying cause, the human or indigenous rights are in certain cases indispensable for a victory on such an issue, especially on a judiciary level in the US context (Allen et al., 2017). However, it could be argued that the success in such a large mobilisation of supporters almost exclusively via social networks was achieved thanks to this winning combination of the climate change issue and many aspects of human, in particular indigenous rights.

“Standing Rock pulled all the other intersectional issues...so much intersectionality.”

Leading activist 2, interview, November 10, 2017

Table 6 The summary of emotional themes of the No DAPL movement

Emotional themes	Synthetic description
Spirituality	Prayer, sacred sites, water considered sacred There is a legend about a black snake, which would poison the water, desecrate sacred sights and eventually destroy the earth. The pipeline was likened to the black snake.
Historical legacy/ancestors	Disputed treaty lands, protection of sites with historical and cultural value <i>“All tribes came because they have their own fight with the oil companies.”</i> Water protector 1, interview, November 11, 2017

Historical trauma	<p>Effects of colonialism and cultural destruction</p> <p><i>“The denial of genocide and its lingering impacts in the lives of Native American Indian women and peoples by CS bank representatives is troubling. Bank representatives must be educated and respectful of indigenous people’s historic experiences when engaging with them and afford them the utmost respect considering the serious human rights violations and the sensitive subject matter concerning impacted communities and women.”</i> WECAN, Letter to Credit Suisse, July 2017</p>
Social injustice	<p>Native American community discriminated (by infrastructure projects), generally poor living conditions</p> <p><i>“Not only environmental issue... social justice issues, the greater good.”</i> Water protector 3, interview, November 11, 2017</p> <p><i>“The conditions of disadvantage of indigenous peoples undoubtedly are not mere happenstance. Rather, they stem from the well-documented history of the taking of vast expanses of indigenous lands with abundant resources, along with active suppression of indigenous peoples’ culture and political institutions, entrenched patterns of discrimination against them and outright brutality, all of which figured in the history of the settlement of the country and the building of its economy.”</i></p> <p>James Anaya, Special rapporteur on the rights of indigenous peoples, United Nations , 2012 (cited in the letter to Credit Suisse, July 2017)</p>
Community, future and fight	<p>Considering and fighting for the common interests, from which future generations will benefit</p> <p><i>“It’s not you, it’s us. ...We were protecting everybody.”</i> Water protector 1, November 10, 2017</p> <p><i>“Standing Rock was hundred percent about water but also about future generation – decisions are effecting future generations...as indigenous peoples it’s our responsibility to take care of the land...keep what was put here so that there is something beyond us.”</i> Leading activist 2, interview, November 10, 2017</p> <p><i>“What people don’t understand about Standing Rock...it was the gift to pass on to the children...to understand what that government and banks do to us...to continue that fight for future generations.”</i> Leading activist 2, November 10, 2017</p>
Female leadership	<p>Women as water protectors taking up a leadership role</p>
Solidarity	<p>Showing solidarity with the disadvantaged</p> <p>As the information was diffused through social media, more and more people came in solidarity with the Standing Rock Tribe. Native Americans from other tribes, non-natives, veterans as well as representatives of indigenous peoples from other countries came.</p>
Environment	<p>Water protection, climate change</p> <p><i>“Standing Rock pulled all the other intersectional issues...so much intersectionality.”</i> Leading activist 2, interview, November 10, 2017</p>

In addition to the communication on social media, a small delegation of protesters went directly to the decision makers in the bank and mobilized investors. Others staged protests outside the bank offices. They bypassed the normal compromise – building mechanisms, which was the route the Tribe officials and NGOs took. They mailed directly to the directors, retail clients were mobilised to email to their client service contacts. They went on roadshows to go directly to the shareholder meetings or scheduled meetings with bank representatives, where they included narrations about what happened to them in the camps. They showed pictures, videos, about their situation, about the systemic discrimination.

Divestment tactics – empowerment

The movement decided for this tactic explicitly, as told by one of the leading protesters, because they felt that until they adopt the same language, that is money, the banks do not pay attention to them. They assumed that only if banks risk losing money, they will act. They also understood that there is no other way to put pressure on the oil infrastructure companies, which are not sensitive to public pressure because they are not in contact with the final consumer. However, these companies are dependent on the capital markets to finance their business. Apart from the lawsuits, the divestment seems the most adapted tactics to put pressure on companies.

The movement was capable of introducing emotionality even into the divestment tactics since they framed it as empowerment. With the divestment tactics the protesters were able to connect people directly to their cause by showing that ordinary retail deposits in banks could be source of financing of the denounced practices. By withdrawing their money, people show that they do not agree with the banks' policies. Empowerment was a strong theme during the protest. It allowed the activists to make the issue become something that everyone could influence. In fact it was real as the Bank has received e-mails from clients who wanted to close their accounts.

“We showed people they can mean something... we vote with our money... my money contributes to this...then it becomes personal... people realising what their money does” Leading activist 2, November 2017

Summary

The strategy of using emotional themes to mobilize people to protest is widely used by social movements. So much more these tactics is used in connection with social media, where people react most of all to emotional messages and the subject becomes personal when friends share it.

The common enemy (Ness and Summers-Effler, 2019), clearly identified in the form of the construction company, and those associated with the enemy, helped protesters express and denounce a whole range of practices, which have for a long time been part of their lives. The conflict brought out the specific themes as symbols of their situation. The Native Americans from the Standing Rock reservation used this conflict as a way to have their voice heard. This is evident from the themes with which they communicate. They shifted the debate away from technology safety, US energy independence, or even suitability of the fracking as a way of oil extraction. They directed it towards justice, discrimination, spirituality, culture; themes that have a strong emotional resonance and are much harder to argue against with purely rational arguments. In addition, through the divestment tactics they made the issue become personal and empowered people to individually act by closing their accounts.

ii) Standing Rock Tribal government

The official Tribe representatives were not completely aligned with the protests on the ground and with the divestment campaign. Although at the beginning the Tribal chairman himself was arrested, later he called on closing the camps. The Tribe asked the banks to use their power to propose an alternative route. The Tribe and the NGOs were intermediaries, who moderated the demands of the protesters. This is reflected in the smaller emphasis on the emotional parts of the DAPL story, such as the themes that the protesters were evoking. The discrimination, historical legacy (the Treaty rights) and potential water contamination were part of the argumentation during the exchanges with banks. However, these arguments were presented in factual and legal manner rather than emotional. Although representing different interests, the communication between banks and the Tribal office was carried out on a similar level of formality and language register. Banks and the Tribal office were both intermediaries, because they were caught between the clash of two extreme opposites in terms of logics and values: the pipeline construction company and the protesters.

iii) The construction company

The construction company is in the business of energy infrastructure which was very efficient, convenient and useful for many years. In the recent years when the evidence and effects of climate change have become major issues, the pipelines have been strongly protested against. The key argument is that the oil should stay in the ground. Once extracted, the CO₂ is liberated from the ground even if the oil first needs to be burnt. It is then hard or practically impossible to capture the

CO2 again and store it again as well as it was before extracting the oil. Once the infrastructure is put in place, it will stay there for years and gives an incentive to drillers to drill more, despite the sharp decline of oil price, because the transport is convenient.

The construction company is expanding the pipeline despite protests, despite ongoing process and an order to do an environmental review. In fact, these companies cannot lose because they have lost already, they are in an outdated technology and business. Nevertheless, they want to preserve their position to the last moment.

The strong push-back of the oil infrastructure firm is not surprising because the view of limited resources and responsibility for global warming is directly threatening the firm's existence. In addition, the general political interest of the access to resources and the resource independence is in its favor. The initial government's consent to a pipeline project transporting shale oil has given a signal that it is a politically desirable resource in the future since these infrastructures are built for the next several decades. We can extend the argument even further and consider that the infrastructure company comes only after the need for transportation is created. Already the permits to extract shale oil in the Bakken basin signalled the desirability of the increase in US oil production, accepting the possible negative impact of the technology for shale oil extraction.

It is thus not surprising that for banks, and in particular for their department of energy finance, the project did not seem unsuitable for business. For the majority of banks these kind of projects continue to be an attractive business. In addition, the banks finance only the construction phase, after which long – term investors interested in steady returns, or a hedge against a fluctuating oil price, buy bonds issued by the construction company. The proceedings repay the loan from the banks. It means that if the banks finance these projects, they are sufficiently reassured that the company will find other investors afterwards.

iv) Banks

Large, diversified banks with both retail and corporate clients have a difficult position to reconcile the interests of both. Unlike the construction company, they care about their public reputation because they derive part of their revenue directly from thousands of retail bank clients. So, on one hand to safeguard their already fragile public reputation, they do not want to be associated with any human rights violations or scandals. On the other hand, the banks also cannot publicly denounce their corporate client because this would put them into negative light vis-a-vis their other corporate clients. That is why all communication is as neutral as possible and even if several banks sold their stake in the project, there was no open condemnation of the construction company. The law firm

report remained confidential probably for the same reason. The communication of the Banks has been factual, very procedural and exact. The Bank's discussion has never touched upon the themes put forward by the activists in the camps. It has been about the Equator Principles, the Free, prior and informed consent, about procedures, about low leverage of the banks to influence the construction company.

Table 7 The summary of major events

Events	Synthetic description and effects
Individuals closing bank accounts	Individuals withdrew money from banks related to DAPL; although this might create a small financial effect, it is damaging reputation
Municipalities divesting	Some cities have large contracts with one bank; although this is still a small financial damage for the biggest banks, it becomes troublesome if many cities join and it is damaging image and reputation
Investor pressure	Investors are potential or effective shareholders of the banks. They are part of the same financial industry and should have similar logic as the banks, thus their message should resonate more
Divestment of DAPL loan	Some banks sold their loans signalling that they are acknowledging and distancing themselves from human rights violations and environmental harm
Bank policy	Bank policy reflects the institutionalised norms and procedures; if more banks adopt a similar policy, it will become taken-for-granted in the industry
Equator Principles proposed revision	Equator Principles reflect the standard for the project finance; if procedures are modified and validated, they will become the new standard for the industry
ETP lawsuit of NGOs	Testifies that the protest movement could have a material impact on its relationship with capital markets

4.3.2.2 Institutional illogics

i) Social defences

While organizations are themselves sources of anxieties related to their structures and tasks, they also offer protective features against these anxieties, for example as hierarchies or rules (Gabriel and Carr, 2002).

The system of a project evaluation in the bank had two features: the diffusion of responsibility and a detachment from emotions inherent in environmental and human rights harm. We consider these two features as social defences against the anxiety (Menzies – Lyth, 1960) which could stem from the task of evaluating such a harmful project. This way no single individual has to bear the emotional weight of this responsibility, especially if the project is proved to have been harmful.

The banks act as intermediaries in the economy, they are the link between those who have available finances and those who have projects needed those finances. The bank earns by assessing the best projects from financial point of view, especially by estimating the level of risk and assigning a corresponding reward. Environment, human rights and social consideration might enter into this evaluation as potential risks, which could cause financial loss. As a general practice, they are not integrated into the financial calculation but are evaluated separately. This evaluation is structured according to existing policies and procedures, which define how to handle such a project, which can be a loan, a credit line or any other financial service. The employee or the team responsible for the project follow these defined procedures and when there is a case, which is outside of their scope, they escalate this to a specialised team for evaluating the Environmental and Social risks which in turn has its own system of decision – making. There might be several hierarchical levels involved in the decision – making for important projects.

In the case of DAPL, the banks were acting as a consortium, which added another layer of responsibility diffusion. Although it remained the responsibility of reach bank to approve the project internally and the bank had a direct relationship with the client, the rest of the consortium relied on the leading bank to conduct the due diligence, including environmental and social assessment. In the case of DAPL, which was a large infrastructure project finance, the applicable risk assessment framework was Equator Principles. The Equator Principles serve as a guideline and a benchmark in order to integrate the environmental and social risks into the decision – making process.

The Equator Principles explicitly require an independent environmental and social risks consultant to provide a review and monitor the project. The construction company, which by the nature of its industry is operating at the edge of environmental and social harm, resisted being scrutinized for this kind of risks. The appointed consultancy firm had a technical expertise, rather than human rights. After the protests erupted, the banks collectively hired a different consultant, a large US law firm with human rights expertise, to compile an assessment of how the consultation process has been conducted. The following statement was used by the banks in order to shift the responsibility from them towards the law firm.

“Foley Hoag LLP, an independent human rights expert, has been retained to advise the lender to Dakota Access Pipeline and to review various matters related to the permitting process, including compliance with applicable law related to consultations with Native Americans. This review will include the evaluation of policies and procedures employed by the project’s sponsors, Energy Transfer Partners and Sunoco Logistics, in the areas of

security, human rights, community engagement and cultural heritage. Following this review, the expert will develop recommendations for improvements in line with international standards with respect to the sponsors' social policies and procedures going forward. The lenders understand that the sponsors will review and consider all of the recommendations."

(Citibank, November 30, 2016)

The responsibility for establishing if the protests were justified and reasonable was entirely shifted to the consultant. As an intermediary, the bank is in a difficult position of having to both control and please their client, in this case the construction company. For the same reason, is also banks are also facing conflicting expectations from the retail client community, the institutional investors and corporate clients. The careful shift towards the consultant was a compromise, which was intended to satisfy all the audiences. The first draft of the report of the consultant was kept secret and a summary was published only after the pipeline was constructed. Through the role of the consultant, during both the evaluation of the project and later reassessment, the bank remained detached from the real emotions on the ground, among protesters. However, all the stories and videos in the media were uncensored and available potentially to all employees.

ii) Disavowed assumptions

As a result of disavowed assumptions (Vince, 2012), the existing power relations are perpetuated through voluntary agreements like Equator Principles, which allowed the project like DAPL and probably many others to be approved as not representing significant environmental and social risk. O'Sullivan and O'Dwyer's (2015) analysed the Equator Principles issue field structuration. The authors show how the banking industry collaborated with NGOs in the creation of Equator Principles because the external pressures were mounting to take on more responsibility for the kind of projects they were financing and their impact on the environment and vulnerable groups. However, the powerful incumbent banks in the issue field were able to develop new "issue – based institutions and practices that suit their rationale and logics." (ibid, p.35) This means that to alleviate the pressures and satisfy the conflicting societal demands the banks worked on a common guiding framework to display their willingness to take on a more responsible role.

Nevertheless, the assumptions and compromises that were reached as a result of the negotiation process were much different from the kind of responsibility and commitment that the NGOs were demanding. The result was a framework that did not disrupt the existing practices of banks too

much but allowed them to display compliance and commitment to principles demanded by the society. Afterwards, the framework is applied without systematically questioning the assumptions on which it was constructed, allowing the banks to retain their role of a partner to companies and industries, which have strong interest in perpetuating existing order, which is under threat, such as is the case with the oil industry. The DAPL case led to questioning these assumptions, uncovering the collective harm and mistakes that were systematically and probably unintentionally committed by the lenders.

One of the questions asked by the researchers during the field research was whether the banks could have anticipated this conflict. The violent evolution of the conflict was largely caused by the construction company's unwillingness to back away from its plans and was supported by the local political representatives. The banks were involved only in an indirect way. The answers from activists and experts alike point to the fact that the lack of US legislature on indigenous rights and thus the inadequacy of the Equator Principles was something that the people familiar with the business were or at least should have been aware of. It can also be assumed that it is a known fact that the practices of the oil industry in general are not respectful of the environment and human rights.

It might have not been an intentional mistake from the banks, they might have been pushed in this direction by the client. Banks are intermediaries and they also need to manage carefully their image vis – a – vis their corporate clients, not only retail clients, especially large diversified financial institutions. The fact that they preferred to keep the final consultant report secret supports this argument.

iii) Fantasy

Organizations do not only offer protection from anxiety, or allow for the perpetuation of power relations, they also enable the realisation of common ideals and visions (Gabriel and Carr, 2002). A fantasmatic narrative can either sustain the existing arrangements or it can also motivate their change (Glynos, 2008). Fantasy is the narrative created by individuals or collectivity about the world (Zevnik, 2017).

The banks which publicly stated their adherence to the principles of human rights and environmental protection do not want to be seen as violating these values. However, this has been practically impossible in the institutional setup with the dominating market logic, where status in

the market and the comments of industry analysts mattered. As explained in the introduction chapter with sustainability becoming mainstream, the investment bankers start to look at those issues as part of their industry analysis, the fantasy of social and environmental sustainability is at least partly and for certain issues becoming real.

So the concept of responsibility for environmental protection and human rights has been a fantasy, which allowed the Bank with all employees to continue operating, to continue facing demands from the civil society, the pressure from retail clients, investors and even political actors. The banks can rely on policies, procedures, norms and voluntary agreements when approached or attacked from outside for not being true to their values and commitments. This fantasy of having satisfied all the requirements gives them security to continue in their work driven predominantly by the market logic. It allows them to survive the fierce competition, which reins in the financial world with little product differentiation, until the nature of the competition shifts and exiting certain businesses and industries becomes increasingly the norm.

In the DAPL case the fantasy failed because the movement grew to large proportions and brought about many more fundamental issues than just a question of negotiating a better compensation for having an oil infrastructure next to the reservation. The banks defended themselves with the external consultant firm, which itself was an expert on human rights. The fantasy was restored because the banks have done maximum what they could do given the situation; they were only waiting for the consultant to pronounce the verdict. Indeed, this is what they communicated in their response letters, which called for divestment of the loan.

Another interesting feature of the fantasy is how the human rights problematics is re-framed in terms of risk. The lessons learned from the DAPL case and the steps taken afterwards are meant to lower the risk associated with this kind of infrastructure project. That means, it decreases the risk of a scandal, of negative emotional reaction to the kind of business the bank is involved in. When evaluating the level of risk, the key is to determine if the process was followed properly, if the right consultant was chosen, or the controversy could be well managed. It seems that the nature of the business, the shale oil drilling in the case of DAPL, is not question from the point of view of the risk it poses to the environment and people. In other words, the risk pertains to the banks and not to the vulnerable groups.

The conclusion from DAPL for some banks was that this kind of projects are now heavily contested in the USA should be avoided because there is too much risk. The very emotional themes that

induced Native Americans in massive numbers to protest against the pipeline were not directly treated by the Bank. These emotional themes have been avoided completely by talking about procedural issues, about standards, about engagement. This case has served to showcase that the oil and gas industry has become risky and contested. Therefore this has served well as an argument to push the energy department in the US to switch to other sources of business, as mentioned by the Engagement department director during the interview.

4.4 Case C: Engagement strategy

4.4.1 Case description

This case study examines the emergence of a strategy of a major European bank to position itself as a leader in sustainability. The bank has set up the CSR department in 2003 due to increasing importance of CSR issues and the pressure from NGOs. It had been growing and strengthening the scope of the CSR until 2017 when the CSR team was integrated into a new “Engagement” department. The head of this new department is directly represented in the executive committee.

This case shows how this new strategy repositioned the CSR issues so that they could be perceived in a positive way and this paved the way to the transformation of the bank towards sustainable and responsible finance. Before presenting some of the fundamental elements of the new strategy gathered from the director and the bank’s internal materials, we will sketch out the crucial element of the previous CSR strategy, the sector policies. These remain in place also under the new structure and are among the main instruments in showcasing the major commitments to sustainability. Complementing the sector policies are goods and activities on the exclusion list, meaning that these are banned from all bank’s activities.

4.4.1.1 CSR prior to 2017 Engagement strategy: sector policies

The bank is involved in financing many industries, including those that can pose major environmental, social and governance (ESG) challenges. Some specific sectors are naturally susceptible to face ESG risks, such as nuclear energy, defence, mining or palm oil. The bank has drafted policies for these sectors outlining the ESG standards, which should be considered in addition to economic performance criteria when making financing and investment decisions. These policies are public and applicable to all bank’s business lines and countries in which they operate. First published in 2010, the policies are regularly updated and new policies are drafted when the need emerges, as was the case with unconventional oil and gas in 2017.

There are nine sector policies, each treating a different issue. For each policy there is a summary description as well as application guidelines published. The summary description is public and can be sent directly to clients. The application guidelines resume the context and the background of the development of the policy, the scope of responsibilities in the application of the policy for compliance, risk, CSR and the business line, and the detailed description of the excluded activities, as well as the principles of application.

The nine sector policies:

- Defence
- Palm oil
- Wood Pulp
- Nuclear energy
- Coal-fired power generation
- Agriculture
- Mining industry
- Tobacco industry
- Unconventional oil and gas industry

The guideline documents detail the mandatory requirements and the evaluation criteria. Mandatory requirements must be met without exception before the bank can consider providing products or services to the companies involved in the activities excluded by the policy.

The evaluation criteria are guidelines to perform an additional analysis in order to evaluate if the company can be accepted as a client. The bank can either ask to meet additional requirements or refuse to be involved with the company even if the mandatory requirements have been met.

Companies which do not meet the specified criteria may be added on a CSR monitoring and exclusion list. They are then monitored, and their status is updated or changed if, for example, they exit the incriminated activity. The ultimate responsibility to verify the compatibility with the sector policy lies with the client coverage of the business lines which has a relationship with the client. A network of CSR experts is deployed across the bank in order to provide support for the application of these policies, among other things. In sometimes complicated process of a validation of a project, or of financing a new activity, or providing a new product, CSR policies are an integral part of the decision – making process. Sometimes the case can be difficult to judge and, in that case, the central CSR team is solicited to give their opinion.

The sector policies are not the only restrictions, there is the exclusion list of goods and activities, which are completely excluded by the bank, for example personal mines or other very harmful products. Additionally, the bank has other general policies not linked to a particular sector, for example a policy against Amazon deforestation.

Yet another category of policies is formed policies derived from voluntary engagements that were signed by the bank. There is a large number of engagements, especially over the last year, but those dating form 2010s were especially Global Compact, Equator Principles, UN PRI, UN Guidance for Human Rights. Human rights in particular are also an object of a specific policy. Equator Principles impose a specific framework for evaluation of project finance and has a specific annual reporting.

The CSR department has developed many more activities, such as microfinance or philanthropy, however these are rather limited to the CSR department and are not deployed across the bank. The

focus of this case is on the sector and other restrictive policies because these are valid across the bank and need to take into consideration for all activities that the bank conducts. All deals of the investment bank, for example, have to be approved from the CSR point of view, as mentioned above when discussing the guidelines that accompany the sector policies.

It is not difficult to imagine that these guidelines and policies are not extremely favoured by the sales coverage, bankers and relationship managers. These policies are de facto limiting the business because some transactions are not approved, or some clients lost due to violating these policies. A consultant working on the early implementation of the new Engagement strategy in fact explained that the CSR department has been perceived negatively because of hindering the business. The new strategy aimed at changing these negative perceptions by positioning sustainability as creating new business opportunities.

4.4.1.2 The new Engagement strategy

The new Engagement department has been presented to the board in late 2017. This case describes the main objectives and ideas of this new strategy as narrated during two interviews with its director in September and December 2019 and some internal documents regarding the implementation of this strategy by a project team. The case does not describe the new Engagement strategy in an exhaustive way, rather it focuses on the difference with the previous mostly restrictive CSR sector policy approach. The interviews specifically included questions on the role of emotions.

Societal changes driving transformation

The first premise of the creation of the new department was the realization that the societal developments in terms of sustainability have advanced rapidly especially since the COP21 in Paris in 2015. The bank had already developed many engagements and the objective was to strengthen these existing CSR activities, giving them a stronger ambition, clear orientation and better integrate them into the company's strategy, as well as to make them more visible to all relevant stakeholders. The starting point is thus the society, and the perception of the management as to what the expectations of the society are in terms of responsibility or activities. There has been a clear conviction that the society is expecting an active engagement from the bank in matters of climate and environmental preservation, diversity or human rights. In the materials appeared also a public study which showed that CSR topics, and in particular the positive societal impact, are among the top criteria when evaluating companies.

“...in reality behind that we see well that the worries about the territories, the inequalities and certainly even more about the environment – these worries have become mainstream, from this will depend the behaviour of the regulator, the consumer, the job candidates, and so at the end, all this will be conditioned by the fact that what we do we are capable to explain to people who will live in the future and so to our children. And so there is in a way the capacity of the survival of the firms is determined by how they contribute to the long-term. And that is a transformation.”

(interview bank director, Sept 2019)

“Because I really believe that the purpose of a company is to work for the client. What is important when you are in a company it is to have a foot outside of the company. External is essential, it’s the vitamin of the company, without external there is no company. Internal also has a relationship with external.”

(interview bank director, Sept 2019)

From the management’s point of view the bank and the top executives have already had an ambition to contribute to a better society, it was only necessary to develop a better narrative in order to diffuse and integrate this vision on all levels of the bank. The positive impact on stakeholders and the society at large is a crucial preoccupation of the top management, complemented by the ambition to contribute to a better future.

“20-30 years ago it was the years of banking marketing where marketing people were creating products that didn’t make sense to the people but that made money and this led to the financial crisis. And now my problem is that everybody knows what the teacher is for, what the nurse is for, what the singer is for, what the footballer is, but what nobody knows what is for is a banker.”

(interview bank director, Dec 2019)

“We are not here more to make the profit than the pharmaceutical company. We are doing profit like the pharmaceutical industry, no more not less. But he said no, the pharmaceutical industry is here to cure people. And we are here to help people realize their projects. So it’s very important that we are the business as the others, we are here to make the profit because otherwise we wouldn’t have the shareholders, but we are here to serve the society. But it’s very important.”

(interview bank director, Dec 2019)

“Being sustainable is a culture. You have to promote the culture positively.”

(interview bank director, Dec 2019)

“It’s not a shift in strategy, it’s a shift in making something which has already all what is needed in theory becoming part of the transformation of the company.”

(interview bank director, Sept 2019)

The theme of a history of the role of the bank as accompanying the important transformations of the society has appeared in the document describing the company purpose, on the internal website and in the integrated financial report (financial and extra-financial reporting).

The societal changes are also reflected in the behaviour of the influential stakeholders. Apart clients and NGOs, regulators and investors have started taking sustainability into consideration much more seriously than in previous years.

“There was a decision this summer, very important, of the Business Round Table, in the USA. The Business Round Table is the meeting of the 200 biggest US firms. It lived since 1997 with a code which was written by Milton Freedman who wrote that the only objective of the firm is to take care of its shareholders. Now it says that it needs to take care of other aspects, the environmental, social...it's very important, it's a paradigm change. So this changes how the investors assess the firms. Today when you have an investor they don't ask you at all the questions which he asked you in 2014”.

(interview bank director, Sept 2019)

“The risk CSR is emerging as a new risk on the side of the credit risk. Before it was the reputation risk, the CSR risk was lived during a period as apart of a reputation risk. Today there is a disjunction of the reputation risk with the CSR risk, today CSR risk has become something else than reputation risk, it became the risk of regulation, risk of investors leaving, risk of stranded assets... (stress test) The regulators will do with the banks because it is easier.”

(interview bank director, Sept 2019)

i) Providing a purpose

The second important starting premise is to give the sense to the employees. Show the role of the banker in a positive way, as financing the real economy, innovation, start-ups. Sustainability can give the banks back the purpose of continuing doing the banking job.

“Internally people are in a quest of rehabilitation because they are ashamed to be bankers because after the financial crisis was perceived as a less useful business. The most useful are nurses and firemen and less useful are bankers. It’s very impressive and for the people it is very difficult to accept. Because it has been like this for 10 – 15 years, they are used to be a kind of...and their children, the friends of your children say your mother or your father is a banker, it’s the worst thing in the society...it’s horrible, horrible, the perception of this job

in the society is horrible. So people are looking for rehabilitation. So if you give them a rehabilitation by just saying we will not finance this or that, if I want to be rehabilitated it is just that I have to stop finance things and stop being a banker. But this is not a rehabilitation, it is just a suicide. So you have to tell them that there is an alternative where you can still be a banker but be rehabilitated. It's not a question of reputation, it's a question of intimate rehabilitation. What people lost is not their reputation, it's their self-esteem."

(interview bank director, Dec 2019)

ii) Doing business with positive impact

While the activities of the CSR department along with the HR theme of diversity were deemed necessary to continue operating and improving, the new Engagement strategy has focused on four smaller themes in order to develop more focused effort and concrete initiatives on these within each business line.

These four themes which were identified as the focus of the new department:

- Climate change
- Young people
- Thinking local
- Entrepreneurs

These four themes were seen as in the broader context of the UN SDG goals which have also become the focus of the bank since 2015.

The first step was to identify concrete initiatives which would generate new business opportunities within each line of business. Subsequently, project managers oversaw their operational implementation, but the ultimate responsibility of developing these new business initiatives were in hands of the individual business lines.

A presentation of the internal consultant who managed the implementation across a network of smaller international retail banks served as a basis for this case. He narrated the journey from transforming the idea of CSR as restricting business, to the new engagement strategy as a search for new business opportunities. Some of these retail banks had an important part of their business tied to some not environmentally friendly activities such as coal, therefore it was natural that sector policies were not favored. However, once they have started working with the four thematics, they could find their own business solutions and make proposals for the initiatives for each of them, or choose the most convenient ones, they were on-boarded. There was no specific reluctance noticed by the consulting team.

Training as an essential element of the diffusion of the new positioning

An important element in the later-stage implementation of the Engagement strategy was training. In 2020 the bank has started launching the training modules, the first one started with the director speaking from his apartment since the filming was done during the lock-down period of the covid pandemic. The modules were carefully crafted playing on an emotional balance of alert as to the severity of issues such as climate change

“There is only one way and that is the training. So we, it will go through the training. We launched a training that concerns already 600 people...who are in contact with clients to be able to understand these issues and to accompany clients. And at the end of 2020 we would like to train everybody. ...I think we could also create a sustainability network, we already started, impact pioneers, 600 people, the idea is that we will have 1000 or 2000.”

(interview bank director, Dec 2019)

“Today the banker of 2019, he tries to combine doing business with the fact of having an impact positive in the long term.”

(interview bank director, Sept 2019)

Training for all employees

The training modules are short, around ten minutes, staging real employees and some invited experts. Each episode has a different main narrator.

The first episode

The first training has as an objective to introduce the sustainable development. It features the head of the Engagement as the lead narrator and as an interviewer of experts. The episode is structured into two parts, the first presents severity of the crisis that we are in, the second one offers some examples of solutions that the bank is putting in place. Employees from a few countries around the world narrate the visible effects of climate change in their country. A prominent investor is talking about creating and measuring positive impact. The same employees talk about sustainable products and practices, addressing not only climate change but also inequality. The bank's role is to support clients in their journey to a more equal and sustainable society. As a conclusion, the objective is to become a bank that can be explained to the children, and a bank that will be able to seize all opportunities that the sustainable development transformation offers.

The second episode

The training starts with discussing the pollution of oceans with a documentary director, and how we are involved as consumers, producers and governments are responsible. The bank then presents what the different employees around the world personally do to reduce their carbon footprint, sometimes with the help of the bank. The following theme is the digital pollution, presenting the data center of the bank to create awareness about excessive use of digital tools. How the company canteens eliminated plastic bottles and other disposable plastic, as well as propose vegetarian meals, or how a new office building was constructed according to latest environmental standards, and other efforts are presented as the initiatives of the bank to reduce its carbon footprint. As the basis of the sustainability strategy are the 17 UN Sustainability Goals, the next topic is the social responsibility, with an example of the inclusive recruitment.

The third episode

After looking at how individuals can have impact through small gestures, the third episode has as an ambition to look at the bigger picture of the role of finance in the society. The bank has publicly made big commitments by signing voluntary agreements, which have to be concretely put in practice. The first conversation is with a deputy head of the CSR department who explains how they work with the clients to understand the industry challenges they face, accompany them and set the sector policies for sensitive industries. The CSR is to anticipate where the legislation will go, it is to take better into account the environment, biodiversity, or human rights. From the beginning it was intentional that the CSR policy should be precise and all the criteria are published in the bank policies. The deputy head notes: “The clients at first were a little reluctant because they saw it as an additional constraint and now more and more clients are very actively engaged in the transition. They see as a proof that we made the effort to understand their industry, that we really know what their work entails, what their constraints are, and so we can better accompany them.” One big industrial company, a client of the bank, talks about their activities to reduce emissions and how the bank's team cooperates by offering financial products that are able to help them meet the challenges, and even on particular projects. Another client in the solar energy solutions explains that the bank invested in their company and help them grow and expand. Retail clients are equally offered special ecologically – themed products. These examples should demonstrate how the bank is an engaged actor creating awareness both at individual and collective level. Finally, it is the asset manager that explains how ESG is integrated, and that it is not only about enhancing the performance, but they see their role as influencing the economy through voting and influencing policy – makers. It is further discussed that the reason for focusing on sustainability is because it is commercially

attractive, clients now like this and it drives new business; but also because it enhances them as an investor and helps to evaluate investment opportunities.

The fourth episode

The focus of the fourth episode is on the social issues which are seen as interconnected with environment, meaning that people suffer because of the degradation of the environment where they live. The bank has a power to do things to address this issue. Fragile communities, for example young, financial exclusion. The bank invited Professor Yunus, the founder of microfinance to explain the reasons behind it. In particular he discusses how important it is to focus the micro-financing program on women because women earning money has a far-reaching impact on the society. What follows is a presentation of various activities in the social sphere. Women in agriculture program, social – impact bonds with a US government, insurance policy which is aimed at improving conditions for disadvantaged people with serious health issues, a neobank or financing mini-businesses founded by students. Volunteering to accompany young, disadvantaged people during their school years is presented as a possibility for engagement.

4.4.1.3 The role of emotions according to the Engagement strategy director

Emotions were explicitly mentioned in the introduction to the first interview with the director and also as the main reason for the second follow-up interview. As a very skilled speaker he succeeded to impose his narration of the subject: The story of how much the Bank does for sustainability that a general public is not even aware of, how things really changed around sustainability. A well-constructed narration which he is used to present at interviews and public events. Upon insistence, the director systematically dismissed any significant role of emotions. To summarize his view from the interviews: yes, emotions are a part of the external movement toward sustainability which employees are exposed to. Once this “conversion” and understanding of issues is done, internally within the organization emotions are not very relevant in his view.

“So you see this change completely in the realm of rational. Yes, because the emotional part, people have it already. They understood. They know it. 75% of the people know it. There is 25% that remains but I prefer to take care of the 75%. But the emotional part is not interesting because it's done. I think that today what people need is to be sure that the firm empowers them to do that, and how do I do it. Am I empowered to do so and how do I do?”

(interview bank director, Sept 2019)

Implementing sustainability is then mostly a question of finding technical solutions. There are ESG scores integrated into risk scores, ESG data fed into information systems across the bank to make it

available for fast and systematic analysis along with financial analysis, creating common taxonomies with other industry participants, along with the already mentioned trainings ranging from general knowledge about sustainability through specialized trainings on specific topics to university courses on sustainability.

“The diagnostic of the directors was that the pipeline case was not well studied. They did not study it in depth and they trusted people who are not experts...It's not emotional, it's technical. The shift that we are doing is that the guy who studies the project how he studied it in 2015, he's fired. Because between 2014 and 2019 the world has changed emotionally. We have changed because we are part of the world. We are not outside of the world, we are in the world. So the world has changed emotionally. That does not come from the bank that comes from the world. You are a human being, human beings from 2019 are different from those in 2015. So you changed emotionally because you are a human being. After the question is does the bank give me the means to adapt my behavior of banker to human being. That's a technical question.”

(interview bank director, Dec 2019)

The role of emotions internally remains in communication, where there is the need to communicate the issues in an appealing way, for example in the training, where messages have been carefully crafted to have both an emotional impact, but to also give a sense of empowerment to have a positive impact.

“The key consists in understanding – for example you tell me, do the firms move [on sustainability] – in reality yes, they move much more than you think. I give you a training in which you see all that moves in the firms and at the end of this training you understand that the world of 2019 is different.”

(interview bank director, Dec 2019)

Although this has not been addressed directly during the interview, the Bank financed the creation of some documentaries on the topic of climate change and diversity, which obviously employ emotional communication.

“All my life I have been working on converting the internal emotions into benefits.” (Note: as a part of creating the bank's communication)

(interview bank director, Dec 2019)

Nevertheless, it has been acknowledged by the director that the Engagement strategy has been consciously creating a positively perceived momentum around sustainability understood broadly. When directly asked how he understood the need to change and the way to change the negative perception of CSR into positively perceived business opportunity he responded:

“It’s obvious I have been in the business, I have been in the bank for several years so it takes a few seconds to realize, you don’t need long reflection to see those things...”

(interview bank director, Sept 2019)

4.4.1.4 Summary

At one internal bank presentation on the evaluation of the ESG risk factors, the framework was summarized in the following way:

- How not to harm: Following the guidelines of Global Compact
- How to do good: Application of the UN SDGs

These two approaches referred to other companies’ evaluation for risk purposes. However, it also summarizes well the difference between the initial CSR approach and the subsequent Engagement strategy.

Initially, the CSR department was developed to satisfy the nascent need to monitor the client's activities and take an active responsibility in case these have fallen behind the increasingly stringent standards in terms of environmental protection and social well-being. The objective was to steer the bank away from a reputation - damaging scandal. The risk evaluation approach is central: not respecting CSR principles might hurt the bank financially, therefore it is more profitable to take CSR seriously into consideration. In practice the bank has gradually developed a sector – specific policies and procedures, in addition to adhering to common standards such as the Equator Principles. These policies and procedures were perceived negatively as restrictive and business – threatening by the relationship managers and other people close to the business.

The new Engagement strategy has kept the previous approach based on sector policies because it is the backbone of the CSR. It added four new themes to allow the business to search for new business opportunities but with a “responsible twist”. Thus, it created the opportunity to see CSR in a positive way, as a new source of business. Subsequently the strategy was to create awareness among all employees about the seriousness of the environmental and social issues and some potential solutions through a series of short trainings. Emotionality is carefully used in these trainings on one hand to create a sense of urgency and at the same time give hope that through engagement employees can contribute to better future.

4.4.2 Case C Findings

4.4.2.1 *Balancing out emotions and rationality in communicating sustainability*

As research on social movements shows, organizations are influenced by social movements from outside or from inside (Davis and Zald, 2005). We can observe the tactics of emotional communication typically employed by social movements when communicating around sustainability issues to be also used by the the Bank.

As emerged from the interview with the director and by observing the actions put in place, the management has understood that emotions can have double role: their presence in sustainability – related communication externally and internally and the need to create positive emotions around sustainability in order to facilitate its adoption. These two types of emotionality are different.

Acknowledgment that sustainability is emotionally-laden

The trainings for all employees that we described within the case contained a lot of emotional description of both social and environmental issues that the society is facing today. The professionally-produced documentaries about climate change and women, which the Bank sponsored and promoted internally were also highly emotional. The director recognized that he was seeking a balance in communicating with emotions the urgency of the situation, and at the same time giving people hope that everyone in the Bank contributes to solve these issues. Yet, as he stated in the interview, he thought that the emotionality served to get across the message that sustainability is the most important issue that needs attention mostly outside of the organization. These foundational trainings, which are destined for all Bank employees with the objective to diffuse the message and affirm that sustainability is a priority for the Bank. Beyond these trainings, the documentaries, the usual philanthropy work and some other specific initiatives, there is a return to the banking logic: how to practically implement sustainability, blending it into the usual tools that bankers use. This means providing access to industry analysis in a standardized form, introducing scoring and rankings, risk metrics, inserting ESG considerations into Bank's operational directives and procedures. Of course, these initiatives are for a large part also driven by the regulation, and industry trends, where standardization and technical parameters are a priority and emotionality has no place.

4.4.2.2 Creating a positive perception of sustainability

Although emotions are not seen as a part of the actual work of the bankers, or the tasks, it is recognized as a means to diffuse the chosen strategy focused on positioning the bank as a leader in sustainability. Being a leader in sustainability in the time when it became mainstream means positioning for future growth and business opportunities. Prior to the mainstream positioning of sustainability, CSR was more an element of risk management. There were various types of risks that it was meant to prevent: reputation risk, future regulation risk, financial risk.

As a risk management tool, CSR was not perceived positively, as emerged from our case study. When the top management decided to upgrade sustainability to strategic priority, the perception of what CSR stood for previously had to be naturally broadened and its acceptance needed to be created. Even if the employees were convinced about the importance of sustainability because of the emotional communication externally, once facing these concrete tasks and decisions within the Bank, it becomes less obvious what the best course of action is. The first initiative of the director was to change this negative perception, to create a positive perception of sustainability solutions as business opportunities. This was put in place through empowering employees to choose what kind of products or services they will develop for sustainability.

4.4.2.3 Solving intra-logic tensions by reframing

As the emotionality of sustainability entered into the internal organisation of bank, it has initially created a conflict for the bankers who have not had the new sustainability training. The old sector policies were seen as restrictive and as blocking the business. Yet, as new and more intense communication emerged and became part of the internal strategy of the bank, some reconciliation with the banking logic was needed. This was offered by the Engagement strategy in the form of reframing sustainability away from the emotionally – laden themes into a business opportunity. The offering of four topics to choose from and develop specific products and initiatives further strengthened this reframing and gave it a concrete definition. The moment of the implementation of the engagement strategy was well chosen as it coincided with the growing maturity of the green finance, increasing disclosure harmonisation, the work on common taxonomies, appearance of more standardised ratings, the integration of ESG criteria into brokers' reports etc.

4.4.2.4 Dynamics of institutional illogics

Fantasy and social defences are deployed in an organization to protect the members from anxieties arising from the task or the structure of the organization (Krantz, 2002). The Engagement strategy

concentrated on deploying the positive perception of sustainability. Apart from the trainings, the presentations of sustainability are relying on facts; what is important is its implementability and standardization. Controversies are usually not directly addressed, they are rather evacuated as either something of the past or a failure of a particular person. We suggest this communication acts as a fantasy and social defence against the tensions that would arise if the reframing of sustainability was not put in place. The “greedy” past of the banks leading to financial crisis or the aftermath of the financial crisis are not discussed. A rather idealized past is presented, which fits the narrative of today's purpose, whereby the bank is an agent of transformation, accompanying those that drive the societal changes. Although emotions are part of the sustainability in the outside world, they are not recognised to play an important role inside of the organisation, which we see as a social defence against potentially uncontrolled effects of allowing emotions be part of the decision-making process.

4.4.2.5 Agency

An interesting observation emerged from the interview with the director. In the director's description of the work for the client, or of developing new products and services there was a clear distinction of the borders of the organisation. He considered certain information and elements to be inside of the organization, and others as coming from outside. His job is to communicate in a coherent way what is already inside. At the same time, he stressed the fact that the employees already have knowledge about the importance of sustainability and most of them are convinced that it is a critical issue. The emotions are seen as coming from the external environment and being part of how people are ready to act. They are present in the organization because the people are their carriers. He also notes that it is important to be always somewhat outside of the organization. We interpret this situation as a major change compared to previous periods when effectively only a few important managers were able to be at the same time outside and inside. He acknowledged that common employees are considering sustainability to be important, meaning that the situation is as if they had the opportunity to be a little bit “outside”.

5 Consolidated findings and discussion

Summary

In the theoretical section 2. Theoretical background we started with the review of the literature on the institutional logics, the conflict of market logic and community or sustainability logic. We have concluded that there is not a homogeneous approach to describing the sustainability and the tensions which it might create in organizations. We defined sustainability as a broad transversal concept which is characterized by the presence of emotions. The social media and technology emerged as an important element in giving organizational members information about sustainability. We theorized that this situation creates tensions within the institutional logic. Since emotions are the essential element on which we focus, we proposed to study these tensions through the framework of unconscious dynamics.

In this section we will in turn discuss each of these concepts separately in light of the findings described in section 4.

5.1 Sustainability as a transversal concept

Our empirical cases show that sustainability is heterogeneous, it includes alternative views, it is complex, it involves emotions and social and environmental sustainability issues are interconnected. We argue that if sustainability is too narrowly defined, its implementation by an organization is likely to be incomplete, thus failing to address grand challenges. This finding extends the work of Hoffman and Jennings (2018) on sustainability in Anthropocene era. We join the calls that sustainability should be defined on the level of an institutional order. In line with Banerjee and Arjaliès (2021) we also suggest to put to the forefront the integration of nature and human, and to include indigenous views to create a more solid basis for finding solutions to the current crisis.

As discussed in the section 2. Theoretical framework, sustainability has not yet been defined as an institutional order. The concepts of social and environmental sustainability are found in institutional logics which are derived on the field or organizational level and can have many different features. These various sustainability – related logics are contrasted with market logic, creating the conflict of logics.

Our three case studies show that the issues which we include under the broad concept of environmental and social sustainability are very heterogeneous and greatly interconnected. The way the issues are perceived by the actors, especially those constituting social movements, is different from how these issues are framed by the market logic actors. Another feature of sustainability is the presence of emotions and emotional framing, and this will be discussed in a separate section. Some characteristics of the community logic are present in sustainability but it is not exhaustive.

The investigation of sustainability in our empirical cases converged into five characteristics of sustainability extending the definitions of sustainability as an institutional logic of De Clerque and Voronov (2011) or Hoffman and Jennings (2018). On this basis we join the calls that sustainability should be defined on the level of institutional order but paying attention to the aspects that Banerjee and Arjaliès (2021) put to the forefront: the integration of nature and human, and including indigenous views.

We show that social and environmental sustainability is today a concept that is rich in meaning, widely spread and crucial to understand in order to address grand challenges. We suggest sustainability should be thus joining similar suggestions of other researchers (Johansen and Waldorf, 2017; Hoffman and Jennings, 2018). We complete the existing definitions of sustainability as an institutional logic of DeClerque and Voronov (2011) or Hoffman and Jennings (2018) by providing five characteristics of sustainability which in our view should be considered in further theorization about sustainability in organizational setting. Our proposition of characteristics, especially (3) alternative view of facts illustrates empirically what Banerjee and Arjaliès (2021) argue. They suggest that current conceptualizations are not incomplete and not fit to solve grand challenges; they call to include different views such as those of indigenous populations. We join this call by showing how the framing from the indigenous population differed from that of the banks, companies but also NGOs. Through the auto-ethnographic narration we reveal the difficulty to accept such different views by the researcher.

This suggests that the approach to theorize it as a transversal management concept (Meyer and Höllerer, 2016) could be useful as long as there is no formal definition at the level of the institutional order.

5.1.1 Heterogeneity

As the table 6 shows, there is a vast number of different themes that we can include under social and environmental sustainability without the possibility to assign a hierarchy of importance to one issue over another, as these themes emerged from the cases. In the Uzbek cotton case the social dimension is clearly a priority in this given point in time but this is because the environmental

damage is a direct consequence of the dictatorial regimes of the past. The DAPL case has an overarching theme the fossil fuel extraction and consequently climate change which is among the most urgent issues to be focused on. The second one, resumed also in the slogan “Water is life” is the destruction of ecosystems. However, these are by far not the only ones, as our analysis showed. This heterogeneity has an advantage that different audiences can choose the angle or the theme that they prefer, as long as the broad objective of them is “not compromising the ability of the future generations to meet their needs.” The disadvantage is that the options for acting in the sake of sustainability are very vast, and given no precedence of one over the other, it is hard to determine what action is really driven by sustainability. Our cases illustrate this perfectly. In both practical cases the decision was in favour of an apparently sustainable solution, that was to stop financing a harmful activity. Nevertheless, the internal justification was not directly linked to the underlying sustainability principle, but to other reasons which offered better, more practical justification in that particular moment in time.

The heterogeneity also means that there are many areas of expertise needed for each facet of sustainability. While natural environment preservation, including climate change and biodiversity, relies on the natural sciences research, social issues rely more on social sciences research, including economics. These broad domains are already rather distinct in how they approach creating knowledge, although we could name science as a common denominator. They also share the profound difference they have in objectives and approach compared to business.

Sustainability is observed as a transversal management concept but goes far beyond what is routinely conceptualized as “management”. Yet sustainability is absolutely crucial to face the challenges that the world faces, including companies. Companies are for a great part the cause of these challenges, and thus logically have to be driver of the solutions. The heterogeneity of the sustainability concept shows in depth why it is so difficult to incorporate it into the business practices.

5.1.2 Interconnectedness

Along with the heterogeneity we observe strong interconnectedness of the environmental and social issues: between them but also within. Between them meaning that the neglect or violation of one can lead to the violation or harm of the other. Within meaning for example that climate change and biodiversity are closely intertwined, as well as is poverty and discrimination. This conclusion has emerged as the main feature of sustainability. The activists of the No DAPL movement have identified it as “intersectionality”.

In the Uzbek cotton case the main issue is that human rights violations on such a large scale are not sustainable. The social conditions created by the repressive regime lead to inefficient land and water use, contributing for example to the Aral sea disaster and unsustainable crop production. The practical consequence of this fact is that it is highly unlikely to have a sustainable social condition with unsustainable environmental approach and vice versa. As the garment industry is attempting to decrease its highly negative environmental impact, the solutions go hand in hand with the socially sustainable situation in the cotton production. The systematic destruction of untouched territories of indigenous populations has a negative social consequence on these communities, let alone on wider ecosystems important for survival of many more people.

A chain of consequences of acts on a large or a small scale can lead over time to the degradation of the initial environmental and social situation. Sustainability means that this chain needs to be interrupted and even reversed in order to create a sustainable situation, even if finding the original balanced situation might not be feasible. The chain, or dependency and interconnectedness also means that it is not straightforward and easy to interrupt it. Different audiences see only their part of the chain and often might have the view that it is the only part they can influence. Or that the decisions only concern that small part. For example, in the DAPL case the Standing Rock tribe wanted a re-routing of the pipeline, the activists wanted the pipeline to be scrapped altogether, and they wanted banks to divest from fossil fuels, the bank verified the project according to standard procedures, it could not sell the loan before a certain date or under certain conditions; in these instances the audiences often think about their specific issue and much less about the interconnectedness. To think solutions through necessarily involves considering the interconnectedness.

The interconnectedness along with heterogeneity means also that the sustainability concept is likely to interact with other institutional orders and logics, not only with the market logic as studied in this research. The presence of sustainability means that other institutional logics have to cope with the new realities that respecting sustainability brings along. There are far less studies that focus on other institutional logics than the market logic or the potential conflict with the market logic. However, studying how the sustainability concept in interaction with other than market logic could uncover new features or dynamics. This is a well recognised shortcoming of the institutional logics theory, several authors have called for a closer examination of religion, family or other institutional orders (Thornton et al., 2017). As sustainability needs to be adopted by the whole society in order for the next generations to live, the need to study these interactions in depth appears evident.

5.1.3 Alternative view of facts

One of the key conclusions from more than a decade of institutional logics research is that the market logic is dominant in our society (Ocasio et al., 2017). It seems natural then that the default frames of reference to approach an issue or a situation is that of the market logic. If we consider the economic activity with the interaction of several companies and the financial sector, it is so much more probable that it is the market logic that will determine the type of analysis conducted. However, for example in the case of projects that touch indigenous populations, such as the DAPL case, the approach of the companies will not be able to account for the specificity of this population if they just adhere to their corporate or market logic. Since the economic principles are so widespread and the a certain logic based on scientific facts, arguments and proofs is so widely accepted, that oftentimes it is extremely difficult to have a different view; to see the facts that are also valid, or even scientific, but to arrive at them is not through the usual way of analysis.

A concrete illustration is the arguments put forward by the DAPL construction company on a dedicated webpage. It had some valid arguments such as the overall statistical safety of a pipeline over a train or truck transportation, the fact that the pipeline is put deep in the ground and the surface is restored to the previous state, that it respects legal procedures, private property etc. Based on these type of facts the analysis done by the company might seem valid and reasonable. This is in fact what the consultancy firm concluded and the financial partners initially regarded as no issue. When the alternative, indigenous view of the Native American population is taken into consideration that these facts can start being questioned and the analysis performed on another level. They might talk about a black snake destroying drinking water, or about their ancestors considering the land sacred, at first sight these views are very alien to the market logic and sometimes could even seem laughable. Nevertheless, they lead to another type of analysis, looking beyond the existing schemes. At the end, this might lead to the realisation that although leaks are rare, their damage is irreparable, that the temporary destruction of untouched land can lead to ecosystem disequilibrium which has far reaching consequences, that water is indeed becoming scarce even in areas where it was not expected etc. This list could continue in a similar way for each and every item to be analysed. By pointing out certain realities of which their traditional culture is aware of, the indigenous population can contribute to adopting new approaches to evaluating the risks and benefits of certain activities.

These alternative facts might just be a very well know scientific facts but which have become hidden and dissimulated over the years as the companies were pursuing their goals without taking into consideration the finite resources and the principles of sustainability.

The Uzbek cotton case also offers an illustration of this principle. The bank in its engagement efforts directly addressed the issue of child labour. It demanded assurances that the cotton they finance was free of child labour and that the independent ILO monitoring teams monitored the harvest. Child labour was of course an intolerable situation. However, once this worst situation was solved in most circumstances, the repressive system of forced labour was still not over. Talking to the activists, we learned also another viewpoint and analysis. They questioned the efficacy of some aspects of the international organisations' work in poor countries. The activist who used to do the monitoring for the ILO was particularly critical about their system of monitoring. He saw a natural solution in increasing the price for the picking cotton, which would create a sufficient supply of workers with no need to force people to work. This has in fact happened when cotton prices increased in 2020. More generally, eliminating poverty was a way to approach the issue of forced labour. It would also at least partly eliminate corruption and lead to more sustainable development of the country. This view offers an alternative way in which the bank could have engaged with the state, in addition to an absolute elimination of child labour, they could have called for programs to decrease poverty.

What we called here the “alternative view of facts” adds another feature to sustainability. It is also what makes sustainability be transversal across all institutional orders because different orders can consider the facts in a different way. This approach through alternative view of facts is also a way to uncover the complexity of sustainability.

5.1.4 Complexity

The interconnectedness of heterogeneous issues and facts considered from a different viewpoint result in great complexity, as we attempted to illustrate throughout the research. The initial dilemmas that the bank faced were at first analysis connected to a few underlying concrete problems to solve in each case (e.g. the pipeline rerouting, the cotton harvest quota). These, in turn, were connected to other more fundamental problems as revealed in the cases, such as fossil fuel extraction, water preservation, social justice, repressive regime and others. These again have implications for political choices, ramifications on businesses, impacts on financial systems. If we consider sustainability as the guiding principle, all of these issues and connections have possibly their role, smaller or larger. This is evident since the sustainability concerns the social and natural environment surrounding us, and we are all aware of its complexity. Even though this affirmation might seem quite banal we consider it important to stress the complexity of the sustainability concept, since it is its most important defining feature and as such has an impact on how such complex issues should be approached when looking for solutions.

For example, any approach to analysis, decision or action can capture this complexity only partially. This complexity cannot be understood precisely in its entirety but it can be studied for example by partial scientific models. However, the results again enter into the chain of subsequent decisions or understandings, which condition others and so on. Some other sustainability issues are not treated through models and emerge as more or less vague concepts. The final approach to take an action on a particular issue has to take into consideration all of these aspects, which sometimes might lead to contradictory prescriptions. Therefore, we talk about intra-institutional complexity when this happens within an institutional order. There are specific research streams dealing in great depth with complexity either in the institutional theory (Greenwood et al., 2017). Our objective here is not to discuss it in the light of this advanced research streams, but to point out this specifically as the main feature of sustainability. Each problem faced by business linked to sustainability, each decision, each task will necessarily be linked to a complex situation and as such it is unlikely to have a simple way to find a solution.

5.1.5 Emotions

This feature will be discussed in the next chapter 5.2 specifically dedicated to emotions.

Table 8 Features of sustainability – concrete examples from the cases

	Uzbek cotton	DAPL	Engagement strategy
Environmental sustainability features	Sustainable water and land use, biodiversity preservation (secondary issue due to more pressing forced labour situation)	Water protection Fossil fuels (shale oil) Climate change	Sector policies for the most environmentally sensitive industries Climate change focus ESG ratings Sustainable investment offering Support of various initiatives related to environmental protection/climate change
Objective for environmental activists		Respect for the indigenous way of considering resources and the Earth, preserving the Earth	
Social sustainability features	Violation human rights Repressive state Forced labour Poverty	Violation of indigenous human rights Discrimination Social justice Solidarity Empowerment	Human rights and other socially – oriented policies ESG ratings Investment products linked to social sustainability Support of various socially oriented initiatives

Objective for social activists	Dignity and freedom for Uzbek citizens Alleviation of poverty	Acceptance of the indigenous community as it is	
Community logic	Not present	Yes, community logic during camps and among the members of the Standing Rock Tribe; physical and virtual community	Contributing positively to the local community has been one of the pillars of the new strategy

Table 9 Features of sustainability – summary

Features of sustainability	Short description
Heterogeneity	Many very different environmental and social issues are all contributing to and are crucial for sustainability
Interconnectedness	Many issues are dependent one on the other, sustainability depends on their interplay, separately cannot ensure sustainable future
Alternative view	Audiences outside of the dominant logic can perceive issues differently and this can lead to discovering new solutions
Complexity	The heterogeneity and interconnectedness of issues with contradictory demands and dependencies together create complexity
Emotions	Present as a means to communicate and as a reaction to sustainability issues

5.1.6 Sustainability as a transversal concept

To conclude, we have found as many other authors sustain (e.g. Greenwood et al. 2014; Ocasio et al., 2017) that institutional logics is a theoretical concept which still has potential to understand institutional dynamics. However, as also pointed out by many authors, the concept might have become overstretched (Alvesson and Spicer, 2019). We depart with the existing literature which describes as logic various sustainability – related concepts. We find that sustainability is heterogeneous, interconnected, complex, emotionally-laden and considers an issue from unexpected angles. For this reason we confirm that treating sustainability as a transversal concept can be particularly useful for the understanding of its interaction with the logics. This also confirms the proposals to define it as another institutional order (Hoffman and Jennings, 2018).

5.1.7 Community within the sustainability concept

We discuss that community logic shares some similarities with the concept of sustainability. Our case study shows how the community based on a geographical location and affiliation can be blended together, in particular thanks to the widespread use of social media facilitating the creation of a community. With this finding we extend the work on communities by Almandoz, Marquis and Cheely (2017).

In the reviewed studies in section 2. Theoretical framework, the community logic had characteristics which we here include broadly under sustainability. The most prominent characteristic of community logic is to put the needs of the community ahead of the profit-making objective (eg. Marquis and Lounsbury, 2007; Almandoz 2012; Almandoz et al., 2014).

Marquis and Battilana (2007) and Thornton et al. (2012) bring forward the observation that common geographical localisation creates shared reference frames on certain issues, including CSR. The values carried by the community can be strong enough to prevail in founding new organisations (Marquis and Lounsbury, 2007). The research has also pointed out the importance of communities which share a common network and, so called affiliation-based communities (Almandoz, Marquis, Cheely, 2017). The community as Almandoz, Marquis and Cheely (2017) define it, “a group of people bound together by meaningful relationships from which members can extract cultural and material resources” (p. 5), and it can exist within but also outside of an organisation. The community that has been created as a result of the DAPL construction has all the characteristics of the community and community logic as defined by Thornton et al. (2012). The peculiarity is that it has blended the geographical and affiliation – based communities into one, while in general the literature sees as them as distinct constructs (Almandoz, Marquis and Cheely, 2017).

The “No DAPL” along with “Water is life” movement started in one geographical location. The specific issue they were fighting for was connected to that location. Very quickly the call to support this community has spread over the internet. Some people started coming to the physical camps, but many others supported them from far away. The precise local issue of lying an oil pipeline under the lake Oahe without the consent of the adjacent Native American community has been extended to several wide-reaching, universal issues, such as climate change, water protection, discrimination of indigenous populations, divestment etc. These issues have all had a common anchor in the particular Standing Rock case, but this case also represented several underlying values and viewpoints, which appealed to wide audiences. Protest marches were organised in other physical

locations (such as Seattle where we interviewed the activists), with the same slogans and fighting for the same issues.

Another feature of this community is that it was time-bounded. Although the community still continues as a community on social media, spreading ideas, values and information, there is no more the physical connection to the Standing Rock reservation.

Many other social movements today follow similar path, with the blending of location and affiliation – based communities, for example: the protests against a new telescope on Mauna Kea, the Garzweiler open-cast coal mine in Germany, a pipeline passing through indigenous territories and untouched wetlands in North-East US “Stop Line 3” or “Fridays for Future” of Greta Thunberg where people gather physically in many locations. We hypothesize that this blending is a modern feature of perhaps most of the communities which share either an interest in a physical location, or meet to share their common interests physically, but otherwise they keep the community spirit and share information through the internet.

5.2 Emotionally-framed sustainability

We show that indigenous grass roots movement and NGOs mobilized strong emotions to engage a discussion with banks and to launch at a successful divestment campaign. We complete the Reinecke and Ansari's (2016) model of responsibility attribution by showing the emotional framing of human rights issues and its effects on organizational, rather than field level.

We also show that emotions guide organizational members in understanding the gravity of social and environmental issues, thus showing the structuring role of emotions suggested by Vince (2018). More broadly, we contribute to the stream of research on emotions in organizational institutionalism (Voronov and Vince, 2012; Lok et al., 2017; Zietsma et al., 2019).

We confirm by our research what Zietsma et al. (2019) argue: “because emotions are central to organizational processes and social behaviour, they should be seen as central to organization theory” (p. 1). As already introduced in the first section about the features of sustainability, emotions are one of these features, adding to its complexity. In this research we identified two ways in which emotions are present in the institutional dynamics and that are connected with emotions. The distinction is not connected to the type of emotion as is usually the case in the literature (e.g. Jarvis, 2017) or the specific role of facilitating certain behaviour (e.g. Gill and Burrow, 2017). It is not the causal relationship either which has shown that emotions can play central role in the building of new logic for example (Fan and Zietsma, 2016).

In our research we focused on revealing the presence of emotions where it usually was neglected. We confirm the notions that emotions are institutionally structuring (Vince, 2018; Voronov and Vince, 2012). We have detected emotions in two distinct areas: The first, emotions as a means to communicate sustainability with the goal to eventually get the sustainability-linked issues accepted or acted upon. The second, emotions present in the reactions to sustainability issues and tasks connected with sustainability. This second area, we will argue, is the cause of intra-institutional tensions and will be discussed in a separate section 5.5.

5.2.1 Social movements

We analyse the emotional framing of sustainability by indigenous population, thus adding to the existing work on framing by social movements such as Reinecke and Ansari (2016) or Davis and Zald (2015) .

We have started our theoretical review with a short discussion of how emotions are central to social movements. Emotions are specifically instrumentalized by social movements and Davis and Zald (2015) even argue that emotions are the “output of action” (p. 238).

Before the new Engagement strategy, an issue was dealt with when the bank was risking a scandal. It was often the case that an issue had a visibility and thus a potential for a scandal because of social movements. In the two cases studied, DAPL and Uzbek cotton, social movements are the active carriers of the issue. In the case of Uzbekistan, the NGOs have targeted specifically certain institutions which were at the core of the problem. Sometimes they also staged public manifestations. The Bank has become aware of the issue because there was a strong risk of a scandal around child labour, which is a very sensitive issue. In the DAPL case, there were several movements present, the “Water is life”, the Standing Rock, the divestment movement “Mazaska talks”, but also mainstream environmental organisations have participated and included DAPL in their campaigns.

We have made the connection between sustainability and social movements theoretically and empirically. Indeed, many issues which have as an objective sustainability are pushed forward by social movements. Our research contributes to the research on social movements and in particular the emotional framing of sustainability, although this has not been the focus of our theoretical framework.

In this research the presence of emotions has been shown through two channels: one was the articles, social media posts and videos and another one were direct interviews. In both cases, the

researcher was employing a reflexive research method. Through this reflexive research approach, she could herself reveal the presence of emotions and note it in the form of highly – emotional themes, descriptions, stories and discussions. In this way, the researcher was both in a position of the targeted audience as well as an independent observer. Especially for the DAPL case we gained an insight into how emotions played an important role for people to join the movement. In fact, social movement research has shown extensively how emotions are used to motivate people to participate and stay engaged with the social movement (e.g. Ness and Summers-Effler, 2019). We have also shown that the audience is equally subjected to these emotions, even if the members of the audience will never join the social movement.

With the spread of internet and thus information about what was happening with the social movement, it is also difficult to determine where is the line between the members of the social movement and simple sympathizers. Many people contributed to sustain the camps, but have not come directly to Standing Rock. At a certain point during the protests, it was not recommended to come physically to the camps, the activists asked supporters to send resources. Other people talked to their bank advisers about the protests and divestment. In a certain sense they joined the movement, but at the same time they were also the targeted audience who got convinced and who acted as the activists desired.

The activists are clearly distinct from the target audience in the case of the Uzbek cotton. The movement communicates via social media but it has not staged big protests mobilising wide audiences. They activists were protesting against a dictatorial regime which was much more dangerous and many activists were and still are in jail. The activists were those who were actively involved in the work to show the human rights violations, while their targeted audience was selected based on their power to influence the situation. They used emotions with the target audience to convince them, not to create a large number of sympathizers. They often used pictures to show the facts along with emotional stories and situations that happened to people in order to appeal directly to the decision-makers.

The focus on the role of emotions in the communication with external audiences is potentially still an important future research stream for the social movements literature since it constantly evolves due to changing media form and reach.

We find the institutional analysis of this kind of emotional communication in the recent literature on emotions in various forms (e.g. Toubiana and Zietsma, 2016). Nonetheless, not sufficient attention is paid to the question how the emotional communication from outside audiences shapes ideas and actions of people in organisations.

Turner (2014) sees emotions as resources, which have substantial effects on structures on all levels of society, and distinguishes positive emotions and negative emotions. In the absence of a direct indication of the kind of emotion that various actors were experiencing, we have also distinguished between positive and negative emotions. We included situations where the reactions to emotions was neutral.

Table 10 The presence of positive, negative and neutral emotions

Presence of emotions /situation or idea in the case studies	Uzbek cotton	DAPL	Engagement strategy
Positive emotions	Activists recounting their efforts	Activists experience of positive emotions inside of the camps (spirituality, solidarity, kinship etc)	Sustainability as new source of growth, business opportunity Contributing to solving challenges the world is facing Accompanying clients in their transformation
Negative emotions	Commodity team member when confronted with evidence from UN representatives Reports about child labour and situation in Uzbekistan	Reports and stories of violence against protesters in various media and during meetings with banks Protests in various geographical locations Anger of bankers who worked on the deal	Awareness that certain social and environmental issues are critical and have already visible negative consequences on lives of many people (stories in engagement trainings)
Neutral reaction to emotions	Cotton traders' reaction to emotionally framed activist stories from the field	CSR department – the need to treat the issue	Balancing out positive and negative emotions, creating a pragmatic approach to carrying out the banking business

Although very much simplifying the type of emotion and emotional reactions, we find this categorisation useful in order to think of the presence of emotions in a more systematic way. Here we focused on the revealed emotions; the situations where it was reasonably possible to estimate the kind of emotions people felt, often thanks to the reflexive researcher methodology. Sometimes the emotion felt was clearly expressed by the person.

We considered it also important to add a category “neutral” in order to capture the apparent non-reaction to the emotional communication. We have argued that certain type of images and narratives naturally evoke some type of emotion, for example empathy or disgust. However, as we observed, in certain cases the person confronted with this type of information or image might not want to display no apparent emotion. Whether the person really feels no empathy or on the contrary feels anger, but they do not show it, the emotion on the individual level is not the focus in this research. The literature calls for studies of emotions as relational (Voronov, 2014) which is what we can observe not only for the positive and negative emotions but also for the neutral emotional reaction to emotionally charged communication. Ultimately it is the interaction with other people and the subsequent action that is determinant for the perpetuation of the institutional structures. The case of no apparent emotional reaction doesn't mean that people did not react to it on their individual level. It might indicate that institutional prescriptions of neutral reaction have been maintained, although further study would be needed to analyse what these prescriptions are. We could for example speculate that this neutral reaction to the emotional calls for action have caused delays in the response of the bank in both studied cases as well as in the formation of the CSR strategy itself. Perhaps the non-emotional, pragmatic approach led to a slow process of considering sustainability as a part of business.

5.2.2 Emotional versus rational

Despite our focus on emotions, we are absolutely not arguing for abandoning rational fact evaluation in favour of emotionally-driven decision-making. Especially in the wake of social media full of alternative facts and fake news being based on emotional manipulation (eg. Loveless, 2020; Martel et al., 2020), this is far away from what we mean by stressing the importance of emotions in institutional dynamics.

What we are trying to explain is that this dichotomy rationality versus emotionality does not have a solid foundation. If we consider institutions are inhabited by people (Voronov and Weber, 2012) and people are present and active in creating and maintaining institutions, emotions must be present in these processes. It is enough to become attuned to the presence of emotions and it is easy to reveal them either in the way ideas are communicated or how they are received by the audience.

Less discussed in theory, either in social movements or organisational theory, is the reason why emotions are chosen by certain groups to accompany their communication with a priori hostile audiences. Intuitively we know that people are sensitive to emotionally framed information (Reinecke and Ansari, 2016), they feel empathy. This intuitive understanding has been shown by

some studies of how the brain functions (Turner, 2014). So people will naturally react in some way to emotional communication. Creating awareness about an issue is the most important objective of activists, but also of the corporate communication. To get the message out and have a reaction is the first step to win the acceptance for an issue.

Forcing a reaction, or even better, an empathic reaction, might not be the only reason for using emotions. A popular adage says “a picture is worth thousand words”: complex ideas and multifaceted facts are more easily expressed with one picture. A picture, an image, which conveys the general feeling that helps us understand immediately. Complex ideas which would have to be explained on many pages are quickly understood in their complexity through an image. Again, neuroscience has shown that humans perceive information on the basis of emotions, they can take decisions based on emotions (Turner, 2014). This studies suggest that without emotions, we would not be able to take even simple everyday decisions. In our rationally – dominant world we have a tendency to believe the rationally evaluated facts are the basis of our decisions. Of course, science offers us rigorous methodology that has proven incredible things about the world that surrounds us as well as about humans. Again, we are not here to argue that scientific facts should be given less importance. We want to highlight the role emotions already have in helping us understand our social and natural world.

We have discussed how sustainability is complex, because of many heterogeneous, interconnected issues and facts. Emotions have the capacity to make us comprehend this complexity without being necessarily an expert on the underlying facts. The scientific understanding and search for solutions is of course crucial for each partial sub-problem. However, to gain wide acceptance of the need to move to sustainable economy fast, emotions could serve as the means to reach this end. We have shown this in the third case about the Engagement strategy where the corporate communication on sustainability involved emotionally-moving messages. These trainings were aimed to legitimize the emotional perception of sustainability and create the right momentum needed for sustained action.

Emotions can guide through complexity by directing attention towards new areas, to explore new viewpoints, which would normally not be investigated by the existing frames of reference. For example, in the Uzbek cotton the emotions could guide towards investigating the underlying reasons of forced labour. Through a pure speculation and to illustrate, we could imagine that the Bank could offer solutions to fight poverty in exchange for engagement by the state to end child labour. In the DAPL case, the emotional protests in fact attracted the attention of the consortium banks towards the quality of environmental and social investigation made by the consultancy firm.

5.3 Looking for the conflict of logics

We argue that in an organization with a strong, dominant logic, such as a bank, dealing sustainability issues is not well described as a conflict of logics. We depart from this most common stream of institutional logics research (Thornton et al., 2017) which investigates competing (Lounsbury, 2007) or complementary logics (Greenwood et al., 2010), multiple logic configurations (Lee and Lounsbury, 2007), selective coupling (Pache and Santos, 2013), hybridity (Battilana and Dorado, 2010).

The Engagement strategy, and before the CSR policy, has never had as an objective to define what the Bank's ultimate mission and purpose are. Initially, CSR objectives were defined for the top management along with other objectives; CSR objectives which were judged useful and necessary considering the requests from stakeholders and broader society. The Engagement strategy has shaped the new purpose for the Bank in a way that was coherent with what the Bank was already doing. As sustainability – related requirements have increased also from the regulators, this has become much less a voluntary choice but rather complying with regulator's demands as is absolutely necessary in a regulated industry. There might be pockets of resistance, or particular areas where the implementation of for example ESG rating is not straightforward and will appear to jeopardize revenue, or clients with little understanding of the new standards etc. However, we do not consider these particular instances as an evidence of a conflict of logics. These are the issues of practical implementation, not of fundamental conflict between two logics. The banking logic has not been truly questioned as far as our investigation could reveal. Deploying the financing of renewable, green finance, support to specific entrepreneurs, offering new types of products adapted for young people or other specific groups etc. is a question of implementation, budget planning and strategy definition. It is not putting in question the principle of the market and risk.

Similar conclusion holds for the other two cases. These cases were a dilemma to be resolved in accordance with previously agreed policies and engagements taken by the bank. The true question was to determine to what extent the new, complex situation is risky and what type of risk the Bank is facing. The policies were devised to avoid certain type of risks which the Bank did not want to assume. The decision – making process as it was framed in the internal communication has not revealed any opposing forces on a fundamental level other than practical evaluation of the situation in the light of procedures and policies.

The conflict existed in the overall decision whether certain type of business is acceptable for the bank or not. In that sense, implementing sustainability policies might have led to loss of business.

This was the outcome for our two case studies because in both cases the Bank decided to terminate the commercial relationship. Particularly on the individual level of the employees in sales or other commercial positions, this kind of decision and loss of business could have been considered as nonsensical and unreasonable. However, on the level of the Bank, it would be hard to argue that the decision in the case of sustainability policies was fundamentally different than decisions to exit another type of business for other reasons, due to risks in terms of compliance, accounting, type of transactions etc. To show a true conflict of institutional logics, one of which is the market logic, absolutely dominant in the society and in that particular type of organisation for more than a century, there would have to be a serious disagreement on some fundamental principle of decision – making. We have not observed this. This type of conflict might happen in smaller organisation, as described in the literature (Battilana and Dorado, 2010), in particular if the key person such as the founder is subject to two logics (Almandoz, 2014).

We find that sustainability has its own features, including emotions, and differs from other general issues that the Bank might have to face in the decision-making process. However, it is treated as other issues: through risk – reward evaluation, policies and procedures, standards, etc.

5.4 Medium

We propose that the rapid expansion of new technologies and social media have increased the possibility for agency of organizational members embedded in institutional structures by providing them with access to large amounts of information, potentially contradictory to the current institutional arrangements. We extend the work on institutional entrepreneurs (Lawrence, Suddaby and Leca, 2011) who initiate change in organizations by suggesting that the technologies and social media democratized access to information for all organizational members, thus increasing their agency. We propose to conceptualize the material technology and the immaterial applications together as a medium which can increase agency and influence structures.

Our three cases happened with certain time gaps over a span of almost a decade and they offer us a glimpse at an evolution of the spread of technology and social media.

The Uzbek cotton happened at the beginning of 2010s when social media were already used but and smartphones were not so widespread. It was also the case when activists did not decide to use

internet as a vehicle of massive mobilization, but rather as a source of information for those that wanted to be informed.

The initial bank's investigation of human rights violations in Uzbekistan was performed on the internet of course, but the alert came from clients. The NGO working on the case met the traders physically during a cotton conference. A handful of the Bank's employees was aware of this investigation but it was not a widespread knowledge that Uzbekistan is a repressive regime. At the time, the CSR department has already been operating

Sustainability expertise was concentrated in a few positions, the CSR department, the CSR network, specialised SRI investment strategies or ESG research teams. The issues such as global warming, deforestation, biodiversity loss, responsible crop production, pollution etc were already very well known facts since years but they have not yet entered the mainstream in finance and have not been so widely popularized and accepted by large public audiences as was the case later in the decade. Nevertheless, social issues, human rights and especially child labour were of course recognized as unacceptable and would have become a scandal for the Bank, especially if reported by mainstream media outlets. Until then, the issue was a case investigated by a specialist in the Bank, carried out outside of the organisation, with the client, within the network of traders, the NGOs, or the international organizations. The finding and conclusions were then written in a form of a report and served as a basis of a decision. Only the key decision-makers and the specialists either from the commodity team or CSR were aware of it in the organization.

This is contrasted with the DAPL case situation, which started in a similar way but in a few months it has changed drastically. The societal context has also changed. Firstly, the sustainability issues have gained much wider acceptance and notoriety, especially as the case was happening after the Paris Agreement of 2015. Secondly, the social media and smartphones have become extremely common. The activists suddenly had a capacity to put out a call on social media and reach thousands of people. It was even overwhelming for them and unanticipated by the banks, who were still monitoring large, mainstream media for potential scandal – provoking nation – wide coverage. Instead, videos of violent police interventions were becoming viral, watched by tens of thousands of people around the globe, indiscriminately of what their occupation was. Local NGOs have also picked up the case and staged local protests, spreading the information among potential clients. The official investigation of the case was carried out by the law firm especially hired to verify if international standards were upheld and where exactly the banks have made a mistake in how they proceeded with the approval of the project. However, many other employees, clients or potential clients were also able to check what was happening in a few touches on their smartphones. As the protests gathered momentum, some big news outlets also picked up the story. The emotional

narratives have been widely spread. Coupled with the awareness of fossil fuels causing global warming, the social justice and the respect for the indigenous population, many people did not need many more arguments to become angry with banks and agree with the divestment tactics.

The videos, posts, and articles might have been forwarded by a friend, a family member to somebody who was employed in the bank. Those working in the bank who were implicated in the project or similar projects could become aware of these issues by simply following news. Perhaps through their work they had access to other information, they understood the wider context of soft law and international standards, but the emotional part and the additional emotionally-laden themes were not discussed in those documents, but they still could access them. The information that was accessible freely on social media to organizational members could not be controlled by the Bank. Clients or employees could read the calls to divest from the Bank, the accusations to indirectly finance the violence against them and violating indigenous human rights. They might have come across these information, posts, images and videos purely by chance as a part of their feed on social media, or repost by a friend or a family member. We argue that this is a source of agency for organizational members. Many more organizational members can act as institutional entrepreneurs (Lawrence, Suddaby and Leca, 2011) because the structure is not able to limit their agency on these issues due to this democratized access to information.

In the third case of the Engagement strategy, the director expressed the role of information circulating in the media directly: his role was not to convince people about sustainability because most of the people were already convinced. The emotional argumentation that we are in a crisis and we need to act has been spread among people already independently of the Bank, he affirmed. Consequently, he saw his task as organising and reframing these ideas into narratives which can help implement sustainability into the “business as usual”. His approach was to give information and facts to people about sustainability and what the Bank is doing in this area. This has been done by the trainings. These trainings were done in line with the emotionality that is present in the communication about sustainability outside of the company.

We suggest that the role of technology and social media should be studied in detail not only as structuring processes within social movements (Pavan, 2016), but also institutional and organizational processes. We propose to explore the conceptualization of technology and social media as a medium because it facilitates an uncontrolled spread of information among organizational members which can eventually lead to new institutional processes.

5.5 Intra-institutional tensions and unconscious dynamics

Extending the work of (Meyer and Höllerer, 2016) on intra-institutional complexity, we show that the emotional framing of sustainability has caused tensions within the dominant banking logic. We studied these tensions through the framework of institutional illogics (Vince, 2018) to uncover the unconscious dynamics. We argue that specific, protective behaviours were adopted in the bank in order to protect its members from these tensions.

In the theoretical section we introduced the distinctions between inter – institutional and intra – institutional tensions. We have argued that there are too many issues present in our cases which we summarize all under sustainability. We defined sustainability as a transversal concept. From our findings, we defined some distinct features of sustainability such as heterogeneity, interconnectedness, complexity and emotions. We discussed that the presence of emotions is particularly important when considering institutional dynamics around sustainability. In this section we will explore in detail how these emotions connected to sustainability – related task cause intra – institutional tensions.

We have analysed the three cases with the institutional illogics framework (Vince, 2018) in order to uncover the hidden tensions within the logic. The framework of illogics was chosen because the illogics are the other side of logics (Vince, 2018). It is a guide to uncover the unconscious processes, which in turn inform us about the tensions within the logic, we argue.

Below table summarizes the findings from each case.

Table 11 Summary of intra-institutional tensions

Intra – institutional tensions	Uzbek cotton	DAPL	Engagement strategy
Task	Manage export finance of a commodity (cotton)	Manage a participation in project finance (crude oil pipeline)	Become recognized as a leader in ESG and sustainable finance, internally and externally
ESG policy initially applied	Respect of human rights	Environmental and social risk evaluation framed by Equator Principles	All existing sector ESG and CSR policies and additional focus on four selected themes
Broader context of sustainability	Democracy Eradicating poverty Responsible cotton production	Climate change Fossil fuels Water protection Social justice Respect of indigenous rights	Banks are instrumental in directing the financial flows away from unsustainable activities towards sustainable ones in order to preserve liveable conditions for humans

Emotional element	Children and adults suffering from forced labour	Violent police intervention against activists Emotionally framed themes	Create awareness of the criticality of the issues Create a positive perception of sustainability
Banking logic elements	Clients Risk of accusations of financing child labour	A standard infrastructure project to be financed All permits legally obtained Equator Principles framework applied	Banks are intermediaries with little individual leverage Sustainability as a necessary transformation to tap new business opportunities
Illogics: social defenses	Observed for cotton traders but less so for the Bank: Intermediary role with little influence, separation of the financial activity from the production process	Diffusion of responsibility Detachment from the underlying project activities	The way to transform the business is to train people about facts and business opportunities, emotions do not play a role if it is not to communicate in a convincing way
Illogics: disavowed assumptions	Focus only on one issue without considering the full complexity of the political and economic situation	Following existing frameworks, procedures and independent consultant review without considering the reality of the harmfulness of pipelines and fossil fuel	Since 2015 Paris Agreement the businesses have woken up to their responsibility to fight climate change, and step up efforts to create sustainable business, however, all of the key facts and many solutions have been known many years before
Illogics: fantasy	Safeguarding human rights but conducting analysis primarily to protect the bank	Being responsible by evaluating environmental and social impact according to the existing policies, standards etc., relying on specialised consultants while not questioning the harmfulness of the business itself and emerging facts about those standards	Controversies are not much discussed, even if the complexity is shown; sustainability is presented as a matter of implementation of new standards, procedures, approaches that complement the existing financial and risk frameworks

Tensions - summary	Abandoning a successful business because of lack of power to influence a client on an issue, with the knowledge that this has small influence on the actual human rights situation in the country but also knowing that there are true human rights violations happening and continuing to finance the business means perpetuating them	A standard project satisfying all existing requirements put in question through arguments and ideas where are normally not considered within the framework; difficult to easily dismiss these arguments and ideas because of their emotional framing	Transforming sustainability concept into concrete, implementable business activities Balancing out the abandonment of old activities which were important and contribute to results, with creating enthusiasm for the new business opportunities
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The first case, Uzbek cotton, has started as a successful export finance, the Bank was a leader in this business. Uzbekistan was not of the most transparent states, but the people following the business seemed unaware of the extent of human rights violations that were going on. When alerted by their client, they started an investigation. The true situation was uncovered, and the seriousness strengthened by the emotional element of the proof, the pictures of children and the narration of those who have done the field investigation.

The Bank was among very few financial actors who actually took the accusations seriously and stopped the relationship with the State Agencies. The cotton traders have not even engaged with the client. The Bank has tried to engage, to contribute to change. The dilemma arose because once leaving the country, they would not be able to influence the government anymore. In a sense, it was a sacrifice of business for not much effect.

The activists believe that it is the correct gesture by a Western Bank to show to the government that they will not tolerate such activities. The UNICEF on the other hand would have appreciated the continuous presence of Western actors. The dilemma could be generalized to what could we do in the case that a government is not respecting human rights? What is the guideline?

The Bank has decided that the risk of a scandal of child labour was too big and also pragmatically used this example to support its new human rights policy. This was a decision according to the banking logic, risk – reward evaluation, although social sustainability and emotions have been a part of the proof for the “risk” determination. It was a reasonable decision inasmuch as the activists favoured it and a scandal where child labour was involved would be strongly condemned by the wider public if this information was diffused in the media.

Acting according to sustainability would require an investigation and understanding of the underlying causes for the situation. Then asking the question: what is the best course for the rights – holders? In that way, the unconscious anxiety from contributing to harming children and human rights violations would be directly addressed. A decision would need to be based on the risk – reward estimation for them, for the Uzbek citizens, if the Bank wanted to contribute to the solution to the Uzbek situation. If continuing the business with the Uzbek state, or even offering for example new financing solutions to the state in order to address their issues of planning, price etc., then the right decision would have been to stay with the business, despite the risk of a scandal.

Of course, we are aware of the deep corruption and extremely difficult conditions to conduct business in countries with repressive regime. It might be unreasonable to consider working with this state to solve the systemic causes of the situation. In our view, though, it was also unreasonable to engage by demanding a guarantee that the cotton is produced free of child labour. We make this point more to illustrate what different direction, what change of language, or of approach could be done if sustainability was to be taken into consideration in a broader way. The issue was the sustainability of the situation for the Uzbek citizens, and that was the issue that should have been investigated and addressed by the Bank. This power of sustainability is to allow for another view of a complex situation.

We are also aware that other solutions might not work because if a scandal broke out, it would be hard to argue for a Bank that they are doing something in the interest of the people and not because the Bank wants to earn more money. The activists would not believe it, and the wider public would not believe it because the banking logic has such a reputation as to care only about earning money, or increasing the risk – reward ratio for itself. This is indeed at the heart of the intra – institutional tensions. Sustainability paves the way to another type of analysis which does not need to look away from emotions, thus increasing chances at solutions that are in favour of people and the environment.

In the DAPL case, the tensions were directly formulated by the banker during the first interview and also felt by the researcher from the interactions and hostility. The banker had a client with a project which for him was a standard oil infrastructure project. During the interview, he talked about conventional oil while the Bakken basin has clearly been the place of a shale oil boom in the US. As such the project was evaluated through the framework specifically designed for these kind of projects, all permits were legally obtained, and the project was thoroughly reviewed and approved on various levels in the Bank. The protests were flagged early on, before the financing was secured, but they were judged as usual protests against this type of projects. It is understandable that there

are always some people who are not happy with big infrastructure projects which are created to satisfy nation-wide interests, assuming that interests of a few individuals need to be sacrificed.

This was the job of the banker; it was probably a good deal to win for the Bank.

In a sense, yes, these accusations were out of place: all of the other projects were similarly evaluated. That business of oil infrastructure construction has worked in exact same way for decades. Shale oil wells already obtained permits years before to be pumped and the oil only needed to be transported efficiently and safely. There were already pipelines under the lake Oahe.

If that department of bankers following oil and gas companies was to put it in question, then they would have to put in question all of the work of their department. If we put aside all of the other issues brought forward by the protesters at Standing Rock, the fossil fuel argument is largely enough to blame that entire department of the Bank and all people who participated to the decision to be responsible for contributing to climate change, and consequently to the destruction of the planet. All the arguments against are excuses of why this destruction needs to be done. They are the protection against anxiety of the task to finance the means of destruction.

All the other socially oriented arguments, indigenous rights, water protection, those arguments served to bring out the emotionality of this kind of project: the fact that it is harmful for people and nature. This was the point in time when those activities which before were tolerated or even celebrated, have been labelled as harmful for many different reasons. Those reasons have accumulated over those years when they were performed without contestation.

It was a period when the Bank decided to indeed put in question the activity of the entire oil and gas financing department. At that point in time it was absolutely clear that fossil fuels are not the activity of the years to come. While coal has been excluded from new investments since some time, the transition of oil and gas was slower. It was marked by selling the participation in the DAPL and exiting the alternative fossil fuels financing.

The transition was enabled also by the Engagement strategy, the priority is clearly articulated. The task of this strategy is to put the Bank on track to become the leader in sustainable finance and everything else associated with the transition to socially and environmentally sustainable future. Why? To save the humans from suffering from the consequences of natural catastrophes and unliveable conditions for life in many places? Or to continue being profitable and grow in a new kind of business environment?

We do not have the data in this thesis to show which reason the Bank's, and finance in general, leaders today have in mind when they take decisions. Of course, these questions are oversimplifying the reality, yet we find that they very well summarize the tensions. We have observed how these

tensions were addressed by avoiding considering them as two distinct objectives to choose from, described in the following section.

5.6 Solving intra – institutional tensions by reframing

This final discussion is the consequence and a synthesis of all the previous elements that we discussed: the characteristics of sustainability, emotionally framed communication by social movements, medium, tensions and unconscious dynamics. It also responds directly to our research question:

How can we explain this paradoxical situation where banks take on the responsibility to ensure social and environmental sustainability of their actions and at the same time they continue to be the same financial intermediaries focused on profit enhancement?

Our three cases have all been resolved with a favourable decision on sustainability but this has happened in the context of the banking logic. We show that the social and environmental sustainability issues have been systematically reframed in order to fit with the dominant banking logic.

We contribute to the literature on institutional complexity, in particular the intra-institutional complexity (Meyer and Höllerer, 2016) by showing how this type of complexity has been dealt when sustainability caused tensions within an institutional logic derived directly from the market order (Thornton et al., 2012).

More generally we also contribute to the stream on frames (Reinecke and Ansari, 2016) but enriching it with the use of framing within an organization.

This reframing happened in two different ways. The difference stemmed from the treatment of emotions in the reframing process. One form of reframing, with the absence of emotions, was adopted for the two cases of financing resources. Another form, reframing communicated with emotions, was favoured for the new Engagement strategy. The summary of the selected examples of the reframing in the three case studies is presented in table.

Table 12 Examples of reframing across the three case studies

Case	Issues	Framing of social movements (if applicable)	Framing of the bank
Uzbek cotton	Child labour Forced labour Lack of democracy Repressive political regime Corruption	“Slave Nation – State-sponsored forced child labour in Uzbekistan’s cotton” (Report in 2010) “Slave Nation for our cotton?” (Report in 2011) “Cotton – it’s not a plant, it’s politics” (Report in 2012)	“The Bank concluded that the human rights risk was too high” “Societal impact: Irremediable adverse impact on human rights” “Impact on the Bank: Reputational risk: involvement client in forced and child labour”
DAPL	Climate change, extraction of fossil fuels, fracking Respect of indigenous and human rights Water protection	Non-respect of the sacred, historical legacy and ancestry Social injustice Protection of community Fight against fossil fuels Water protection	Free, prior and informed consent Permitting process Consultations Revision of Equator Principles Environmental harm Social policies and procedures
Engagement	All social issues and environmental sustainability issues that the bank's clients or the bank itself face (example: commodities trading, energy transition, responsible constructions, protecting biodiversity, governance, social impact, diversity, discrimination etc)	N/a	Business opportunity, green finance Provide new solutions for clients Accompanying clients in their transformation Not scarifying returns with ESG Business with positive impact

With our findings we extend the work of Meyer and Höllerer (2016) who showed how companies responded to intra-institutional complexity on a field level. They argue that the concept of CSR was sufficiently malleable in the context of Austrian setting that companies could resort to producing ambiguity as to their adoption of this concept. The companies make it hard for audiences to categorize their responses in order to satisfy disparate demands. Our work is situated on an

organizational level and shows how the Bank also took advantage of the broad definition of concept of sustainability. Instead of producing ambiguity, the Bank positioned sustainability clearly as a new business opportunity and affirmed its commitment towards implementing it across the Bank's operations. Our findings are in line with Meyer and Höllerer (2016) because we find that the reframing happens within the banking logic as a response to intra-institutional tensions.

5.6.1 Reframing in Uzbek cotton financing and DAPL cases

As discussed in previous sections, the activists communicated their issues in a very emotional way in order to gain followers for their cause. They chose to express the problematics with words that have strong emotional connotation, such as “slave”, “forced labour”, “violence”, “sacred”, and even “genocide”. The bank was obliged to react to these issues but it refrained from using such strongly emotional vocabulary. It is obvious that because the bank was among the accused ones, it was in a defensive position against these negatively-tainted expressions. Even if the bank agreed that activists are right, it remained

An example is the statement from the banks about the law firm that investigated if all procedures and human rights have been respected. It mentions the permitting process, consultations, the procedures, policies. Although it mentions human rights, it is described as “area of human rights...and cultural heritage” rather than “violations of human rights” or “destruction of cultural heritage”. We are aware that this was a carefully drafted letter by lawyers but also other types of internal communication tend to use this kind of neutral vocabulary. In the Uzbek cotton case, forced and child labour was often mentioned, but without much descriptive details. The focus was on how the bank formally engaged with the client to demonstrate that it took the issue seriously.

There were two different approaches to reframing. First, In Uzbek cotton the issue was explicitly named (forced labour) and acknowledged as something unacceptable done by the client but the reason to stop the business was the reputation risk. Second, in the DAPL case the real issues (fossil fuels) was never really mentioned and the focus was placed on procedures and policies to approve such a project. The reputation risk was also an important element, but the controversy was already ongoing. The objective was to search for factual presentation of the bank's procedural approach to the problem in order to demonstrate that it was not negligent.

We do not argue that the real and very serious issues of social and environmental sustainability were not taken seriously into consideration. Rather, we suggest that the issues were transformed from very emotional themes and virtually intractable problems (government exploiting its own citizens,

society's dependence on fossil fuels) into manageable pieces addressing concrete subjects to which the bank could provide answers.

5.6.2 Reframing sustainability into a positively perceived business opportunity

In the third case we described that reframing the previous CSR into the new Engagement strategy consisted essentially of presenting it as a business opportunity. This framing as a business opportunity is perfectly compatible with the banking logic. The previous sector policies that were negatively perceived as leading to missed business opportunities are still in place. However, the overall strategy is now to avoid as much as possible the deals which related to the “old” unsustainable world, such as coal or other controversial resources. For those which are still too strategic, such as oil and gas, a more gradual transformation is done, such as first no financing for non-conventional oil and gas, then Arctic drilling and hopefully this will continue to extend to the mainstream fossil fuels. The objective was to change the negative perceptions of CSR to positive. The positive aspect is introduced with providing an alternative, new business possibly being generated from the transformation to more sustainable business models. It is an opportunity for the bank to finance the new projects in the sustainable area. The proportion of these projects is still small compared to the overall business, but the communication around it makes it strategically significant. The long-term objective is to integrate ESG factors in all decision-making. The reframing of sustainability to make it more acceptable was a starting point.

Interestingly, the director did not associate sustainability with emotions, at least not within the bank. For him, it was a question of understanding the technical aspects of specific issues. Some trainings have been constructed in this spirit. However, the trainings for all employees have contained emotional elements: they were narrated by employees, they evoked specific examples of issues and how serious they are, they presented some solutions.

This reframing approach, the reconciliation of the two objectives is evident from the drive to standards, taxonomies and regulations. These are the part of the old financial system, of the familiar, known frameworks into which sustainability should be fitted in order to be integrated into “business as usual”. The underlying argument of the market logic still holds: the market works efficiently. The sustainability issues need to be adapted to fit with these existing schemes.

Reinecke and Ansari (2016) show the emergence of a field frame through which a shift from public to private responsibility can happen. The targeted framing of an issue can attribute responsibility to specific actors in situations where it was not previously considered. We extend these findings and

contribute new insights by showing the use of frames on an organizational level inside of an organization. Despite the acceptance of the responsibility and adoption of sustainability within the Bank, this happens within the existing logic.

6 Conclusion

We observed in the introduction that concepts of social and environmental sustainability are being increasingly adopted by businesses. The financial sector follows this trend as an intermediary but also as a driver because of increasing regulation of sustainability-related issues. At the same time, financial institutions are slow to take radical engagements, an example are fossil fuels which continue to be financed. Regulators are moving ever more swiftly to transform voluntary agreements into regulation. Standards are being formulated in order to speed up the transformation of the banks' businesses and indirectly also of their clients' business models.

When implemented, sustainability requires other approaches than those that the banks usually employ. In other words, different institutional logics place different, often conflicting demands on organizations. This situation under various forms has been largely studied over more than a decade as institutional complexity. In general, sustainability, or sustainability-related logic has been opposed to the market logic in a conflict of logic. The general conclusion of years of research on institutional logics is “the dominance of the market and the state logics in societies and the ensuing financial and budgetary crises.” (Thornton et al., 2015, p. 15). To study interinstitutional system is important in order to gain a better understanding of this dominance.

We chose to treat the dominant banking logic as given, which is not going to change significantly during our research. Sustainability, lacking a broad and exhaustive definition as an institutional logic, was conceptualized as a concept which creates tensions within the dominant banking logic. We thus studied the intra-institutional complexity (Meyer and Höllerer, 2014). This approach has allowed us to explore the tensions in detail through a novel framework of institutional illogics of Vince (2018), uncovering unconscious dynamics. We argued that emotions were central to these tensions, guiding organizational members on how serious the sustainability issues are.

Our main finding is that sustainability has been reframed to fit with the dominant banking logic. This has been possible for two reasons: first, emotions were used in communicating sustainability internally as well as by social movements outside of the bank, second, the emergence of new, sustainability-linked products.

Our findings also point to the importance of social media and technology as a medium, giving access to vast amount of information. This access increases the potential for agency of organizational members.

From the study of the case studies we derived some characteristics of sustainability which should be taken into consideration when investigating social and environmental sustainability issues.

Our study presents some limitations related to the fact that we rely on individual case studies with few interviews from the Bank employees. Many interviews could not be recorded and they were analysed only on the basis of notes and summaries into major themes. Analyzing unconscious dynamics and emotions is inherently difficult. By construction our research method is subjective and relies on the personal experience of the researcher, her reflexivity as well as the lived experience during the interviews. Nevertheless, in our opinion it is this subjectivity that allowed us to direct the research towards the study of emotions and intra-institutional tensions.

We make a contribution to widely-researched streams such as institutional complexity, institutional logics, emotions but also framing and social movements by providing insights through novel research approaches. We employed an auto-ethnographic narration, reflexivity of the researcher and psychodynamic research.

On the basis of our findings, we recommend future research to focus on investigating sustainability from unexpected angles such as indigenous beliefs, as well as better explore various facets of its complexity. Perhaps sustainability should be defined as an institutional order. This would definitely help to guide better theorization of the conflict of logics on the field level, for example. In fact, in the economies of worth framework of Boltanski and Thévenot (1991, 2006), the social dimension is considered in the civic world and the environmental was added as the green world (Lafaye and Thévenot, 1993). In the meantime, as the urgency to act is upon us, we advocate for the usefulness of researching intra-institutional complexity especially in the context of a dominant market logic.

We also see the interest to research in more depth the role of technology and social media in institutional processes, their interaction with structure and agency, building on our proposition of technology and social media acting as a “medium”.

We argue for a continuous interest in researching emotions extending the solid body of literature which has already been created on this topic. New methodological approaches could help overcome the inherent difficulty to investigate emotions, which might not be expressed by specific words. Employing the unconscious analysis framework to study what was happening in the case study allowed us to arrive at some unexpected conclusions and interpretations. In order to contribute with new insights to solve grand challenges, we need ever more findings that depart from the mainstream understandings.

6.1 Managerial implications

Our conclusions have practical managerial implications. Foremost, we bring new elements to two general debates on the topic of sustainability in business which can be summarized as “greenwashing or not” and “lacking standards, regulations, rules for efficient implementation”. In our view, and in light of our research conclusions, these two debates distract from a more profound understanding of the difficulties to move towards more sustainable business models. We have pointed out and studied one aspect of sustainability, emotions, which was at the origin of tensions in our case studies. We have touched upon some other aspects when describing the characteristics of sustainability such as interconnectedness and heterogeneity, which call upon different reflections. In contrast, these two type of debates direct the attention to the operational level. We do not dismiss the importance of verifying that banks and companies in general are true to their stated commitments. Neither we are against standards, common taxonomies and regulations. However, we point out the drawbacks of focusing mostly on these topics.

The first one, “greenwashing or not” creates the need to continuously prove that the financial industry considers social and environmental issues as a part of its business. Banks need to show that they moved from high level, vague policy level to integration of ESG criteria in the decision-making. This need is satisfied by a lot of action aimed at proving this fact, by demonstrating it through various publicly visible actions and by always safeguarding the reputation of the bank as a good actor.

While there is a need for public and civil society scrutiny, it is equally, if not more, important that banks assume a political role in driving sustainability issues. Reinecke and Ansari (2016) show how big corporations have assumed responsibility and a political role in a conflict in Congo following the efforts of civil society. In our view the ideal objective of social and environmental sustainability adoption would be that the civil society does not have to reframe a problem to make corporations understand their role and responsibility. Assuming this role of accountability automatically should be the natural consequence of sustainability integration into business models.

We have shown in our study that in its communication, the bank focused on its reputation and on protecting own interests, even if the ultimate beneficiaries of the decisions were the people suffering from human rights violations. It happens similarly for the environmental policies. We can only speculate if it is the absence of emotions that fuels the debate and suspicion that banks' engagements are not real. Sustainability is otherwise communicated in an emotional way by the activists and civil society, which contrasts the way banks often communicate about it.

In parallel to assuming the political role, we suggest the shift of focus from the bank onto the rights-holders in the case of human rights violations, and on the impact on climate, nature, biodiversity, ecosystems and people. The issue should not be what will happen to the reputation of the bank, what is the financial risk of a client not respecting stricter environmental policies, or how much a bank can lose due to climate change impact on a client. The focus should be on what is in the best interest of the rights-holders, how to prevent environmental degradation, how to move to zero-carbon emissions etc. Perhaps the final decisions are the same in either case, but in our view the framing is important. The bank has already used an emotional communication in the general trainings focusing on these negative impacts on the people and environment, but this needs to be extended to all areas, even those driven by numbers and factual language. Otherwise, in our view there is a real risk is that the concept of sustainability becomes transformed into the banking logic to such an extent that it will lose its crucial characteristics which can lead to innovative solutions, unexpected decisions or new ways of organizing. In other words, we should be vigilant that this mainstreaming of sustainability does not become a fantasy, a social defence against the anxiety of end of our society, disavowing the assumptions of sole profit drive.

By assuming a more political role, and by shifting the focus from the impact on the bank to the issues themselves and their solutions, banks would claim for themselves the accountability for the privilege and responsibility to be powerful actors in the society.

The second one, the drive towards standards, rules and regulations, is a prime example of reframing sustainability to fit with the banking logic. The complex, heterogeneous and interconnected sustainability is reduced into a set of numbers and narrow definitions, without any place for narration and alternative views. Again, we do not suggest that this drive towards standardization is not useful. Given the complexity of the banks' operations, the number of clients and transactions, this kind of standardization of risk models and operations is most likely inevitable. However, we warn that the fundamentals of the banking logic do not change, which was also the starting point of our investigation, and sustainability is reframed to fit with the banking logic. The risk is the fantasy of solving grand challenges, while in reality it has only become a new product as all the others.

We suggest, in parallel with the standardization drive, that there should be spaces where sustainability can be treated in a holistic way, where emotions can be expressed, where new ways of comprehending are explored, where new methods, such as art, are deployed. The concepts and ideas generated in these spaces should feed to the standard processes and ways of organizing.

In summary, if solving grand challenges requires a change in the market logic, then more than just reframing of sustainability is needed. In this thesis we explored some of the underlying phenomena which can guide this endeavour to change the logic. Otherwise, in our view we risk to see an inertia and the perpetuation of the current arrangements.

6.1.1 A practical example of how to insert emotions into an operational policy

I had an opportunity to work on a very operational policy for the retail part of the bank. It was an activity that was not particularly steered based on numeric objectives and it was largely left on the individual client relationship managers to act as they considered right. The situation persisted since years, and earlier attempts at establishing a coherent policy failed.

Early on it was established that managing this activity on a budget-basis, or a key performance indicator would not be ideal. The problematic was that there was a strong human component to the policy and multitude of potential situations to which a very generic guidelines had to be given. One component of this was solidarity with the client's request, even if not justified on financial terms but taking into consideration other elements such as the relationship, the particular moment in life, transitory difficulties etc. The relationship managers have already been responding to this need for solidarity in certain cases but some of them felt that it is based on their own decisions, own attitude. They were seeking legitimacy for feeling solidarity with the client.

In the final policy we proposed elements related to the bank's business such as efficient operations and the development of a commercial relationship. Along with these, we also proposed the time for empathy, thus codifying officially the legitimacy of emotions intervening in the decision-making. The objective of the time for empathy was to understand the specific situation of the clients' request, listening to their explanation and allowing the bank employee to feel sympathy and solidarity with the client. The success of this policy is yet to be seen, but the empathy component has been widely accepted and validated, because it is in line with the bank's sustainability ambitions. Yet, the operational implementation of this policy with components that cannot be directly measured is clearly problematic in an environment used to being steered by simple numerical indicators.

This case has demonstrated the potential for practical application of the findings from this thesis. It has shown that there might be unexpected places in traditional operational processes where sustainability can be inserted safeguarding at least partially its complexity.

In conclusion, I have observed a clear change in the perception of emotions in the bank after three years of a pandemic and more than two months of war in Europe. Emotions have been

acknowledged as an integral part of our working lives, unfortunately following these sad events. We hope that emotions will guide us to a brighter future.

7 Résumé en français

7.1 Introduction

7.1.1 Définition de la question de recherche

Les banques sont des intermédiaires facilitant les transactions financières de différents types. Leur activité consiste à faciliter le fonctionnement financier d'entreprises et des particuliers. Cette fonction ainsi que leur rôle dans la répartition et la gestion des risques justifient leur importance dans l'économie. Les banques peuvent avoir un pouvoir énorme car elles préservent l'équilibre de l'économie, surtout en temps de crise. De ce fait, la banque est fortement réglementée. Depuis la crise financière de 2008, cette réglementation s'est accentuée, après des décennies de déréglementation et un boom des instruments financiers. La réglementation se concentre de plus en plus sur les aspects liés au type d'activité des banques et pas seulement sur les indicateurs financiers. Cette tendance est illustrée par la conformité, dont les coûts ont considérablement augmenté au cours des dernières années⁴⁹. Le coût de la non-conformité s'est chiffré en milliards au cours des dernières années et a généré un certain nombre de scandales pour les institutions financières. La conformité consiste non seulement à examiner les opérations des banques elles-mêmes, mais également à s'assurer que les activités des clients ne sont pas illégales. En d'autres termes, les banques paient pour découvrir les criminels et ne leur fournissent pas de services financiers grâce auxquels ils pourraient financer leurs activités illégales ou blanchir de l'argent.

Non seulement les activités illégales des clients sont examinées, mais aussi celles qui pourraient être légales au sens strict de ne pas enfreindre les lois, mais elles sont clairement identifiées comme ayant un impact négatif sur les personnes ou sur l'environnement. D'une manière générale, les activités que les organisations supranationales, les gouvernements ou la société civile poussent à éliminer sur une base volontaire des activités commerciales. C'est le cas des entreprises à qui l'on demande par exemple de contrôler l'impact sur les droits de l'homme et à l'environnement par leurs chaînes d'approvisionnement, mais cela s'applique également aux banques. Les banques en tant que financiers contribuent directement à la réalisation de certaines activités, telles que des projets de production, d'exportation ou d'infrastructure, en plus de fournir des services bancaires d'investissement spécialisés et les moyens financiers pour gérer une entreprise. Certains des accords internationaux volontaires, ou loi souple, deviennent alors la base des lois nationales. Leur objectif est en général de motiver les entreprises à ne pas s'engager collectivement dans certaines activités et à respecter des règles plus ou moins précisément définies, souvent initiées par des instances supra-

49 <https://1rs.io/2021/10/11/counting-the-cost-cost-of-compliance-vs-cost-of-non-compliance/>

nationales telles que l'ONU. Les droits de l'homme ont été le principal moteur de ces accords, avec le changement climatique et la protection de l'environnement qui sont devenus de plus en plus urgents. Les droits de l'homme et l'environnement sont en effet intrinsèquement liés.

En l'absence de lois contraignantes, l'application de la loi souple est très difficile mais elle représente néanmoins un engagement scruté par la société civile, d'autres organisations et le public. Ces engagements viennent compléter les codes de conduite internes, les codes éthiques, les lignes directrices et les politiques RSE à travers lesquels les entreprises démontrent publiquement la responsabilité qu'elles assument pour les activités qu'elles mènent.

Cette responsabilité a bien évidemment un coût et peut même diminuer le chiffre d'affaires ou la performance, quelle que soit sa mesure. Il y a toujours une justification économique à cela si l'on suppose que la banque a un objectif de maximisation du profit. Même si l'objectif était plus large, comme le suggèrent aujourd'hui de nombreuses entreprises, comme satisfaire toutes les parties prenantes, ou contribuer positivement à la société, ces coûts doivent être d'une manière ou d'une autre rationnellement justifiés. Cela explique pourquoi les banques ont longtemps été réticentes à signer certains accords volontaires ou ont préféré les réinterpréter et les édulcorer. Ils ont reporté leurs engagements et leur manifestation de responsabilité aussi longtemps que cela a été possible. Ce fait indique la difficulté de répondre précisément pourquoi les entreprises s'engagent dans le développement durable à un moment donné.

La gestion d'actifs illustre bien ce dilemme. Les critères environnementaux, sociaux et de gouvernance (ESG) pour les décisions d'investissement ont été développés il y a plusieurs décennies et pourtant les grandes institutions telles que Black Rock n'ont que récemment commencé à considérer sérieusement le développement durable. Les gestionnaires d'actifs ont une obligation fiduciaire envers leurs clients, ils doivent agir dans leur meilleur intérêt, mais en même temps, ils doivent leur fournir un certain rendement sur leur argent. La sauvegarde de la planète est-elle dans l'intérêt des clients ? Certes, mais comment prouver et par quelle autorité exactement ce qui sauve et ce qui détruit la planète ? La protection des droits de l'homme des citoyens d'un pays étranger est-elle dans l'intérêt des clients, lorsque cela signifie sous-pondérer une action importante dans un indice ? La réponse est au mieux complexe, floue et imprécise.

De l'autre côté, les clients cèdent leurs actifs aux gérants afin d'augmenter leur valeur, ou du moins de la maintenir en ligne avec le marché. Cet objectif est précisément mesuré et reporté chaque mois, et suivi quotidiennement par les gérants. Un concept large et complexe de développement durable est directement confronté à une mesure de performance. Les gouvernements sont donc en train de

définir des règles pour résoudre ce dilemme, compte tenu de l'urgence climatique, et ils tardent à le faire (6e rapport d'évaluation du GIEC⁵⁰).

De même, cela se produit pour l'ensemble des banques universelles, qui ont la banque d'investissement et de détail, les services spécialisés, la gestion d'actifs. D'une part, il y a une tendance vers plus de responsabilité pour le type d'activités que la banque finance directement ou indirectement, ce qui a un coût. D'autre part, il existe des mesures financières, de performance et de risque standard qui guident les décideurs à tous les niveaux.

Bien que répondre à la question de savoir pourquoi et dans quelle mesure les banques assument cette responsabilité est complexe et multiforme, la réalité empirique montre qu'elles le font de plus en plus. C'est le point de départ de l'investigation de notre thèse. Plutôt que de nous concentrer sur le pourquoi, nous nous concentrons sur le comment : nous observons une tendance réelle dans l'industrie financière, mais cette tendance est entachée par la découverte continue de méthodologies inadéquates, d'engagements insatisfaisants, de résultats finaux sans impact positif. Le développement durable est devenu le courant dominant, même pour les banques, et pourtant une méfiance sous-jacente à l'égard des banquiers semble en place (voir par exemple les rapports BankTrack⁵¹).

De là découle notre question de recherche :

Comment expliquer cette situation paradoxale où les banques assument la responsabilité d'assurer le développement durable et socialement responsable de leurs actions et en même temps elles continuent d'être les mêmes intermédiaires financiers axés sur l'amélioration du profit ?

Chaque partie de la thèse fournit des éléments de base pour comprendre les dynamiques sous-jacentes qui sous-tendent cette situation de complexité institutionnelle. La complexité institutionnelle, un sujet intensément étudié dans la littérature institutionnelle depuis plusieurs années et encore aujourd'hui, est généralement étudiée comme une situation où de multiples logiques institutionnelles (Thornton et al., 2012) imposent des exigences contradictoires aux membres de l'organisation.

Dans cette thèse, nous nous éloignons de cette approche et étudions la complexité intra-institutionnelle qui surgit au sein d'un même ordre institutionnel (Meyer et Höllerer, 2016), contribuant ainsi à ce domaine de recherche plutôt négligé. Nous conceptualisons le développement

50 <https://www.ipcc.ch/report/ar6/wg3/>

51 <https://www.ipcc.ch/report/ar6/wg3/>

durable et socialement responsable comme un concept transversal, plutôt qu'une logique, s'éloignant également de la théorisation habituelle. En nous concentrant sur les émotions liées au développement durable, et en utilisant le cadre des illogismes institutionnelles (Vince, 2018), nous sommes en mesure de montrer en détail comment les différents mécanismes défensifs et les dynamiques inconscientes créent des tensions au sein de la logique institutionnelle. Ainsi, nous contribuons également à la littérature sur les émotions au sein de l'institutionnalisme organisationnel. En particulier, nous utilisons l'analyse des dynamiques inconscientes pour étudier la nature émotionnelle des tensions, c'est-à-dire ce qui se cache sous la surface de la contradiction entre le développement durable et une logique bancaire.

Alors que l'approche psychodynamique a une longue tradition dans les études d'organisation (Gabriel, 1998 ; Petriglieri et Petriglieri, 2020), elle est très nouvelle dans l'analyse institutionnelle. Nous suggérons que la nouvelle stratégie d'engagement de la banque a explicitement travaillé avec les émotions liées au développement durable et a résolu les tensions en recadrant les questions du développement durable comme une opportunité commerciale.

Nous déplaçons ainsi le débat du conflit des logiques et quelle logique prévaut vers une compréhension plus nuancée et profonde des tensions intra-logiques. Enfin, nous contribuons à la recherche sur le développement durable, y compris les grands défis, en soulignant l'importance des émotions dans le traitement des questions liées au développement durable, en révélant l'interdépendance des questions sociales et environnementales et sa complexité. Nous montrons également comment le développement durable est perçu par la population autochtone, ce qui ouvre des réflexions sur la prise en compte de points de vue aussi radicalement différents pour résoudre de grands défis (Benarjee et Arjaliès, 2021).

7.1.2 Définition du développement durable

"La vision d'un monde durable est presque totalement absente des activités axées sur les problèmes d'aujourd'hui, même une définition du développement durable fait défaut...le développement durable est floue et linguistiquement complexe." (Ehrenfeld, 2008, p. 48) Le « développement durable », ou « le développement durable des entreprises » tel que défini par la Commission mondiale sur l'environnement et le développement (Commission Brundtland, 1987) et redéfini par les années 2000 inclut les aspects sociaux en plus des préoccupations environnementales (Ergene, Benarjee & Hoffman, 2020). La Commission s'est concentrée sur la nouvelle définition du développement : « rendre le développement durable pour s'assurer qu'il répond aux besoins du présent sans compromettre la capacité des générations futures à répondre aux leurs ». L'existence de limites ou de limitations au développement imposées par les ressources environnementales et les

activités humaines' effets sur la nature, ainsi que la technologie fait partie de la définition. L'élimination de la pauvreté est mentionnée juste après. La Commission a reconnu que le développement durable physique ne pouvait être assurée sans prêter attention à l'équité entre les générations et au sein de celles-ci. L'objectif du développement durable est de promouvoir l'harmonie entre les gens, et entre les gens et la nature. Gro Harlem Brundtland écrit en 1987 qu'il a accepté le défi de présider cette Commission parce que "Nous vivons à une époque de l'histoire des nations où il y a plus que jamais besoin d'une action et d'une responsabilité politiques coordonnées... Les scientifiques attirent notre attention des problèmes urgents mais complexes portant sur notre survie même : un globe qui se réchauffe, des menaces sur la couche d'ozone terrestre, des déserts qui consomment des terres agricoles. (Commission Brundtland, 1987, p.1) Les thèmes de la coopération mondiale et de la responsabilité des actions parcourent le rapport : "Le développement durable nécessite l'application de responsabilités plus larges pour les impacts des décisions." (ibid, p. 56) Ce rapport complet, rédigé pendant la guerre froide et donc dans un contexte géopolitique particulier, énonçait déjà de nombreuses, sinon toutes, notions, principes et lignes directrices qui apparaissent dans les initiatives ultérieures des Nations Unies. Les 17 objectifs de développement durable actuels adoptés par l'ONU en 2015 font écho à de nombreux problèmes - environnement, croissance, technologie, pauvreté, égalité, eau, etc. - mentionnés dans ce rapport et dans d'autres réunions et initiatives de l'ONU tout au long des années 70 et 80. Hoffman et Jennings (2018) contestent cette définition comme celle d'une époque où il était considéré possible d'atteindre une amélioration du statu quo existant pour atteindre essentiellement une qualité de vie et un niveau de consommation du monde occidental pour tout le monde. Cela ouvre la voie à la perpétuation de la domination de la logique marchande. Ehrenfeld (2008) avertit que nous avons tendance à transformer tous les concepts en objets qui peuvent être mesurés et ensuite gérés. Le développement durable ne devrait pas connaître le même sort car elle est trop importante. Il définit le développement durable comme « la possibilité que les humains s'épanouissent sur Terre pour toujours » (ibid, p. 49). Hoffman et Jennings (2018) proposent la logique du développement durable – comme – florissante, qui comporte deux composantes. Le premier est le sens du mot s'épanouir lui-même, qui va au-delà du maintien, cela signifie s'épanouir, prospérer et vivre pleinement pour toute vie, les humains et la nature. La seconde est qu'elle donne au développement durable un objectif, qui va au-delà de la simple résolution de problèmes, mais fournit une vision. Cette conceptualisation remet en question la rationalisation qui domine notre société, soutiennent les auteurs. Ils proposent de nouvelles logiques pour remplacer les « logiques objectives, quantitatives et « rationnelles » du monde matériel » par « les logiques spirituelles, expérientielles et pragmatiques du monde immatériel » (Hoffman et Jennings, 2018, p. 63) Ehrenfeld (2008) soutient

également que les entreprises devraient être la cible du développement durable pour plusieurs raisons. Ils ont un pouvoir financier, ils sont le plus grand employeur et ils sont une source d'innovation technologique, soutenue par le milieu universitaire et le gouvernement. Dans le même temps, ils sont également indirectement à l'origine des dommages causés à l'environnement, principalement par le biais des technologies les plus proches des dommages (comme les voitures ou les centrales électriques).

7.1.3 Les thèmes et conversations auxquels la thèse contribue

Notre société est confrontée à plusieurs problèmes fondamentaux menaçant la vie dans notre société et notre environnement naturel tels que nous les connaissons, également appelés grands défis (Ferraro et al., 2015, Gümüşay et al., 2020). Les grands défis incluent le changement climatique, la dégradation de l'environnement, la perte de biodiversité mais aussi la violation des droits de l'homme sous diverses formes. Les chercheurs en management tentent d'aborder ces questions par le biais de la théorie, l'objectif étant de les comprendre comme "la nature fondamentale de nos relations avec la planète qui nous soutient et la manière dont nous théorisons ces relations dans la théorie de l'organisation et de la gestion" (Banerjee et Arjaliès, 2021, p. 3). Le développement durable semble être le concept global qui peut amener les entreprises à prendre au sérieux les problèmes qui mettent la vie en danger. Le développement durable est également ambiguë (Kent et Dacin, 2013 ; Hoffman et Jennings, 2018) ce qui rend difficile son opérationnalisation. Dans cette thèse, nous relevons ce défi. Nous nous efforçons de mieux comprendre le développement durable dans sa complexité et son ambiguïté afin de découvrir comment elle est ou n'est pas présente dans les processus institutionnels et les organisations. Nous pensons que le développement durable est le sujet qui compte le plus aujourd'hui. Nous employons de nouvelles approches tout en contribuant à trois courants importants et largement étudiés dans la nouvelle théorie neoinstitutionnelle : (1) la complexité institutionnelle, (2) les logiques institutionnelles et (3) les émotions. Certains chercheurs ont critiqué la théorie institutionnelle en faisant valoir que ses concepts sont dépassés et non adaptés pour résoudre les défis actuels.

La théorie institutionnelle est accusée d'être dans une crise où les concepts de base sont devenus surchargés sans nouvelle théorisation (Alvesson, 2019 ; Willmott, 2015). Nous sommes d'accord avec les chercheurs affirmant tout le contraire, que la théorie institutionnelle et les logiques institutionnelles sont parfaitement adaptées pour éclairer notre compréhension des préoccupations sociétales (Gümüşay et al., 2020) et comment y répondre (Hoffman et Jennings, 2018). Au cours de la dernière décennie et demie, l'intérêt s'est centré sur la « complexité des relations entre les organisations et leur contexte institutionnel ; et, deuxièmement, un accent sur les processus et les pratiques par lesquels les institutions sont créées, promulguées ou modifiées, ou par lesquels elles

s'érodent et sont finalement désinstitutionnalisées. (Greenwood et al., 2017, p. 3) Ce qui donne et pourrait encore créer une nouvelle impulsion à la théorie institutionnelle, c'est de prêter attention aux résultats et aux conséquences, y compris du développement durable. Greenwood et al. (2017) discutent de la façon dont l'objectif de la théorie institutionnelle est passé de la compréhension du processus institutionnel afin de mieux le comprendre, à l'étude des processus institutionnels pour comprendre leur impact sur les problèmes de la société. Le résultat est venu à l'avant-garde de la recherche amenant les conversations vers des conséquences pour la société (Greenwood et al., 2017).

Le processus institutionnel peut être étudié à tous les niveaux. Les champs institutionnels se forment sur différentes bases, y compris les problèmes (Zietsma et al., 2014) et constituent un aspect central de la théorie institutionnelle. De nombreuses recherches sur les logiques institutionnelles sont menées sur le terrain, car les phénomènes observés sur le terrain sont ceux qui influencent les structures et peuvent nous informer en quoi les organisations sont similaires. La recherche au niveau organisationnel peut généralement se concentrer davantage sur les différences entre les organisations et les processus, comme Greenwood et al. (2014) soutiennent, appelant ainsi à davantage de recherches au niveau organisationnel. Notre choix de mener des recherches au niveau organisationnel a également été motivé par notre choix méthodologique d'enquêter sur les dynamiques inconscientes, plus facilement observables dans notre cas au niveau organisationnel.

Bien que les organisations soient au cœur de la recherche organisationnelle, Mayer et Höllerer (2014) soulignent que nous devons garder l'attention sur "l'organisation des efforts et des institutions" (p.1231) et nous nous efforçons d'y parvenir dans la thèse. Les réponses des organisations à des pressions environnementales hétérogènes sont étudiées à travers la complexité institutionnelle. Cette situation survient lorsque les organisations sont soumises à des prescriptions contradictoires issues de multiples logiques institutionnelles (Greenwood et al., 2011 ; Kraatz et Block, 2008). L'exemple le plus explicite en est les organisations hybrides (Battilana et Dorado, 2010), où des tensions continues sont présentes en raison de deux logiques distinctes coexistant dans une même organisation.

En effet, conceptualiser les tensions comme un conflit de logiques est une approche prédominante dans la littérature actuelle. Beaucoup moins étudiée est une situation de complexité intra-institutionnelle (Mayer et Höllerer, 2014, 2016), où les tensions ne se produisent pas entre deux ou plusieurs logiques mais au sein d'un même ordre institutionnel. Nous soutenons que dans le cas d'une organisation avec une logique forte et dominante, c'est une façon plus perspicace de théoriser les tensions créées par l'adoption des principes du développement durable.

Pendant longtemps l'approche au sein de la théorie institutionnelle a été de se concentrer sur les structures et les personnes ont été négligées. Depuis que les chercheurs ont commencé à considérer les organisations comme habitées (Hallett et Ventresca, 2006), une plus grande attention a été accordée aux personnes et aux micro-fondations des institutions (Powell et Rerup, 2017). Les personnes habitant les organisations ont inévitablement provoqué des émotions. Les bases théoriques ont été posées par Creed et al. (2014), Voronov et Vince (2012), Toubiana et Zietsma (2016) et d'autres, déplaçant les émotions d'un courant émergent à l'un des principaux thèmes de l'institutionnalisme organisationnel. Pourtant, les émotions appellent des méthodes d'analyse moins conventionnelles. Voronov et Vince (2012) dans leur travail fondateur sur les émotions dans le travail institutionnel ont discuté de la dynamique inconsciente. Bien que ce travail ait été largement cité et développé, l'approche pour enquêter sur le côté inconscient des processus institutionnels n'a pas été reprise par les chercheurs. En 2018, Vince a publié un autre article formalisant le cadre des illogismes institutionnelles, qui peut guider la recherche sur les processus émotionnels et largement inconscients à travers les concepts psychodynamiques de défenses sociales, d'hypothèses désavouées et de fantasmes. Dans cette thèse, nous avons relevé le défi d'enquêter sur les tensions à travers ce cadre afin de mieux comprendre ce qui est caché ou non-dit.

7.2 Contexte théorique

Le chapitre de contexte théorique en présentant d'autres directions théoriques que nous avons explorées et qui nous ont inspirés, par exemple le cadre d'alerte-traitement. Nous introduisons ensuite la théorie institutionnelle en discutant des défis actuels auxquels cette théorie est confrontée après quatre décennies de recherche. Nous sommes d'accord avec d'autres chercheurs sur le fait que l'approche des logiques institutionnelles est toujours pertinente pour répondre aux problèmes de société actuels. Nous montrons ensuite que le développement durable ou les thèmes liés au développement durable sont généralement conceptualisés comme un conflit de logiques. Nous introduisons la complexité intra-institutionnelle avant de présenter comment, dans la littérature, les émotions sont étroitement associées au développement durable et socialement responsable, en particulier dans les mouvements sociaux et le cadrage des courants de recherche.

Dans la deuxième partie du chapitre, nous présentons le cadre théorique pour étudier les tensions intra-institutionnelles d'origine émotionnelle. Nous commençons par montrer comment les émotions ont relativement récemment trouvé une place dans la littérature institutionnelle et comment ce courant de recherche s'est rapidement développé. Nous présentons ensuite l'approche psychodynamique de l'étude des organisations, qui existe depuis longtemps dans la théorie des organisations mais qui a été récemment introduite dans la théorie institutionnelle et en particulier au

sein du courant des logiques institutionnelles. Nous avons utilisé ce cadre pour structurer l'analyse de nos études de cas.

Après quarante ans, la nouvelle théorie institutionnelle conserve le potentiel de contribuer à la solution des défis sociétaux actuels. Malgré le vaste corpus de littérature, ou peut-être à cause de celui-ci, il apparaît important de considérer encore les fondements de la théorie afin de distinguer la manière la plus efficace de faire avancer la théorie. Le choix est vaste, et donc une attention doit être portée sur l'identification des domaines qui sont sous-explorés mais qui en même temps contribuent à la compréhension fondamentale des organisations et des institutions. Il est également important d'être conscient des développements récents dans le monde réel afin de rendre la recherche pertinente aujourd'hui. Nous avons discuté de la manière dont les logiques institutionnelles restent très pertinentes pour expliquer et considérons la complexité intra-institutionnelle comme une direction particulièrement sous-étudiée et prometteuse.

Nous ne trouvons pas d'argument convaincant pour considérer le développement durable comme une logique institutionnelle en conflit avec une logique dominante, en particulier si l'on considère des organisations solidement et historiquement ancrées dans une logique dominante. Nous constatons que plusieurs études pointent plutôt vers le sens des tensions des logiques intra-institutionnelles, bien que non explicitement (Roulet, 2014, 2018 ; O'Sullivan et O'Dwyer, 2015 ; Yan, 2019 ; Kok et al., 2017). Ces études examinant le conflit de la logique bancaire ou marchande et du développement durable n'offrent pas de cadre unificateur, qui expliquerait les rouages et les caractéristiques du conflit. Le conflit des logiques devient souvent un moyen de problématiser une autre question et de contribuer à l'explication d'un autre phénomène, comme la légitimité ou l'identité. Plusieurs explications sont proposées pour expliquer pourquoi la logique du marché prévaut en fin de compte, telles que les sous-cultures et l'identité, la faible perméabilité, l'environnement des ressources ou la prévalence de la logique du marché dans la société. Plusieurs voies de règlement du conflit sont également proposées, par exemple le travail institutionnel ou les ressources dans l'environnement.

Pourtant, la réalité empirique montre que le développement durable est de plus en plus adoptée par les entreprises et les banques alors que dans le même temps les résultats ne sont pas totalement satisfaisants et qu'il semble y avoir une grande inertie (Introduction section 1.2). Les modèles existants ne permettent pas de comprendre la dynamique sous-jacente de cette situation. Par conséquent, nous proposons une approche alternative aux logiques conflictuelles. Nous proposons de ne pas théoriser le développement durable comme une logique institutionnelle mais comme un concept transversal, qui agit à travers les ordres institutionnels, dans la lignée de Meyer et Höllerer (2016). Le lieu d'analyse passera ainsi de l'inter – institutionnel à l'intra – institutionnel. Nous

trouvons également un soutien à l'étude au niveau organisationnel plutôt qu'au niveau du terrain : de nombreuses études sont menées au niveau du terrain et ne produisent pas de modèle ou de fonctionnement interne du conflit. Par contre, les études au niveau organisationnel offrent une meilleure un aperçu du fonctionnement du conflit, comme dans Battilana et Dorado (2010), Kok et al. (2017) ou Almandoz et al. (2017).

Nous discutons dans la thèse de la manière dont le conflit des logiques institutionnelles est traité dans la littérature, en particulier le conflit entre le développement durable ou les logiques liées au développement durable et le marché ou les logiques liées au marché. Nous avons introduit une forme particulière de complexité institutionnelle, la complexité intra-institutionnelle. Nous avons montré comment le développement durable implique des émotions et comment les émotions sont traitées dans la littérature sur les mouvements sociaux. Nous avons présenté le cadrage, y compris le cadrage émotionnel, et le désinvestissement comme deux stratégies particulières des mouvements sociaux pour gagner du soutien. Nous avons commencé la revue de la littérature par une enquête pour savoir si la théorie institutionnelle peut encore apporter des réponses aux défis sociétaux actuels. De nombreux courants de recherche au sein de la théorie institutionnelle sont bien développés et pourraient apporter des éclairages pour répondre à la question de recherche.

Nous avons conclu que l'approche des logiques institutionnelles a encore un fort potentiel pour découvrir la dynamique des tensions au niveau organisationnel. Cependant, nous suggérons de ne pas conceptualiser les tensions comme un conflit de logiques différentes, mais plutôt comme une complexité intra-institutionnelle résultant de la confrontation de la logique bancaire dominante avec un concept du développement durable. Nous soutenons que la particularité du concept du développement durable est qu'il est souvent encadré émotionnellement parce qu'il est porté par des mouvements sociaux.

Nous avons passé en revue la littérature qui émerge rapidement sur les émotions en relation avec les logiques institutionnelles et identifié le défi d'étudier les émotions non pas au niveau micro individuel pour informer les microfondations des institutions, mais plutôt comme relationnelles. Les émotions sont identifiées comme des intermédiaires institutionnels ainsi que l'essence de ce qui constitue les institutions. Nous relient du développement durable à la tâche réelle qui doit être accomplie et qui devient émotionnellement chargée également. Le concept du développement durable est théorisé pour créer des tensions au sein de la logique dominante, qui ont une composante émotionnelle.

Nous avons identifié que la théorie de la défense sociale basée sur des idées psychanalytiques étudie les tâches anxiogènes depuis des décennies. En effet, l'étude des émotions inconscientes est un domaine inexploré mais prometteur au sein du courant des émotions dans l'institutionnalisme

organisationnel. Enfin, nous présentons le cadre des illogiques institutionnelles de Vince (2018) qui vise à étudier les dynamiques inconscientes dans les organisations en contrepartie des logiques institutionnelles.

7.3 Méthodologie

L'approche méthodologique de la recherche qualitative est complétée par un récit auto-ethnographique de la recherche de terrain. Concernant la collecte de données, nous avons utilisé différentes sources pour nos données : entretiens, documents publics, documents internes, confidentiels, médias sociaux et observation. Pour le traitement des données, nous avons utilisé un codage thématique. Certains défis liés au traitement des données ont conditionné l'approche méthodologique. L'analyse des données a été abordée à travers la construction d'explications narratives ainsi qu'inspirée par la méthodologie du réalisme critique. La méthodologie implique un récit détaillé de la visite sur le terrain afin de montrer comment les émotions ont émergé directement du terrain.

7.3.1 Analyse des données

Dans l'ensemble, l'approche de l'analyse des données était la construction d'explications proposée par Yin (2009). L'objectif est de rechercher des liens de causalité qui fournissent la réponse aux questions du « comment » et du « pourquoi » les événements se sont produits dans l'étude de cas. L'explication prend une forme narrative qui permet d'expliquer des phénomènes complexes et difficiles à mesurer. Cependant, ce type d'approche est très générique et nous avons donc recherché une description plus précise de la construction de l'explication analytique. Notre approche de l'analyse des données s'inspire directement de la méthodologie du réalisme critique telle que décrite par Fletcher (2017).

Fletcher (2017) sur un exemple de recherche de femmes agricultrices au Canada illustre comment elle a procédé dans son projet de recherche sur le réalisme critique, qui partageait les caractéristiques classiques de la recherche qualitative. Nous avons trouvé la description de Fletcher de la méthode et de son application pour découvrir des mécanismes causaux plus profonds particulièrement utiles. Après la phase initiale de collecte de données, Fletcher (2017) a utilisé le codage pour révéler des demi-régularités empiriques. Ensuite l'abduction – ou re-description théorique – est utilisée pour identifier d'autres thèmes, qui n'étaient pas directement apparus dans le premier codage. La dernière étape est la rétroduction, qui se concentre sur les mécanismes causaux. L'objectif est « d'identifier les conditions contextuelles nécessaires pour qu'un mécanisme causal particulier prenne effet et aboutisse aux tendances empiriques observées ». (ibid, p.189) Inspirés par

cette méthodologie, avec l'objectif d'arriver à une explication des phénomènes non directement révélés par les données collectées et en s'appuyant sur l'expérience de l'auteur dans l'industrie, nous avons constamment oscillé entre les données et la théorie, arrivant ainsi à des "faits surprenants" et les « sauts créatifs non codifiés » (Langley, 1999 : 691 ; Fan et Zietsma, 2016, p. 13).

En plus de la réitération entre la théorie et les données, nous avons explicitement opérationnalisé le concept d'illogisme institutionnel pour guider le processus analytique afin de découvrir la dynamique causale. Le premier concept théorique avec lequel nous nous sommes engagés était les logiques institutionnelles. La conception initiale de la recherche et le cadrage des problématiques en tant que « dilemmes » nous ont indiqué un conflit entre des parties ayant des points de vue différents. Le choix définitif de la théorie a émergé des données lorsque nous avons commencé à traiter les entretiens DAPL. Il était évident dès le début que les thèmes évoqués par les militants et l'industrie financière étaient très différents. Cela nous a conduit à la littérature sur le conflit des logiques institutionnelles et à un examen plus approfondi du développement durable et des logiques communautaires. La réitération constante entre les données et la théorie nous a par la suite orientés vers le conflit intra-institutionnel.

Les émotions ont également émergé des données, d'abord de la recherche sur le terrain avec les militants, puis ont été analysées au prisme des approches d'étude des émotions au sein de la littérature institutionnelle. L'une de ces approches est également l'illogisme institutionnel (Vince, 2018), qui nous a fourni un cadre spécifique pour découvrir la dynamique cachée impliquant les émotions dans la logique institutionnelle. Cela nous a permis de découvrir le rôle structurant particulier des émotions dans le contexte de chaque étude de cas.

7.3.2 Chercheur réflexif

Clancy et Vince (2018) soutiennent que les émotions du chercheur peuvent devenir un instrument de construction théorique, en particulier lors de l'utilisation de la théorie enracinée. Ils invitent les chercheurs à considérer les émotions inconscientes qui pourraient être cachées derrière des défenses ou transformées en fantasmes dans le cadre du processus de recherche et de « l'expérience vécue de la recherche » (ibid, p.12). Ils suggèrent qu'une façon de révéler les fantasmes inconscients est l'écriture auto-ethnographique de ces expériences vécues. Davis et Ellis (2008) décrivent que lorsque plusieurs voix doivent être incluses dans une recherche auto-ethnographique, « les mots, les pensées et les sentiments du chercheur sont également pris en compte ». (p.287)

En tant que chercheur novice mais professionnel expérimenté, j'ai réalisé très tôt que ma propre expérience et mes émotions étaient déterminantes dans le traitement et l'analyse des données. Tout au long du processus de recherche je restais consciente de mes ressentis et mes pensées en tant que

professionnel du secteur financier. En même temps, j'avais aussi conscience de la nécessité de me positionner en tant que chercheuse.

En analysant les entretiens avec les employés, j'ai aussi essayé de comprendre ce qu'ils en pensaient sans le dire explicitement. Je me suis imaginé dans leur rôle professionnel et ce que ce serait d'être confronté à la situation donnée. Puis je me suis repositionné comme chercheuse, prenant du recul, m'efforçant de découvrir avec impartialité les dynamiques sous-jacentes. S'engager dans la théorie dès le début m'a grandement aidé à générer les premières interprétations, mais aussi à les pousser plus loin pour approfondir mes connaissances.

J'ai consciemment essayé d'identifier et de traiter les émotions que j'ai ressenties soit directement à partir de la recherche sur le terrain et de la conduite d'entretiens, soit à partir de mon propre processus d'analyse. Le thème principal de cette thèse, les émotions, est directement issu de la recherche sur le terrain car j'étais à l'écoute de mes propres ressentis pour révéler les émotions des personnes interrogées. Cette approche n'est pas différente de ce qu'Ellis, Kiesinger et Tillmann-Healy (1997) et Davis et Ellis (2008) appellent l'auto-ethnographie multi - vocale où le chercheur et l'interviewé entrent dans un processus de partage et de compréhension mutuels et où le chercheur montre sa propre vulnérabilité mais aussi l'empathie et le respect pour la personne interrogée.

Pour mieux comprendre les émotions telles qu'elles ont été étudiées et comprises dans cette thèse, j'ai décrit ma recherche de terrain avec les manifestants de la DAPL de manière auto-ethnographique. De cette façon, je connecte ma propre expérience à l'expérience des autres qui m'ont raconté leurs propres histoires, ouvrant ainsi la conversation sur la société dans laquelle nous vivons, et sur les institutions qui la constituent (Davis et Ellis, 2008). Dans cette narration je suis le personnage principal ainsi que le chercheur, comme c'est le cas de l'auto-ethnographie. Pourtant, en tant que chercheuse, j'étais guidé par la théorie. Dans la description des études de cas, il y avait la volonté de transmettre à la fois la forte émotivité des droits de l'homme et des questions environnementales ainsi que la description impartiale de l'approche analytique.

7.4 Études de cas

Les deux premières études de cas portent sur la production de coton en Ouzbékistan et la construction du « Dakota Access Pipeline ». Ils ont été sélectionnés parmi d'autres cas de « dilemme ». Les « dilemmes » représentaient des cas où la recommandation de l'équipe RSE sur la manière d'agir n'était pas simple. Le département RSE a défini au fil des ans un ensemble de politiques mais parfois ces politiques n'ont pas fourni d'orientation suffisante pour prendre une décision. Dans ce cas, les décideurs commerciaux responsables et le personnel RSE local ont contacté l'équipe RSE centrale pour fournir une recommandation.

La troisième étude de cas analyse une nouvelle stratégie de la banque lors qu'un nouveau département Engagement est créé. Ce département a intégré le département RSE. Cette étude de cas a été choisie parce que les émotions se sont imposées comme un aspect important de la stratégie de ce nouveau département.

Les trois études de cas sont également intéressantes d'un point de vue temporel. Le coton ouzbek est devenu un enjeu dès 2010 et a été conclu en 2013, soutenant la publication de la politique sur les droits de l'homme. L'affaire DAPL s'est déroulée en 2016/2017, c'est-à-dire après l'accord de Paris en 2015, et a probablement conduit à la publication d'une politique pétrolière et gazière non conventionnelle plus stricte. Par la suite, le nouveau département Engagement a été créé, objet du troisième dossier sur 2018/2020, qui a clairement positionné des dossiers comme DAPL et leur approche comme n'étant pas en adéquation avec la stratégie de la banque.

7.4.1 Coton ouzbek

L'Ouzbékistan est l'un des plus grands producteurs mondiaux de coton. Cette production est le résultat d'un système déplorable, qui viole les droits de l'homme et détruit l'environnement. Ancienne république soviétique, l'Ouzbékistan est officiellement devenu un État démocratique en 1991 avec l'élection d'Islam Karimov comme président. En réalité, le pays avait un régime autoritaire répressif, qui utilisait encore beaucoup de pratiques de l'ère soviétique et violait la plupart des droits humains fondamentaux. On a estimé qu'environ 1,2 million de personnes, soit près de 4 % de la population, se trouvaient dans des conditions d'esclavage moderne il y a une dizaine d'années. En 2016, Shavkat Mirziyoyev, un ancien Premier ministre, a succédé au président Karimov après sa mort et le régime est devenu beaucoup plus modéré avec des réformes majeures en cours. La spécialisation de l'Ouzbékistan dans la production de coton est un héritage de l'époque soviétique. Bien que la terre ait été officiellement privatisée, les agriculteurs étaient largement dépendants de l'État et des monopoles d'État. La production de coton en monoculture a été imposée par le régime soviétique, lorsqu'il a cherché une spécialisation pour chaque république soviétique. Aujourd'hui, le coton domine toujours l'industrie agricole. La production était entièrement pilotée par l'État en imposant des quotas de production, le type de semences, les engrais et les machines. Les entreprises qui vendaient ces produits nécessaires à la culture du coton étaient contrôlées par l'État.

Le régime de Karimov obligeait ses citoyens, y compris les enfants, à travailler pendant la période des récoltes, qui s'étend de septembre à novembre. Cela concernait des employés de l'État, tels que des enseignants, des infirmières, des médecins, qui étaient menacés de perdre leur emploi. Une catégorie spéciale était composée d'étudiants et d'écoliers, qui étaient forcés de travailler dans les

champs de coton et supervisés par leurs professeurs. Ces dernières années, la situation du travail forcé a considérablement changé.

Le système des quotas de production a été accusé d'être une cause majeure de la situation de travail forcé ainsi que du besoin de plus de machines pour mécaniser la récolte. La mécanisation a résisté probablement à cause du manque de financement mais aussi parce que le coton récolté à la main est de meilleure qualité.

Le régime de Karimov contrôlait les médias, les organisations internationales avaient un accès restreint aux données, les militants et les journalistes étaient souvent emprisonnés. Il figurait parmi les pays les moins coopératifs car il ignorait les demandes des agences internationales et les suggestions d'amélioration. Par conséquent, sous le régime de Karimov, il était difficile de comprendre la situation réelle du travail des enfants, l'ampleur du problème et surveiller les progrès, même si officiellement des lois avaient été adoptées.

Une Convention des Nations Unies interdisant le travail des enfants a été signée en 2008 mais les pratiques n'évoluent que très lentement. Étant donné que les observateurs indépendants n'étaient généralement pas autorisés à surveiller la récolte, et s'ils l'étaient, ils étaient accompagnés de représentants du gouvernement, il n'était pas clair dans quelle mesure la loi avait été appliquée. Malgré le régime répressif, lors des récoltes de 2013 et 2014, les petits enfants n'étaient plus obligés de travailler.

Selon le rapport de l'Organisation internationale du travail (OIT) après la récolte de 2016, le travail des enfants avait été progressivement interrompu. L'Ouzbékistan est un pays stratégique en Asie centrale et il était politiquement important pour les pays étrangers de créer une relation avec le régime. Dans ce contexte en 2012 la banque doit reconsidérer son rôle majeur dans le financement de l'exportation du coton. Suite à des alertes provenant de certains ONGs, la banque lance une investigation sur le sujet du travail des enfants. Le régime n'est pas coopératif et les preuves du recours au travail forcé sont claires. La banque décide alors sortir de la relation plutôt que de continuer à exercer une pression sur le régime.

7.4.2 Dakota Access Pipeline (DAPL)

Le Dakota Access Pipeline (DAPL), un oléoduc transportant le pétrole du schiste, passe sous terre sur près de deux mille kilomètres depuis la région de Bakken/Three Forks dans le Dakota du Nord jusqu'aux raffineries de l'Illinois. La principale entreprise derrière le DAPL est Energy Transfer Partners (ETP), qui a lancé le processus d'approbation pour la construction du pipeline en 2014. En août 2016, seule l'autorisation cruciale du passage d'eau sous le lac Oahe dans le Dakota du Nord manquait, ce qui était délivré par l'US Army Corps of Engineers (USACE). Ce permis a été reporté

en raison de grandes manifestations d'Amérindiens qui ont duré plusieurs mois. Le coût du projet était de 3,78 milliards de dollars, dont 2,5 milliards de dollars ont été initialement financés par 17 banques en août 2016.

L'Army Corps of Engineers (USACE), qui réglemente les traversées d'eau, a délivré les approbations pour le projet, à l'exception de la traversée sous le lac Oahe. La tribu Sioux de Standing Rock contestait le passage du pipeline sous le lac Oahe car ils en dépendent pour l'eau potable, qui serait mise en danger en cas d'accident. De plus, ils protestent contre le passage par les terres adjacentes à leur réserve. En fait, le pipeline ne traverse pas les terres appartenant directement à la tribu indienne. Cependant, il traverse le territoire qui a été promis aux Indiens dans les traités de Fort Laramie de 1877 et 1889, et qui ne leur a jamais été donné. La tribu de Standing Rock soutient d'avoir des liens culturels et historiques forts avec cette terre et affirme que l'oléoduc perturberait les anciens lieux de sépulture et pourrait causer des dommages.

En septembre 2016, le procès contre l'USACE n'a pas abouti mais des centaines de manifestants sont venus dans le Dakota du Nord pour protester. Les manifestations ont commencé au printemps avec environ 200 Amérindiens, mais ont atteint des milliers en été. L'administration Obama a exigé une pause de la construction au milieu des protestations croissantes. Le US Army Corps of Engineers a entamé un processus de révision de sa décision et les travaux de construction de la partie sous le lac Oahe n'ont donc pas pu démarrer. En février 2017, le président Trump a signé un décret exécutif pour accélérer le processus d'autorisation. L'USACE a accordé le permit définitif pour la construction sous le lac Oahe. Les manifestations devaient être pacifiques, mais il y avait eu des incidents, qui ont conduit à des centaines d'arrestations. La réaction de la police aux manifestations a été largement diffusée sur les réseaux sociaux et est apparue violente et inadéquate. Finalement, les manifestants ont dû partir en décembre 2016. Des millions de personnes dans le monde ont montré leur sympathie aux manifestants via les réseaux sociaux. Une pétition signée par des scientifiques a également été organisée. De nombreuses organisations environnementales de premier plan se sont également jointes aux manifestations, dont Greenpeace. Les banques ont notamment été ciblées comme un moyen d'arrêter le financement du projet. Une lettre de BankTrack, signée par 500 autres organisations dans le monde, a été envoyée à chaque banque participante. Une lettre à Equator Principles (EP) a également été envoyée, indiquant que les banques, signataires de l'EP et participant au projet DAPL, violent leurs engagements. En février 2017, un groupe d'investisseurs représentant 653 milliards de dollars d'actifs sous gestion a également envoyé une lettre aux banques participantes.

Les banques ont répondu en engageant un cabinet d'avocats spécialisé dans les droits de l'homme. Certaines banques ont également rencontré les représentants indiens et finalement plusieurs se sont

désengagé de ce projet. Plus important encore, ce scandale a conduit à la révision des Equator Principles.

7.4.3 Stratégie d'Engagement

Cette étude de cas examine l'émergence d'une stratégie de la banque pour se positionner comme un leader en matière du développement durable. La banque a créé le département RSE en 2003 en raison de l'importance croissante des questions de la RSE et de la pression des ONG. Le département de la RSE a grandi peu à peu pendant une décennie jusqu'en 2017 quand l'équipe RSE a été intégrée dans un nouveau département "Engagement". Le responsable de ce nouveau département est directement représenté au sein du comité exécutif de la banque. La stratégie RSE de la banque a d'abord été centrée sur des politiques sectorielles sensibles. Il s'agit par exemple des secteurs de producteurs d'armes, de l'huile de palme, de l'exploitation minière ou des centrales thermiques, mais aussi des politiques générales concernant, par exemple, les droits de l'homme. Pour certains secteurs, la banque a élaboré des directives strictes que les entreprises doivent respecter dans l'exercice de leurs activités. Les collaborateurs RSE locaux ont travaillé aux côtés des entreprises pour les aider à évaluer si un projet ou un investissement donné était conforme aux politiques. Pour toute question controversée, le service central RSE est consulté, ce qui peut éventuellement conduire à réviser les politiques existantes ou à en créer de nouvelles. Ces politiques restreignaient les opportunités commerciales et empêchaient parfois les entreprises de conclure des accords ou de faire un investissement particulier. Dans certains cas, la banque a adopté une position strictement négative à l'égard d'une certaine activité, ce qui a conduit à l'arrêt complet ou progressif d'une activité par ailleurs prospère.

Tout naturellement les politiques RSE ont été perçues assez négativement, notamment dans certaines parties de l'entreprise ou dans certains pays, plus exposés aux secteurs sensibles. Pour les banquiers, les politiques de RSE impliquaient que leurs activités étaient désormais étiquetées comme non souhaitées. Peut-être qu'ils ont passé des années à développer une relation avec un client, puis qu'ils ont dû suivre des politiques qui ont conduit à un refus d'affaires pour ce client.

La nouvelle stratégie de développement durable repose sur les 17 objectifs de développement durable (ODD) des Nations Unies et sur la manière dont la banque elle-même peut répondre à ces objectifs. La banque a défini quatre domaines prioritaires qui sont en ligne avec les ODD sélectionnés. Le principe de la nouvelle stratégie est de motiver, inspirer et habilitier les employés à faire des affaires dans le domaine de développement durable et avec un impact social positif. Chaque entité de la banque est libre de concevoir sa propre approche pour atteindre ces quatre objectifs prioritaires en fonction des spécificités commerciales locales. Certains pourraient choisir

d'avoir une offre d'instruments d'investissement verts, d'autres de travailler avec des startups à impact social, d'autres encore de soutenir davantage d'industries dans le secteur des énergies renouvelables, etc. Les employés en contact avec les clients sont formés de manière approfondie sur les questions du développement durable et socialement responsable afin d'être en mesure de conseiller leurs clients et de leur proposer des solutions appropriées.

Cette stratégie a contribué aux changements des perceptions négatifs de la RSE au positif. Les politiques sectorielles restrictives doivent toujours être respectées mais l'approche est désormais plus large, complétée par une campagne de communication intensive sur l'image de la banque plus responsable.

7.5 Discussion

Dans la partie théorique, nous avons commencé par la revue de la littérature sur les logiques institutionnelles, le conflit entre logique de marché et logique communautaire ou la logique lié au développement durable. Nous en avons conclu qu'il n'existe pas d'approche homogène pour décrire le développement durable et les tensions qu'il pourrait créer dans les organisations. Nous avons défini le développement durable comme un vaste concept transversal qui se caractérise par la présence d'émotions. Les médias sociaux et la technologie sont apparus comme un élément important pour donner aux membres de l'organisation des informations sur le développement durable. Nous avons émis l'hypothèse que cette situation crée des tensions au sein de la logique institutionnelle. Les émotions étant l'élément essentiel sur lequel nous nous concentrons, nous avons proposé d'étudier ces tensions à travers le cadre des dynamiques inconscientes. Nos études de cas empiriques montrent que le développement durable est hétérogène, qu'il inclut des points de vue alternatifs, qu'il est complexe, qu'il implique des émotions et que les questions du développement durable et socialement responsable sont interconnectées. Nous soutenons que si le développement durable est trop étroitement défini, sa mise en œuvre par une organisation est susceptible d'être incomplète, et donc de ne pas relever les grands défis.

Cette conclusion prolonge les travaux de Hoffman et Jennings (2018) sur le développement durable à l'ère de l'Anthropocène. Nous nous joignons aux appels pour que le développement durable soit défini au niveau d'un ordre institutionnel. Dans la lignée de Banerjee et Arjaliès (2021), nous suggérons également de mettre au premier plan l'intégration de la nature et de l'homme, et d'inclure les points de vue des populations autochtones pour créer une base plus solide pour trouver des solutions à la crise actuelle.

Nous discutons du fait que la logique communautaire partage certaines similitudes avec le concept du développement durable. Notre étude de cas montre comment la communauté fondée sur la

localisation géographique et l'affiliation peut se confondre, notamment grâce à la généralisation des médias sociaux facilitant la création d'une communauté. Avec ce constat nous prolongeons les travaux sur les communautés d'Almandoz, Marquis et Cheely (2017). Nous montrons que les mouvements populaires autochtones et les ONG ont mobilisé de fortes émotions pour engager une discussion avec les banques et lancer une campagne de désinvestissement réussie.

Nous complétons le modèle d'attribution des responsabilités de Reinecke et Ansari (2016) en montrant le cadrage émotionnel des questions de droits humains et ses effets au niveau organisationnel plutôt qu'au niveau du terrain. Nous montrons également que les émotions guident les membres de l'organisation dans la compréhension de la gravité des enjeux sociaux et environnementaux, montrant ainsi le rôle structurant des émotions suggéré par Vince (2018). Plus largement, nous contribuons au courant de la recherche sur les émotions dans l'institutionnalisme organisationnel (Voronov et Vince, 2012 ; Lok et al., 2017 ; Zietsma et al., 2019). Nous analysons le cadrage émotionnel du développement durable par la population indigène, complétant ainsi les travaux existants sur le cadrage par des mouvements sociaux tels que Reinecke et Ansari (2016) ou Davis et Zald (2015).

Nous prolongeons les travaux sur les entrepreneurs institutionnels (Lawrence, Suddaby et Leca, 2011) qui initient le changement dans les organisations en suggérant que les technologies et les médias sociaux ont démocratisé l'accès à l'information pour tous les membres de l'organisation, augmentant ainsi leur « agency ». Nous proposons de conceptualiser la technologie matérielle et les applications immatérielles ensemble comme un moyen qui peut augmenter la liberté de l'action pour les membres d'une organisation ainsi qu'influencer les structures.

Prolongeant les travaux de (Meyer et Höllerer, 2016) sur la complexité intra-institutionnelle, nous montrons que le cadrage émotionnel de développement durable a provoqué des tensions au sein de la logique bancaire dominante. Nous avons étudié ces tensions à travers le cadre des illogismes institutionnels (Vince, 2018) pour découvrir les dynamiques inconscientes. Nous soutenons que des comportements spécifiques et protecteurs ont été adoptés dans la banque afin de protéger ses membres de ces tensions. Nos trois études de cas ont tous été résolues avec une décision en faveur du développement durable, mais cela s'est produit dans le cadre de la logique bancaire. Nous montrons que les questions du développement durable et socialement responsable ont été systématiquement recadrées pour s'adapter à la logique bancaire dominante.

Nous contribuons à la littérature sur la complexité institutionnelle, en particulier sur la complexité intra-institutionnelle (Meyer et Höllerer, 2016) en montrant comment ce type de complexité a été traité lorsque le développement durable a provoqué des tensions au sein d'une logique institutionnelle issue directement de l'ordre marchand (Thornton et al., 2012). Plus généralement

nous contribuons également à la littérature sur les cadres (« frames ») (Reinecke et Ansari, 2016) mais en l'enrichissant avec l'utilisation du cadrage au sein d'une organisation.

7.6 Conclusion

Nous avons observé dans l'introduction que les concepts du développement durable et socialement responsable sont de plus en plus adoptés par les entreprises. Le secteur financier suit cette tendance en tant qu'intermédiaire mais aussi en tant que moteur en raison de la réglementation croissante des questions liées au développement durable.

En le même temps, les institutions financières tardent à prendre des engagements radicaux, à l'exemple des énergies fossiles qui continuent d'être financées. Les régulateurs agissent de plus en plus rapidement pour transformer les accords volontaires en réglementation. Des normes sont élaborées afin d'accélérer la transformation des métiers des banques et indirectement aussi des modèles économiques de leurs clients. Lorsqu'elle est mise en œuvre, le développement durable nécessite d'autres approches que celles que les banques emploient habituellement. En d'autres termes, différentes logiques institutionnelles imposent des exigences différentes, souvent contradictoires, aux organisations. Cette situation sous diverses formes a été largement étudiée depuis plus d'une décennie comme complexité institutionnelle. En général, le développement durable ou la logique liée au développement durable a été opposée à la logique du marché dans un conflit de logique. La conclusion générale d'années de recherche sur les logiques institutionnelles est « la prédominance des logiques de marché et d'État dans les sociétés et les crises financières et budgétaires qui en découlent ». (Thornton et al., 2015, p. 15).

L'étude du système interinstitutionnel est importante pour mieux comprendre cette domination. Nous avons choisi de traiter la logique bancaire dominante comme donnée, qui ne va pas changer significativement au cours de notre recherche. Le développement durable, dépourvu d'une définition large et exhaustive en tant que logique institutionnelle, a été conceptualisé comme un concept qui crée des tensions au sein de la logique bancaire dominante. Nous avons ainsi étudié la complexité intra-institutionnelle (Meyer et Höllerer, 2014). Cette approche nous a permis d'explorer les tensions en détail à travers un nouveau cadre d'illogiques institutionnels de Vince (2018), révélant des dynamiques inconscientes. Nous avons montré que les émotions étaient au cœur de ces tensions, guidant les membres de l'organisation sur la gravité des problèmes de développement durable. Notre principale conclusion est que le développement durable a été recadré pour s'adapter à la logique bancaire dominante. Cela a été possible pour deux raisons : premièrement, les émotions ont été utilisées pour communiquer sur le développement durable en interne ainsi que par les mouvements

sociaux à l'extérieur de la banque ; deuxièmement, l'émergence de nouveaux produits liés au développement durable.

Notre étude présente certaines limites liées au fait que nous nous appuyons sur des études de cas individuelles avec peu d'entretiens avec les employés de la Banque. De nombreux entretiens n'ont pas pu être enregistrés et n'ont été analysés que sur la base de notes et de résumés par grands thèmes. L'analyse des dynamiques et des émotions inconscientes est intrinsèquement difficile. Par construction notre méthode de recherche est subjective et s'appuie sur l'expérience personnelle de la chercheuse, sa réflexivité ainsi que sur le vécu lors des entretiens. Néanmoins, c'est selon nous cette subjectivité qui nous a permis d'orienter la recherche vers l'étude des émotions et des tensions intra-institutionnelles.

Sur la base de nos résultats, nous recommandons que les recherches futures se concentrent sur l'étude du développement durable sous des angles inattendus tels que les croyances autochtones, ainsi que sur une meilleure exploration des diverses facettes de sa complexité. Peut-être faudrait-il définir du développement durable comme un ordre institutionnel. Cela aiderait certainement à mieux orienter la théorisation du conflit des logiques au niveau du terrain, par exemple. En attendant, alors qu'il est urgent d'agir, nous plaidons pour l'utilité de la recherche sur la complexité intra-institutionnelle, en particulier dans le contexte d'une logique de marché dominante. Nous voyons également l'intérêt de rechercher plus en profondeur le rôle de la technologie et des médias sociaux dans les processus institutionnels, leur interaction avec la structure et l'agence, en nous appuyant sur notre proposition de technologie et de médias sociaux agissant comme un « média ».

Nous plaidons pour un intérêt continu pour la recherche sur les émotions étendant le solide corpus de littérature qui a déjà été créé sur ce sujet. De nouvelles approches méthodologiques pourraient aider à surmonter la difficulté inhérente à l'étude des émotions, qui pourraient ne pas être exprimées par des mots spécifiques. L'utilisation du cadre d'analyse inconsciente pour étudier ce qui se passait dans l'étude de cas nous a permis d'arriver à des conclusions et des interprétations inattendues. Afin de contribuer avec de nouvelles idées pour résoudre de grands défis, nous avons besoin de plus en plus de découvertes qui s'écartent des compréhensions dominantes.

7.6.1 Implications managériales

Nos conclusions ont des implications managériales pratiques. Avant tout, nous apportons de nouveaux éléments à deux débats généraux sur le thème du développement durable dans les entreprises qui peuvent être résumés comme « greenwashing ou pas » et « manque de normes, de réglementations, de règles pour une mise en œuvre efficace ». À notre avis, et à la lumière des conclusions de nos recherches, ces deux débats détournent d'une compréhension plus profonde des

difficultés à évoluer vers des modèles d'affaires plus durables. Nous avons pointé et étudié un aspect du développement durable, les émotions, qui était à l'origine de tensions dans nos études de cas. Nous avons abordé d'autres aspects lors de la description des caractéristiques du développement durable, telles que l'interdépendance et l'hétérogénéité, qui nécessitent des réflexions différentes.

En revanche, ces deux types de débats dirigent l'attention vers le niveau opérationnel. Nous ne négligeons pas l'importance de vérifier que les banques et les entreprises en général sont fidèles à leurs engagements déclarés. Nous ne sommes pas non plus contre les normes, les taxonomies communes et les réglementations. Cependant, nous soulignons les inconvénients de se concentrer principalement sur ces sujets. Le premier, « greenwashing or not », crée le besoin de prouver en permanence que l'industrie financière considère les questions sociales et environnementales comme faisant partie de ses activités. Ce besoin est satisfait par de nombreuses actions visant à prouver ce fait, en le démontrant par diverses actions visibles publiquement et en sauvegardant toujours la réputation de la banque en tant que bon acteur.

Bien qu'un examen minutieux du public et de la société civile soit nécessaire, il est tout aussi important, sinon plus, que les banques assument un rôle politique sur les sujets sociaux et environnementaux. Reinecke et Ansari (2016) montrent comment les grandes entreprises ont assumé la responsabilité et un rôle politique dans un conflit au Congo suite aux efforts de la société civile. À notre avis, l'objectif idéal de l'adoption des concepts du développement durable et socialement responsable serait que la société civile n'ait pas à recadrer un problème pour faire comprendre aux entreprises leur rôle et leur responsabilité.

Assumer automatiquement ce rôle de responsabilité devrait être la conséquence naturelle de l'intégration du développement durable dans les modèles commerciaux.

Parallèlement à la prise en charge du rôle politique, nous suggérons de déplacer l'attention de la banque vers les détenteurs de droits en cas de violation des droits de l'homme, et sur l'impact sur le climat, la nature, la biodiversité, les écosystèmes et les personnes. La question ne devrait pas être de savoir ce qu'il adviendra de la réputation de la banque, quel est le risque financier qu'un client ne respecte pas des politiques environnementales plus strictes ou combien une banque peut perdre en raison de l'impact du changement climatique sur un client. L'accent devrait être mis sur ce qui est dans le meilleur intérêt de la population, comment prévenir la dégradation de l'environnement, comment passer à zéro émission de carbone, etc.

Peut-être que les décisions finales sont les mêmes dans les deux cas, mais à notre avis, le cadrage est important. La banque a déjà utilisé une communication émotionnelle dans les formations générales axées sur ces impacts négatifs sur les personnes et l'environnement, mais cela doit être étendu à tous les domaines, même ceux guidés par les chiffres et le langage factuel. Dans le cas

contraire, il existe selon nous un risque réel que le concept du développement durable se transforme dans la logique bancaire à un point tel qu'il perdra ses caractéristiques cruciales pouvant conduire à des solutions innovantes, à des décisions inattendues ou à de nouveaux modes d'organisation. En d'autres termes, nous devons veiller à ce que cette intégration du développement durable ne devienne pas un fantasme, une défense sociale contre l'angoisse de fin de notre société, désavouant les hypothèses de la seule recherche du profit.

En assumant un rôle plus politique et en déplaçant l'attention de l'impact sur la banque vers les problèmes eux-mêmes et leurs solutions, les banques réclameraient pour elles-mêmes la responsabilité du privilège et de la responsabilité d'être des acteurs puissants dans la société.

Le second, l'évolution vers des normes, des règles et des réglementations, est un excellent exemple de recadrage du développement durable pour s'adapter à la logique bancaire. Le développement durable complexe, hétérogène et interconnecté est réduit à un ensemble de chiffres et de définitions étroites, sans aucune place pour la narration et les points de vue alternatifs. Encore une fois, nous ne suggérons pas que ce mouvement vers la normalisation n'est pas utile. Compte tenu de la complexité des opérations des banques, du nombre de clients et de transactions, ce type de standardisation des modèles de risque et des opérations est probablement inévitable. Cependant, nous avertissons que les fondamentaux de la logique bancaire ne changent pas, et le développement durable est recadré pour s'adapter à la logique bancaire. Le risque est le fantasme de résoudre de grands défis, alors qu'en réalité il n'est devenu qu'un nouveau produit comme tous les autres.

Nous suggérons, parallèlement à l'effort de normalisation, qu'il y ait des espaces où le développement durable peut être traité de manière holistique, où les émotions peuvent être exprimées, où de nouvelles façons d'appréhender sont explorées, où de nouvelles méthodes, telles que l'art, sont déployées. Les concepts et les idées générés dans ces espaces devraient alimenter les processus et les modes d'organisation standard.

En résumé, si la résolution de grands défis nécessite un changement dans la logique du marché, alors il faut plus qu'un simple recadrage du développement durable. Dans cette thèse, nous avons exploré certains des phénomènes sous-jacents qui peuvent guider cette tentative de changer la logique. Dans le cas contraire, nous risquons selon nous d'assister à une inertie et à la pérennisation des dispositifs actuels.

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Index of Tables

Table 1 The literature review of market/banking logic and sustainability/related logic.....	57
Table 2 Overview of literature on institutional logics and emotions.....	72
Table 3 Type of data.....	85
Table 4 The list of interviews.....	87
Table 5 The differences in framing.....	128
Table 6 The summary of emotional themes of the No DAPL movement.....	158
Table 7 The summary of major event.....	163
Table 8 Features of sustainability – concrete examples from the cases.....	189
Table 9 Features of sustainability – summary.....	190
Table 10 The presence of positive, negative and neutral emotions.....	195
Table 11 Summary of intra-institutional tensions.....	202
Table 12 Examples of reframing across the three case studies.....	208

9 Annex – Pictures from the DAPL field research

The “standing rock” sign in front of the administrative building of the Standing Rock reservation



The black snake statue in the administrative building



The lake Oahe in the Standing Rock reservation



The road sign on the border of the Standing Rock reservation



The road sign when leaving the Standing Rock reservation at the crossing of the Cannonball river



The Prairie Knights casino close to the Standing Rock reservation



The Missouri river



The bisons grazing in the sunset close to the Standing Rock reservation



Recording an interview in the place of the protest camps in freezing cold wind



Recording an interview with Ladonna Allard, the founder of the DAPL protest movement



Bakken basin North Dakota oil fields



RÉSUMÉ

Le monde est confronté à des enjeux majeurs tels que le climat et les droits de l'homme, face auxquels le secteur financier a un devoir. Le développement responsable implique des émotions, contrairement à une logique de marché. Ces tensions sont analysées sur deux cas : le financement des exportations de coton et la construction d'un oléoduc. Un troisième cas, la stratégie de développement durable dans la banque, montre comment elles ont été résolues par une communication émotionnelle et en repositionnant le développement durable en opportunité commerciale. Malgré la démocratisation des sujets de développement responsable, ce changement reste abordé via la logique bancaire dominante. Nous soutenons qu'une plus grande attention devrait être accordée aux caractéristiques durables et au rôle des émotions dans les organisations. Nous étudions le lien entre l'impact social et environnemental ainsi que l'intégration des vues radicalement différentes, notamment des populations indigènes.

MOTS CLÉS

émotions ; développement durable ; logiques institutionnelles ; complexité institutionnelle ; droits de l'homme ; banques

ABSTRACT

The world faces some of the biggest challenges of humanity such as climate change and human rights, for which the financial sector has substantial accountability. However, sustainability involves emotions and does not fit with the market logic. These tensions are analyzed in two cases: financing cotton export and pipeline construction. A third case of sustainability strategy in the bank shows how these tensions have been resolved by communicating internally in an emotional way and reframing sustainability as a business opportunity. Today's situation is that, despite sustainability moving to mainstream, this change is still addressed within the dominant banking logic. We argue that more attention should be paid to the characteristics of sustainability and the role of emotions in organizations. We investigate the interconnectedness of social and environmental sustainability and the need to incorporate radically different viewpoints from other sources such as indigenous populations.

KEYWORDS

emotions; sustainability; institutional logics; institutional complexity, human rights, banks