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CHAPTER 10: SUMMARY AND DISCUSSION

“The EPs are now considered the financial industry ‘gold standard’ for sustainable project finance [...] and have transformed the funding of major projects globally.” (EP Press Release, 2008b)

“The EPFIs [...] claimed to have created a ‘gold standard’ in project finance that has ‘transformed’ the finance industry, leading to a ‘positive environmental impact’ and ‘improved business practices’. Yet, the banks provided no concrete evidence for all these goodies [...] We want the EPs to work and deliver. But at five years old it is up to the EPFIs to prove that they are ready to do what it takes.” (BankTrack Coordinator in Ethical Corporation, 2008)

10.1 Introduction

By their fifth anniversary in June 2008, there were 60¹⁰⁵ adopting EPFIs and the Principles were widely recognised as *the* standard for sustainable project finance internationally. According to *Infrastructure Journal*, it was estimated that in 2007 “of the US\$74.6 billion total debt tracked in emerging markets, US\$52.9 billion was subject to the EPs, representing about 71 per cent of total project finance debt in emerging market economies” (EP Press Release, 2008b). The main purpose of this chapter is to summarise and discuss why and how the EP emerged and evolved into this project finance institution, and what effects EP institutionalisation had on EPFI social accountability over 2003 to 2008.

This chapter is divided into two sections. The first section discusses the findings of this case study on the EP institutionalisation process. It reintroduces the three research questions of this thesis and, through the use of the Dillard et al. (2004) framework as a conceptual guide, explains how the case narrative answered these research questions. The second section discusses some theoretical implications of this thesis and is further divided into two parts. The first part critically discusses the Dillard et al. (2004) framework, offering some further thought and suggestions (to the previous discussion in Chapter Three), as to how this framework might be advanced. The second part briefly discusses the possible need for a

¹⁰⁵ “These 60 financial institutions constitute a broad cross-section of the financial industry including most of the world’s major banks as well as insurance companies, bilateral development agencies, and export credit agencies. They also represent a wide geographic distribution coming from all continents and include banks from Argentina, Brazil, Chile, Uruguay, Togo, South Africa and Oman.” (EP Press Release, 2008b).

deeper consideration and theorisation of the relationship between an institutionalisation process and the *accountability* of the agents involved in that process.

SECTION 10.2 Case Findings Summary and Interpretation

“The qualitative researcher works on the assumption that organisational activity is meaningful in practice. She has done well when she has developed a convincing account of the ways in which meanings and purposes relate to patterns of activity.” (Ahrens and Chapman, 2006, p.834)

The case findings narrative, structured over Chapters Six to Nine, aimed to answer the following research questions:

1. Why and how did the EP institutionalisation process emerge?
2. Why and how did this process evolve between 2003 and 2008?
3. What effect did this process have on EPFI social accountability (i.e. related to their project finance and/or broader activities) over the period 2003 to 2008?

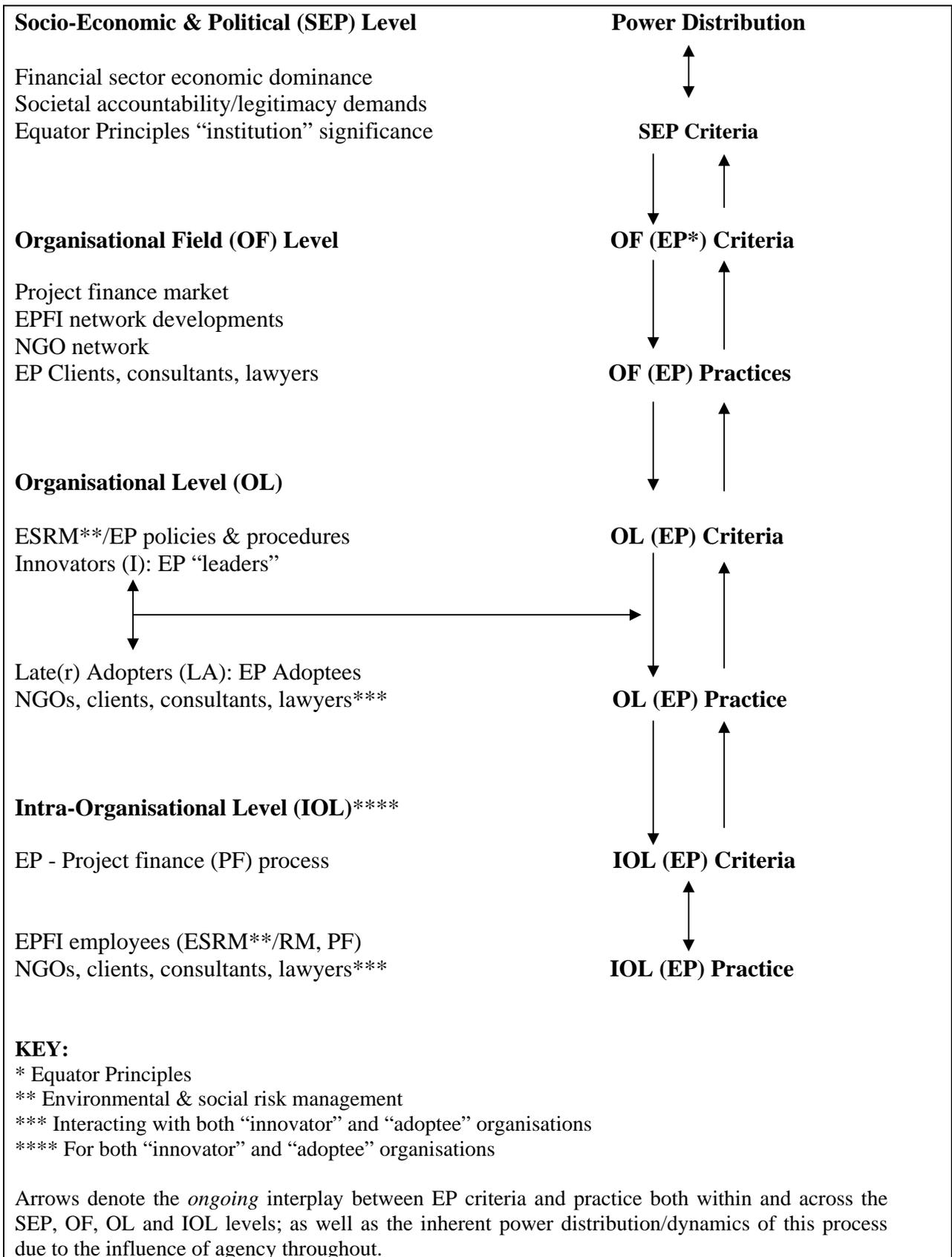
The case narrative traced the incremental EP institutionalisation process through the following sequence of events, as also depicted in Figure 10 below. Firstly, Chapter Six analysed why and how the EP institutionalisation process emerged (research question 1). It discussed how, at socio-economic and political (SEP) level, NGO campaigns for commercial bank accountability and “moral legitimacy” from the late 1990’s onwards challenged the economic dominance of the financial sector and acted to “induce” the EP institutionalisation process. This chapter evidenced commercial bank responses to this perceived “crisis” situation at organisational level (OL), through “embedded” bank agents’ conceptualisation and development of the EP as a common E&S risk management framework at organisational field level (OF). It then explained how, following the launch of the EP in June 2003, there was a “de-institutionalisation” of the existing project finance “criteria” (e.g. rules, policies, guidelines) and “practice” within adopting EP banks, and the beginning of the institutionalisation of EP-related criteria. This occurred through purposeful agents’ interpretation, legitimation and control of the EP within EPFI “leader” organisations at OL. Throughout this discussion particular attention was paid to the accountability debates surrounding the EP at their launch, focusing on NGO criticism of the lack of provision for EP accountability mechanisms at OL, OF and societal-project level, as well as EPFI

commercial and legal restrictions regarding the same. This laid the foundation for the consideration of how these accountability debates would shape the “contextual environment” (Dillard et al., 2004) of the EP institutionalisation process moving forward.

Chapter Seven focused on the evolution of the EP institutionalisation process between 2003 and 2007 (research question 2). It began with the analysis of the “early adoption” of the EP as influenced by coercive (forceful) and mimetic (imitative) isomorphic pressures within the project finance market (at OF). It then tracked the emergence of the EP organisational field (OF) around the “issue” (Hoffman, 1999) of the EP, acting as a conduit for new EPFI and NGO coalitions’ debate and dialogue about the structure, purpose and expected impact of EP criteria and practice. This was an organisational field that continued to evolve between 2003 and 2008, influenced in part by the presence of additional EP stakeholders such as EP clients, consultants and lawyers. The chapter continued with the discussion of how reflexive EPFI agents’ experiences with EP implementation at OL, recognition of changing OF criteria (i.e. the revision IFC’s Safeguard Policies upon which the EP were based), and awareness of ongoing accountability concerns at SEP level over 2004 and 2006 led to the revision of the EP and the launch of Equator Principles II (EP II) in July 2006. Thus, emphasising the continuous, iterative process between EPFI criteria/structures and EP actors/practice, in “reinforcing [and] revising” (Dillard et al., 2004, p. 514) the emerging EP institution (standard) going forward.

Chapter Seven then proceeded to critically analyse the late(r) adoption of the EP, considering the “active” as opposed to passive adoption of the EP by EPFI “followers” at OL between 2005 and 2007. Here, the movement from coercive and mimetic to *more* normative (expected) isomorphic pressures to adopt the EP, in order to gain “cognitive” (accepted) legitimacy within the project finance market (at OF), was highlighted. In turn, the emergence of the EP as the “institution” (standard) for sustainable project finance, at OL, OF and SEP levels by late 2007 was emphasised. However, this discussion also stressed how later adoptees viewed EP “conformance” at OF as being just as important as their overall risk management “performance” at OL, with the former in fact enabling the latter.

Figure 10: The Interpretation of the EP Institutionalisation Process



In addition, Chapter Seven critically discussed the differences between EPFI “leader” and “follower” interpretation (significance), “rationalisation” (legitimation) and control (domination) of the EP at OL and OF. This highlighted the heterogeneity associated with the EP institutionalisation process over the course of 2003 to 2008. In addition, the complexity of the accountability issues surrounding the EP phenomena were further discussed, evidencing how these debates continued to influence, and be influenced by, the progression of the EP institutionalisation process.

Chapter Eight proceeded with the analysis of the evolution of the EP institutionalisation process between 2007 and 2008 (research question 2). It focused on the movement towards better governance of the EP institution and initiative at OF level, as influenced by EPFI activities at OL, and perceptions of the same at SEP level. The chapter outlined how accountability issues associated with EP institutionalisation, and active EPFIs’ reflexive knowledge of the same, led to this progression towards EP governance. Here, the need to “manage” the ever increasing number of EPFI adoptees, the possible “decoupling” between OF level EP criteria and OL practice, as well as the occurrence of “legitimacy gaps” surrounding EPFI disclosures were critically discussed. This analysis highlighted EPFIs’ *ongoing* “revising” and “reinforcing” of the EP institution, and the structures that support and are supported by it, through: (1) their decision to make EPFI reporting at OL the condition for EPFI “membership” at OF; and (2) their development of an EPFI Management Structure at OF. Chapter Eight also considered the “maturing” of the EP organisational field, through the emergence of more constructive relationships between EPFIs and NGOs. Yet in doing so, it also highlighted the continued dominance of the EPFI coalition’s “rationale” at OF regarding the manner in which the EP should progress. In general, this chapter once more underlined the iterative and incremental nature of the EP institutionalisation process, through the analysis of the dynamic interplay between EP criteria/structures and EP agents/practice over OL, OF and SEP levels.

Finally, the case narrative moved to Chapter Nine. In contrast to Chapters Six to Eight, which focused on EP institutionalisation over SEP, OF and OL, Chapter Nine concentrated on EP institutionalisation at *intra-organisational* level (IOL) i.e. within the *actual* project financing process. EP institutionalisation at IOL was evidenced through the in-depth discussion of the EP as an *accepted/taken-for-granted*, and routine, facet of EPFI project

financing processes (research question 2). In doing so, this chapter extended the Dillard et al. framework to IOL through the analysis of the interplay between EP criteria and practice within project financing and how this influenced, and was influenced by, EP institutionalisation at OL, OF and societal-project levels. Here, the diversity of actors involved in EP institutionalisation was illuminated further through the incorporation of broader EP stakeholder (i.e. EP clients, an EP lawyer and EP consultant), as well as EPFI and NGO perspectives on the EP-project financing process. This once more emphasised how the implementation of EP criteria in practice is highly dependent on a variety of actors' interpretation (meaning), rationalisation (legitimation) and control (domination) of the Principles. As a result, the reciprocal and iterative relationship between EP structures and agency as the basis of the *ongoing* EP institutionalisation process was reinforced. In addition, this chapter stressed the complex and extremely case specific nature of project financing, thus re-emphasising the heterogeneity associated with the EP institutionalisation process overall. The chapter ended with the consideration of how EP institutionalisation at IOL had, and would continue to influence the EP institutionalisation process in general moving forward. This highlighted the need for increased transparency about EP implementation and the possible expansion of the scope of the EP, as issues that reflexive EPFI agents are currently considering.

In summary, this thesis has interpreted the EP institutionalisation process as occurring over societal, organisational field, organisational and intra-organisational levels over 2003 to 2008, as assisted by the Dillard et al. (2004) framework. Here, EP institutionalisation has been evidenced as a structuration process through an in-depth analysis of the iterative and recursive dynamics between EP related structures (signification, domination and legitimation) and EP agents; *mobilised* through the interaction between daily EP criteria and practice, and *manifested* in the emergence, evolution and “acceptance” of the EP as the institution/standard for more responsible project finance.

This thesis has also regarded the EP institutionalisation process as influencing, and being influenced by, a parallel EP accountability process over the course of 2003 to 2008. It has thus discussed the effects of EP institutionalisation on EPFI social accountability (research question 3) throughout Chapters Six to Nine. However, it is also necessary to pay more

explicit attention to how this research question has been answered within this thesis. It will therefore be discussed in more detail in the following section.

10.2a Effects of EP Institutionalisation on EPFI Social Accountability 2003-2008

“I mean I think we’ve got to realise that basically, we are in a situation which let’s be honest, it’s going to be pretty bi-partisan. It’s asymmetric also. I mean we have levels of transparency and exposure that are sort of set for us by external stakeholders that they don’t have themselves...I mean this is not going to be an argument that we will ever win as such. All we can do is to do things that we think make sense for us, that we think are responsible, and keep pushing the bar so that we improve what we’re doing...And we have to accept that we’re going to get disproportionately criticised by NGOs for doing that because we will give them the ammunition to use against us. And I think once you’ve accepted that, then you know, I can still go and have a positive chat with some of these people without wanting to strangle them ...which is good.” (Dutch EPFI 1, Interviewee 2)

If to accept that the EP institutionalisation process was “induced” by NGO demands for commercial bank accountability, research-question three was prompted by the desire to investigate how this institutionalisation process actually affected EPFI social accountability over 2003 to 2008. It sought to understand whether the former acted to enable and/or constrain the latter. As a reminder, accountability is recognised in this research as “identifying what one is responsible for and then providing information about that responsibility to those who have rights to that information” (Gray, 2001, p.11). Hence, responsibility is recognised as a fundamental aspect of accountability. In addition, the term “social accountability” has been used to refer collectively to both environmental and social accountability throughout this research.

This researcher would argue that the EP institutionalisation process *enabled* rather than *constrained* EPFI social accountability over the course of 2003 to 2008. Firstly, if to focus on project financing at IOL, EPFI interviewee material has provided evidence to suggest that the EP have allowed E&S concerns to become more *significant* to active, knowledgeable and reflexive FI agents. They can now better identify with the issues and understand their implications for their daily project finance activities. The integration of EP criteria into project finance practice has been *legitimised* by the tangible risk management threats associated with E&S mismanagement as well as the large number of leading FIs that

have become EP adoptees since 2003.¹⁰⁶ Active EPFI efforts to “embed” the Principles into their business has led to the allocation of resources, both financial and human, to their ongoing implementation, as well as asserted EPFI *dominance* over other EP stakeholders, for example, their clients, and the mitigation of the E&S risks of their projects. In short, the EP institutionalisation process has enabled EPFIs to begin to better address the social accountability of their project finance activities.

Secondly, at broader OL and OF, EP criteria has allowed EPFIs to address their E&S responsibilities in a more structured and, arguably, efficient manner. Here, EP institutionalisation fostered EPFI E&S awareness, policies and procedures not only for project finance, but often “beyond” this into other commercial banking activities. This has led some to refer to the EP as a “Trojan Horse” of sustainable finance (Ethical Corporation, 2008). EP institutionalisation also enabled new avenues for engagement, dialogue and partnership between EPFIs and NGOs. This allowed EPFIs to remain abreast of ongoing societal accountability concerns and to try to address them as they deemed fit over OF and OL, between 2003 and 2008. More broadly, as one EPFI interviewee mentioned, the EP created “a community”, an organisational field consisting of not only EPFIs and NGOs, but bank clients, consultants and lawyers working towards the common goal of more responsible and accountable project finance. This community may never have materialised had the EP not been created.

In general, the case narrative (Chapters Six to Nine) outlined how, over the course of 2003 to 2008, EP institutionalisation enabled the Principles to evolve to a point where accountability “has become obviously a large part of what they [EP] represent and what they’re trying to achieve”(South African EPFI). The narrative traced the progression of the EP from: the lack of provision for EPFI accountability in EP I in 2003; to the emergence of a reporting principle in EP II in 2006; the production of a Reporting Guidance Document in 2007; to the establishment of EPFI reporting as a condition for EP “membership” and the creation of a new EP Management Structure in early 2008. All of these developments are indicative of how EP institutionalisation was enabling, and enabled by, *active* and reflexive EPFIs’ recognition of the need for greater responsibility and accountability surrounding the EP phenomena between 2003 and 2008.

¹⁰⁶ 68 as per April 2010.

However, this does not detract from the fact that the evolution of the EP was also wrought with accountability challenges along the way. Consequently, EP critics may claim that EPFI social accountability has been constrained, rather than enabled, by the failure of EPFIs to adequately address their accountability concerns at OF, OL and most importantly societal-project level since 2003.

While NGOs welcomed the development of the EP there were a number of reasons why they felt that they were constraining what they believed EPFI social accountability could or should be over the course of 2003 to 2008. Firstly, some NGOs felt that the EPFIs' "business-case" approach to the development of the Principles lacked the "moral" conviction they felt should have been applied, and hence would act to constrain their perception of EPFI social accountability and legitimacy over the research period. This perceived "reluctance" to be more accountable was evidenced in NGO frustration with what they viewed as the slow pace of EP implementation and transparency at IOL and OL, EPFI governance at OF level, and EP effectiveness at societal-project level. NGOs found themselves positioned as *the* external EP accountability mechanism, a role that they were unwilling to adopt, believing that the EPFIs themselves should "feel" the need to be responsible for their EP implementation and to evidence this accordingly.

Furthermore, the Collevocchio Declaration, the basis of collective NGO requests for FIs' social licence to operate, was targeted at all financial activities, and not just project finance. While NGOs understood that FIs had to start somewhere and acknowledged that many active EPFIs had moved "beyond project finance" in their effort to address their social accountability between 2003 and 2008, there was also the impression that other EPFIs may have: (1) been using the EP as a convenient "symbolic" standard to pacify NGO criticism; or (2) interpreting the EP as *the* sustainable finance standard and failing to recognise the need to move beyond this. Ultimately, the NGOs hoped that the EP would eventually lead to a change in the banks' portfolio of projects away from E&S sensitive projects and sectors, for example oil and gas. Instead many NGOs viewed the EP as enabling EPFIs to continue with these projects, even if in a more responsible manner. Thus, from an NGO standpoint, EPFI social accountability was being constrained overall.

Yet, “one person’s constraint is another’s enabling” (Giddens, 1984, p. 176), and even the most ardent EP opponent will admit that the EP have been instrumental in the financial sector’s recognition of their E&S impacts and responsibilities, viewing them as a very good *first step* in the sector’s general movement toward better social accountability. Despite the ongoing challenges facing the EP, and the persistence of the accountability “divide” between NGOs and EPFIs, the majority of EPFIs and broader stakeholders will agree that the EP have achieved a lot in the relatively short time frame they have existed, even if their journey is still not complete.

“Well we talked to the NGOs and they actually thought the Equator Principles were a good step forward. You know, they might still say ‘well we’d like a bit more here and a bit more there’ but you know, they were well received... I think they’ve done a good job, the Equator Principles... [they’ve] actually accomplished an awful lot within a short timeframe. [And] a lot of the time there’s a tendency to look forward and say what can we do as a next step. And then again it’s worth looking back and seeing where we were three or four years ago and what has been achieved, and I think Equator has achieved an awful lot. Yeah, we can still achieve more and the EPFIs as a whole will try to do that.” (UK EPFI 2)

If to offer one measure of recommendation for EPFIs to help improve a certain aspect of their EP accountability (beyond the need for more transparency and cohesiveness around governance at OF level),¹⁰⁷ it would be with regard to greater transparency and clarity surrounding the internal auditing of the process by which the EP are applied to project finance deals (i.e. the whole process *within* the EPFI per se), as well as the external assurance of the same. As highlighted in Chapter Nine, the (correct) use of the GRI Financial Services Sector Supplement, and more specifically indicator FS9: “*Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures*” (GRI, 2008 p.2), could assist this.

In summary, this section has discussed how the research questions in this study have been addressed. It will now discuss some further theoretical implications from this research in the following section.

¹⁰⁷ This regards the need for more detailed information about how the EPFI Management Structure (Chair, Steering Committee and Working Groups) *actually* operates, and whether there are any plans to make EP governance more stringent in future. The “release” of the EP Governance Document, currently being finalised by EPFIs, would assist this.

SECTION 10.3: Theoretical Discussion

10.3.1 Introduction

This Section is divided into two parts. The first part critically discusses the Dillard et al. (2004) framework, offering some further thought and suggestions (to the previous discussion in Chapter Three), as to how this framework might be advanced. The second part briefly discusses the possible need for a deeper consideration and theorisation of the relationship between an institutionalisation process and the *accountability* of the agents involved in that process.

10.3.2 Further Discussion of the Dillard et al. (2004) Framework

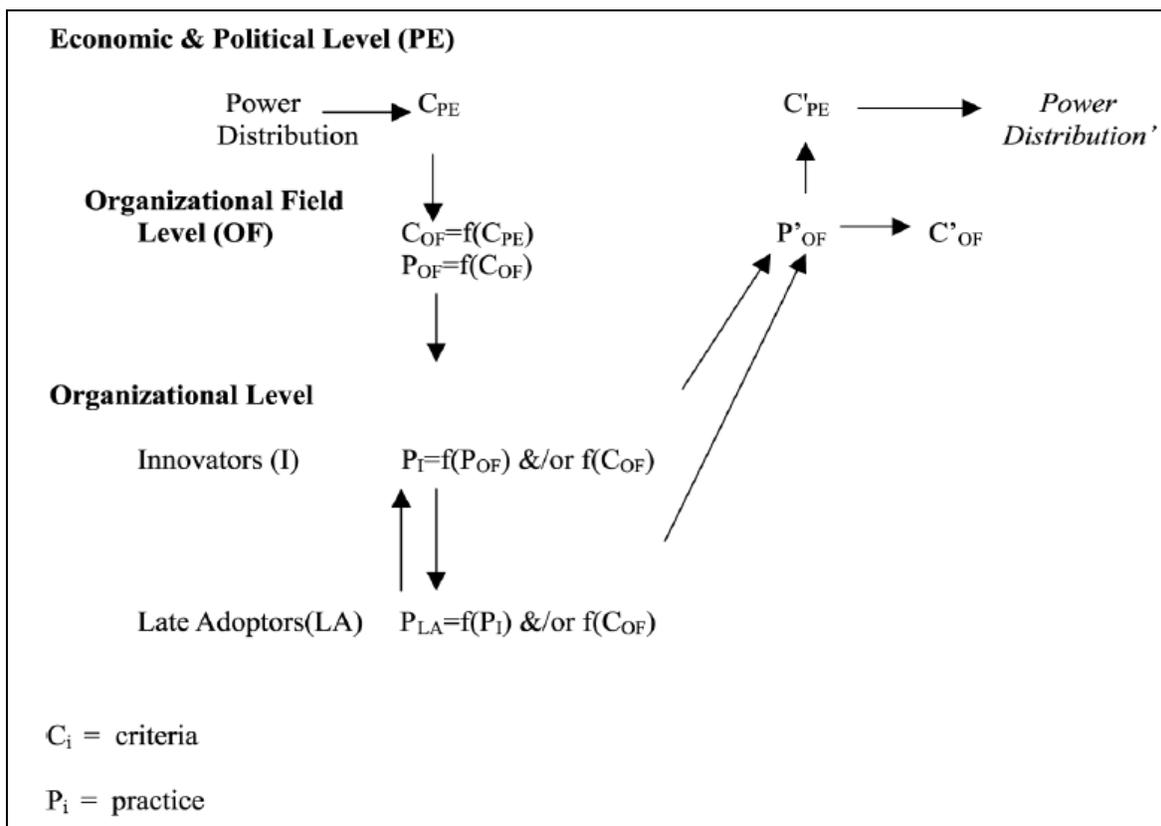
In the course of applying and mobilising the Dillard et al. (2004) framework in this research a number of issues arose which this researcher feels need further consideration, clarification and development if the framework is to be used *empirically* by other researchers in future. The following discussion presents some detailed observations and suggestions in this vein. The Dillard et al. framework is once more included as a reminder, in Figure 11, to assist this discussion.

Firstly, in seeking to understand and apply the socio-economic and political (SEP) level in this research, this researcher questioned Dillard et al.'s need to use Weber's notions of "capitalistic institutions": representation, rationality and power, to *contextualise* the SEP level. This is especially as the authors draw a strong comparison between these concepts and Giddens' notions of signification, legitimation and domination, and then continue to draw on Giddens in their conceptualisation of institutionalisation as a structuration process over SEP, organisational field (OF) and organisational levels (OL). This is further confounded in one section of their paper ("Structuration and institutional theory", p.519), where Dillard et al. state: "our premise in this section is that structuration theory provides a theoretical representation of the primary *context dimension* but also provides the dynamics for institutional change" (Dillard, et al., 2004, p.519-520, emphasis added).

This researcher acknowledges that DiMaggio and Powell's (1983) seminal paper makes reference to Weber's belief that, under capitalism, the "rationalist order had become an iron

cage in which humanity was imprisoned” (p.147). Hence, she understands how Weber’s work may be applicable to any institutionalisation framework which seeks to make explicit the assumption that global market capitalism represents the grounds (rational), and thus the *context*, from which organisational and institutional behaviour emerges. However, in general, this researcher found the use of both Weber and Giddens, as opposed to just Giddens, as overcomplicating the theoretical underpinning of the framework. This researcher thus chose to use Giddens as the basis of her interpretation of the SEP level, as well as the other levels of the framework.

Figure 11: A General Institutional Model of Organisational Change: Institutional Relational Dynamics (Dillard et al., 2004)



(Dillard et al., 2004, p. 512)

Secondly, at OF level, as discussed in Section 3.3.3b, this researcher felt that greater substantiation of who and what Dillard et al. believe an organisational field constitutes is needed. This was especially of concern in the context of this study, which focuses on the

emergence and development of an organisational field over time, and may thus also be relevant for other researchers with a similar empirical context seeking to apply this framework. In calling for this development, this researcher is not naïve to the fact that an organisational field's "precise definition remains elusive" (Suddaby et al., 2007, p.335), throughout the literature. However, at the same time, the literature also recognises that "the construct [organizational field] is improperly used to analyse changes within a single form or a single population of organisations and ignores questions of *how* new fields and organizational forms emerge and co-evolve and how the boundaries of extant fields shift over time. That is, institutional research has failed to provide coherent accounts of field structuration" (Suddaby et al., 2007, p.335, emphasis added). Therefore, in order for the Dillard et al. framework to more adequately address its potential to meet these theoretical demands, greater consideration of how the authors recognise and may define an organisational field is first needed. This researcher found the Hoffman (1999), conceptualisation of an organisational field as most useful in this regard, specifically *in the context of this study*, however she is not necessarily suggesting that it may be the best for the more *generic* development of the Dillard et al. OF level per se.

Thirdly, at OL, as also mentioned in Section 3.3.3c, there is the need for the Dillard et al. framework to consider the possibility of "criteria" as well as "practice" existing at organisational level, and thus *intra*-organisational as well as inter-organisational dynamics. Firstly however, in terms of the existing depiction of *inter*-organisational relationships at this level, there may also be the need for Dillard et al. to reconsider some aspects of their representation of the differences and dynamics between "innovator" and "late adopter" organisations. For example, as outlined earlier, this particular study favours the term "later" as opposed to "late" adopter, arguing that *late* adopter has somewhat *negative* connotations, almost suggesting "passive" or "symbolic" adoption (and/or "decoupling" from "substantive" organisational activity) as a result. In addition, it might be worthwhile for Dillard et al. to also consider the incorporation of the concept of "loose coupling" (Orton and Weick, 1990; Cruz et al., 2009) into their representation of the *possible* responses of later adopters of innovator criteria or practice, as opposed to just "decoupling". In general, a "loosely coupled" system is when "its elements are distinct (independent or with some degree of independence) from, yet respond (are connected or linked) to others" (Cruz et al., 2009, p.95). This is distinct from a "tightly coupled" system which have "responsive

components that do not act independently of each other” (Ibid) and “decoupled” systems, which “have elements that are distinct from, and do not respond to other elements” (Ibid). Hence, “loosely coupled” may allow for more flexibility regarding organisations’ responses to innovator practices in the field, and, in the context of this study, is more representative of some EPFI interviewee experiences with EP implementation. This researcher would therefore argue that “coupling” should perhaps be considered by Dillard et al. as a continuum between tight, loose and decoupled forms.

Secondly, in terms of an intra-organisational level, Hopper and Major (2007) have evidenced a need for the extension of the Dillard et al. framework to this level. This researcher recognises the value of Hopper and Major’s extension of the framework to intra-organisational level, but is not necessarily supportive of how they “override” Dillard et al.’s consideration of *inter*-organisational dynamics (e.g. between “innovators” and “followers”) at organisational level when they do so. Therefore, in her extension of the Dillard et al. framework, this researcher favours maintaining the existing “organisational level” and developing an extra intra-organisational level. Here, the same conceptual focus for institutional change used at the other levels of the framework, i.e. the interplay between organisational structures/criteria and human agency/practice, could be maintained. Yet, as noted in Section 3.3.3, this could also be addressed through the more explicit application of, for example, the Burns and Scapens (2000) model of institutional change at organisational level, or Barley and Tolbert’s (1997) consideration of the same.

Either way, what is essential for any such extension of the framework is Dillard et al.’s explicit clarification of what they mean by *criteria* and *practice* and how they interrelate at OL (as well as OF level). Due to the lack of definition of criteria and practice, this researcher could only *assume* what they were aimed to denote and how they related to Giddens’ notions of structure and agency. These assumptions arose from the way “criteria” and “practice” are included in Dillard et al.’s diagrammatic representation of their model, how the authors conceptualised the framework and Dillard et al.’s own *broad* use of criteria and practice in the application of their framework at the end of the paper. In this instance, as already noted, this research has *loosely* interpreted criteria and practice as the “modalities of structure”, or *means* by which structures and agents interact in order to produce, reinforce, eliminate or change institutions over time (as also depicted in Figure 6 in Section 3.3.3).

This also relates to Burns and Scapens' (2000) notion of "rules and routines", or Barley and Tolbert's (1997) notion of "scripts". Hence, this researcher *broadly* interpreted "structures" (and their expectations/rules i.e. "what *should* be done") and "criteria" as *loosely* interrelated, and human "agency" (and daily action/routine i.e. "what *is* done") and "practice" as being likewise.

However, given more recent trends/advances in the literature (since Dillard et al.'s framework was published in 2004), regarding the notions of institutional logic and practice variation (e.g. Lounsbury, 2008; Cruz et al., 2009), one wonders whether Dillard et al.'s notions of criteria and practice may also be (or more) closely aligned with these concepts. For example, according to Lounsbury (2008), logic "refers to broader cultural beliefs and rules that structure cognition and guide decision-making in a field" (p.350). He suggests that at societal level the capitalist market, bureaucratic state and nuclear family could be conceptualised as logics shaping actor "cognition" and practice. While at institutional and organisational level, logics are seen as focusing "the attention of key decision-makers on a delimited set of issues and solutions, and fundamentally shap[ing] decision processes and outcomes" (Lounsbury, 2008, p.354). Lounsbury suggests that by focusing on fields as being more fragmented and contested, and comprised of "multiple logics", then multiple forms of institutionally-based rationality can be identified and in turn provide insights into practice variation (and heterogeneity) and the dynamics of practice (Lounsbury, 2008). Hence, this researcher wonders whether Dillard et al.'s concepts of criteria and practice, as depicted at SEP, OF and OL in their framework, could be indicative of for example Lounsbury's notion of logic and practice variation here.

Yet, the above also raises broader questions with regard to how the literature is currently defining or conceptualising "logic" and how this may be distinct from a definition of an "institution", and/or what the relationship between logic and an institution is *should* they be accepted as distinct. Currently, at least in this researcher's opinion, it is difficult to *clearly* distinguish between the representation of "logic" and "institution" in *some* of the literature, especially when logic is defined as: "the socially constructed, historical pattern 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; Lounsbury, 2008, p. 353). This is, arguably, how institutions have also been conceived of in the literature.

Rather, this researcher *might* imagine institutional logic as a component part of, and/or outcome of, an institution. Implying that it is perhaps akin to what stems from an intersection between, or manifestation of, “symbolic sense-making criteria”/signification and rational/legitimation structures, underpinning an institution. Yet, it is beyond the scope of this research to bring any greater clarity to this discussion. What this analysis can do however is offer (as in the above) suggestions of what *may be* necessary considerations for Dillard et al. regarding any possible re-evaluation or future development of the framework on their part.

More broadly, Dillard et al. may also need to further consider, or make explicit, the ability of different actors to move both within and over the different levels of their model. This was evident in this particular research, and its inclusion in the framework may help denote more “fluidity” between what are essentially three levels of *one* institutionalisation process (see also Hopper and Major, 2007).

In summary, the above discussion outlined how the Dillard et al. (2004) framework could be further enhanced and/or extended at societal, organisational field, organisational and intra-organisational levels. The following section will now discuss some broader theoretical considerations that arose during the course of this research.

10.3.3 Accountability in an Institutionalisation Process

This research has concentrated on the institutionalisation of the EP and its effects on EPFI social accountability. Due to the specific focus on commercial bank social accountability in this study, and the fact that the EP, by default, allow EPFIs to address their E&S responsibilities and accountability, it is not very difficult to make the theoretical link between EP institutionalisation and social accountability processes within this research.

However, in the process of this study, the possible need to consider the relationship between the notions of accountability and institutionalisation more broadly also became obvious. When one considers the critiques of (neo)institutional theory, as discussed in Chapter Two, arguably the most salient issue that emerged was the notion of agency and

how actors play a highly influential role in institutionalisation processes. As discussed, it is largely actors' rational, choice and action/power to enable change that produce and reproduce institutions, and thus act as the basis of an institutionalisation process over time. Yet if actors' norms, beliefs, interpretation, understanding, communication and action have such an influential role in institutionalisation processes, then this researcher argues their responsibility and accountability for these respective thoughts and actions is equally important. Perhaps this "link" may already be implicitly expected or assumed by institutionalists, but this researcher would argue that the relationship between an actors' responsibility and accountability for their actions within an institutionalisation process needs to be made more explicit or "teased out" more in the literature.

This researcher was prompted to think about this broader interconnectivity between accountability and institutionalisation when she considered how important various actors' ability to be responsible and accountable for their "expected" actions (as per EP "criteria" at OF, OL and IOL) was in influencing the shape and progression, and relative "success" or "failure", of EP institutionalisation in this research. She felt that similar "agency-accountability" issues might also occur in other institutionalisation processes and may need some general conceptual/theoretical guide in order to understand and explain these dynamics.

In terms of how this interconnectivity between accountability and institutionalisation may be conceptualised, structuration theory is helpful due to its existing use in the explanation of *how* institutionalisation occurs (Barley and Tolbert, 1997; Burns and Scapens, 2000; Dillard et al., 2004) and its conceptualisation of agents. With regard to the latter, Giddens (1984) views actors as becoming "agents" through their ability to be active, purposeful, knowledgeable and reflexive, where both "awareness of social rules" and "reflexive monitoring" are recognised as core characteristics of agency. This researcher would therefore argue that if actors are perceived as knowledgeable about their social surroundings and "rules", and reflexive about their own actions, that they also have the capacity to be responsible and accountable for those actions. Moreover, Giddens (1984) posits that: "the stocks of knowledge which actors draw upon in the production and reproduction of interaction are the same as those whereby they are able *to make accounts*, offer reasons etc." (p.29, emphasis added), thereby implying that agents have the capacity

to provide accounts of/be accountable for their activities. Therefore as: 1) structuration theory has been used to conceptualise the “hows” of an institutionalisation process (Dillard et al. 2004); 2) agency is a core aspect of this process; and 3) agents have the capacity to be more reflexive about their responsibilities and accountability within an institutionalisation process, the “links” between accountability and institutionalisation can be considered more deeply.

In addition, according to Macintosh and Scapens (1991), structuration theory’s “normative rules” (legitimation structures), result in “morally meaningful action” (p.142) by agents. They suggest that this “moral undercarriage” of social systems incorporates values in agents’ minds to ensure, in Giddens’ (1979) own words: “a fit between the individual and society” (Macintosh and Scapens, 1991, p.142). They continue that Giddens’ feels as a result:

“Agents become *morally accountable* for their actions. And they can, if called upon, *explicate* both the reasons for these values and the normative grounds which justify them. *Agents are accountable, not only to each other, but also to the collectivity.* Thus the reciprocal rights and obligations of participants in a social order are institutionalised.” (Macintosh and Scapens, 1991, p.142, emphasis added)

Hence, the often normative/moral nature of institutions (and/or the legitimation structures which underpin them), and actors’ efforts to meet the institutions’ demands in an institutionalisation process, offers another avenue to explore the interrelationship between accountability and institutionalisation through the use of structuration theory.

In a similar fashion, Dacin et al. (2002) make a call “to explore the moral dimension of institutions and institutional change” (p.52). The authors suggested that one way of doing this would be to examine the interdependence between institutions and individual identity and roles, and cite Bellah et al. (1991) to explain this possible interconnectivity. Here, as the below quote illustrates, the individuals’ responsibility and accountability is highlighted in the interrelationship between the individual and the institution:

“Institutions are patterns of social activity that give shape to collective and individual experience. An institution is a complex whole that guides and sustains individual identity ...Institutions form individuals by making possible or impossible certain ways of behaving and relating to others. *They*

shape character by assigning responsibility, demanding accountability, and providing the standards in terms of which each person recognises the excellence of his or her achievements (p.40).” (Dacin et al., 2002, p.52, emphasis added)

All of the above thus indicates that there is room for *further* consideration and conceptualisation of the interconnection between the concepts of accountability and institutionalisation.

In summary, this section outlined how this researcher’s own conceptualisation of the interplay between EP accountability and institutionalisation processes in this research prompted her to consider the interconnectivity of these concepts more broadly. It illustrated how the interrelationship between accountability and institutionalisation may need further theorisation and explained how structuration theory might assist in this process. While the literature shows evidence of the use of structuration theory to understand and explain institutionalisation processes and, for example, systems of accountability (Roberts and Scapens, 1985), to the best of this researcher’s knowledge the relationship between notions of accountability and institutionalisation (with or without the use of structuration theory) have not been considered in any depth in the literature to date.

10.4 Chapter Summary

This chapter was divided into two sections. The first section (10.2) summarised and discussed how the case narrative (Chapters Six to Nine) answered the three research questions framing this thesis. Through the use of the Dillard et al. (2004) framework as a conceptual guide, it discussed why and how the EP emerged and evolved into *the* project finance institution, and what effects EP institutionalisation had on EPFI social accountability over 2003 to 2008.

The second section (10.3) then discussed some theoretical implications of this thesis, and was further divided into two parts. The first part critically discussed the Dillard et al. (2004) framework, offering suggestions as to how this framework might be advanced. Finally, the second part briefly discussed the possible need for a deeper consideration and theorisation of the relationship between an institutionalisation process and the *accountability* of the agents involved in that process.