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HEC MONTRÉAL
École affiliée à l'Université de Montréal

**Controversies around CSR and sustainable development :
The role of stakeholders in the spiral of hypocrisy**

**par
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Cette thèse intitulée :

**Controversies around CSR and sustainable development :
The role of stakeholders in the spiral of hypocrisy**

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Résumé

Les enjeux d'environnement et de développement durable (DD) préoccupent de plus en plus l'intérêt public, forçant les multinationales à s'engager dans des processus de justifications à l'égard des différentes parties prenantes afin de pouvoir conserver l'acceptation publique nécessaire pour fonctionner. La littérature scientifique sur cet enjeu est aujourd'hui en constante progression. Néanmoins, celle-ci n'est pas toujours parvenue à apaiser les dissensions entre les parties prenantes, causant ainsi plusieurs controverses autour de ce qui devrait être considéré comme étant responsable et ce qui devrait être considéré comme étant durable. Optant pour un angle politique de la responsabilité sociale des entreprises (RSE), les chercheurs en RSE politique se sont penchés sur la façon dont, pendant ces périodes de controverse, les parties prenantes de différentes natures (industrielle, gouvernementale, sociale) ont communiqué stratégiquement pour promouvoir leurs intérêts et ultimement, influencer la légitimité morale des problèmes en développement durable. Cependant, les chercheurs en RSEP ont omis dans leur recherche d'étudier comment les parties prenantes peuvent adopter des tactiques hypocrites afin de se concurrencer entre elles pendant des périodes de controverse. Par tactiques hypocrites, nous entendons ici l'adoption de discours publics qui ne représentent pas les intentions réelles ou les actions entreprises par ces parties prenantes. Les recherches actuelles se sont peu penchées sur comment le découplage entre les discours et les actions influencent la compétition entre parties prenantes et sur comment ces dernières réagissent lorsqu'elles perçoivent de l'hypocrisie. Nous nous penchons donc sur la question : *comment l'hypocrisie influence-t-elle la compétition pour la légitimité morale des différentes parties prenantes lors de controverses RSE et SD ?*

Nous utilisons un design de recherche qualitative ainsi que le cadre de l'hypocrisie organisationnelle dans une étude longitudinale, pour étudier une controverse provenant d'un projet visant la création d'une usine de pâte et papier en Amérique du Sud (de 2005 à 2010). Cet épisode conflictuel qui s'est déroulé en Argentine et en Uruguay a provoqué d'intenses débats de légitimité parmi plusieurs des parties prenantes. Nous avons conduit 37 entrevues et analysé 207 pièces médiatiques et 33 documents en lien avec ce cas. Suivant un processus abductif, nous introduisons trois tactiques d'hypocrisie que les parties prenantes ont mobilisées dans leur quête de légitimité morale lors de cette controverse.

Nous avançons ici que des tactiques hypocrites ont joué un rôle important dans cette controverse environnementale. Elles ont influencé la compétition entre parties prenantes en leur permettant de construire un discours sur certains enjeux spécifiques (création de pseudo-agendas), de se déconnecter d'enjeux précis afin d'éviter la négociation (sortie de controverse), ou encore de se dissocier suffisamment de certaines ententes prises mais pouvant les discréditer (démontrer de l'autonomie). L'hypocrisie peut aussi contraindre des parties prenantes en déclenchant des processus qui dépassent leur contrôle (création de pseudo-agendas), en leur faisant perdre leur droit de parole (sortie de controverse) ou en empêchant leur implication dans une recherche de consensus lorsqu'elles déclarent publiquement une position de non-négociation (démontrer de l'autonomie).

Nous avançons aussi que, plutôt que de diminuer la pression publique et de prévenir des controverses, l'hypocrisie diminue aussi les possibilités de parvenir à un consensus. Plus encore, lorsque les parties prenantes développent des orientations ambivalentes envers l'hypocrisie, cette dernière devient un élément central de la controverse. Les parties prenantes trouvent alors de plus en plus intéressant de continuer la controverse plutôt que de la résoudre. De plus, l'adoption de tactiques hypocrites par les parties prenantes enclenche un cercle vicieux de tactiques hypocrites qui amplifie (en nombre de participants et en intensité) la controverse et la fait durer dans le temps.

Mots clés : RSE politique – théorie institutionnelle – découplage – légitimité – industries controversées

Méthodes de recherche : entrevues semi-structurées, recherche qualitative, étude de cas longitudinal, recherche processuelle.

Abstract

Environmental and sustainable development (SD) issues increasingly occupy a prominent position in the public agenda, forcing multinational corporations (MNCs) to engage in processes of active justification vis-à-vis stakeholders to protect their social license to operate. Bodies of scientific knowledge grow permanently. But these have not always appeased dissension among stakeholders, giving way to the proliferation of heated controversies around what should be considered responsible and what should be considered to be sustainable. Adopting a politically embedded understanding of corporate social responsibility (CSR), political CSR (PCSR) scholars have shed light on how, during these episodes, stakeholders of diverse natures (industrial, governmental, social) strategically talk in order to promote their interests and to, ultimately, influence the moral legitimacy of sustainability issues. What PCSR scholars do not discuss is how stakeholders adopt hypocritical tactics in order to compete during controversies: that is, talk about particular subjects or embrace public positions that do not accurately represent their intentions or their concrete actions. Specifically, we still know little about how the decoupling of talk and actions influences stakeholders' competition, or how stakeholders' reactions when they perceive hypocrisy can affect the way in which the competition unfolds. Therefore, we ask: *How does hypocrisy influence stakeholders' competition for moral legitimacy during CSR and SD controversies?*

We use the framework of organizational hypocrisy to longitudinally analyze, through a qualitative research design, a controversy emerging from a project to establish a pulp mill in South America (2005 to 2010). The conflicting episode that took place between Argentina and Uruguay ignited an intense debate among a wide array of stakeholders in relation to the legitimacy of the activity. We conducted 37 interviews and analyzed 207 media pieces and 33 documents related to the case. Following an abductive process, we induced three hypocritical tactics that stakeholders mobilized when competing in controversies in order to influence moral legitimacy.

We claim that hypocritical tactics played a relevant role in the outcome of this environmental issue. Hypocritical tactics influence stakeholders' competition by enabling them to construct subject positions of commitment to specific issues (*creating a pseudo-agenda*), of disconnection to specific issues in order to avoid negotiation (*exiting the controversy*), or of withdrawal from arrangements that would otherwise damage them (*showing autonomy*). As well, hypocrisy

constrains stakeholders when triggering processes beyond their control (*creating a pseudo-agenda*), by making stakeholders lose their right to speak (*exiting the controversy*) or by preventing their involvement in consensus-making processes after stakeholders have publicly assumed non-negotiable positions (*showing autonomy*).

We also claim that instead of being a resourceful strategy to relieve pressure in heated public discussions because it prevents controversies from escalating, hypocrisy undermines consensus-making processes. But also, when stakeholders develop ambivalent orientations towards it, hypocrisy becomes the driving force of the controversy: stakeholders find more useful the persistence of the episode rather than its resolution. Furthermore, stakeholders' engagement in hypocritical tactics triggers a vicious cycle of mutual reciprocations that amplifies (in number of participants and intensity) into a spiral of hypocrisy that makes the controversy endure.

Keywords : Political CSR – institutional theory – decoupling – legitimacy – controversial industries

Research methods : semi-structured interviews, qualitative research, longitudinal case study, process research.

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List of acronyms

AM	Assembly Manifesto
CSR	Corporate Social Responsibility
EPU	El País de Uruguay
Int.	Interview
LN	La Nación
MERCOSUR	Mercado Común del Sur
MNCs	Multinational Corporations
NBS	National Business System
NGOs	Non-Governmental Organizations
P12	Página 12
PCSR	Political CSR
SD	Sustainable Development
UK	United Kindgom
USA	United States of America

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Introduction

In the last years, environmental issues such as climate change, air and water pollution, and forest management have occupied a prominent position in the public agenda. Accordingly, expectations for multinational corporations (MNCs) to assume active responsibility in counteracting social and environmental harm have increased (Scherer and Palazzo, 2011; Joutsenvirta and Vaara, 2009). MNCs' initiatives to protect their social license to operate have included, for example, the voluntary adoption of social and environmental standards (Tata and Prasad, 2014; Gan, 2006). Since these measures have not always proved successful to appease demands, academia has emphasized the need for MNCs to engage in processes of active justification vis-à-vis the stakeholders in order to preserve what Suchman (1995) has defined as moral legitimacy (Scherer and Palazzo, 2007; Palazzo and Scherer, 2006). Solid but still growing bodies of scientific knowledge lie at the core of these debates. But these have not always played an effective role in solving conflicts between those who have reasons to advocate in favor of a given line of action and those who question the scientific basis of such reasons (Sarevitz, 2004). Dissension has given way to the proliferation of heated controversies during which stakeholders of diverse natures (industrial, governmental, social) have competed to promote their agendas, with the ultimate objective of influencing moral legitimacy and, thus, the outcome of sustainability issues (Gond et al., 2016; Joutsenvirta and Vaara, 2015 and 2009; Mutti *et al.*, 2012; Patriota et al., 2011). Furthermore, in controversies in which politicization and polarization are mutually-reinforcing, competing voices generate ambiguity and give the impression to observers that each stakeholder selectively interprets or chooses to ignore any new information contradicting its political agenda (McCright and Dunlap, 2011). Given these circumstances, it is not surprising the popularity the term 'post-truth politics' gained during the latest environmental controversies: the idea that appeals to emotions predominates and factual rebuttals are mere assertions (Suiter, 2016).

Traditional perspectives of corporate social responsibility (CSR) and sustainable development (SD) do not fully account for the conditions in which stakeholders compete during highly politicized controversies. Because mainstream CSR scholars see firms as neutral and apolitical actors, they fail to explain the pressures that MNCs have experienced after the retraction of the nation-state resulting from globalization (Frynas and Stephens, 2015; Scherer and Palazzo, 2011 and 2007). During the last decade, a 'political turn' in CSR studies has echoed these changes.

Political CSR (PSCR) scholars do not picture CSR as merely a managerial tool or as a business-centered issue that takes place beyond the governmental sphere, but as an activity with (intended or unintended) political impact and in which interests, identities, and political processes are involved (Joutsenvirta and Vaara, 2015; Frynas and Stephens, 2015).

In their politically embedded understanding, PCSR scholars have outlined that socially responsible behavior depends on the rules of the game that result from the political competition involving different actors in multiple institutional *arenas* (Kang and Moon, 2012; Gond *et al.*, 2011; Moon *et al.*, 2010; Matten and Moon, 2008; Campbell, 2006 and 2007). This idea of multiple participants intervening has also allowed PCSR scholars to go beyond the business ethics literature dealing with legitimation in controversial industries (that is, a firm or group of firms undergoing severe scrutiny due to the social, moral, or environmental harm they caused, Reast *et al.*, 2013; Du and Vieira, 2012; Parguel *et al.*, 2011). Conversely to this literature, predominantly centered on the analysis of a focal organization, PCSR scholars conceive controversies as dynamic episodes orchestrated by multiple stakeholders attempting to promote their agendas. During these controversies, much of the public struggle takes place in the discursive level (Rojo and Van Dijk, 1997). Interestingly, public deliberation is central for the construction of moral legitimacy (Scherer and Palazzo, 2011; Palazzo and Scherer, 2006; Suchman, 1995). It is not surprising then that PCSR researchers have recently analyzed diverse perspectives that shed light on how strategic talk influences the outcome of such episodes. For example, PCSR scholars have unveiled how actors resort to (de)legitimizing discourses (Joutsenvirta and Vaara, 2015), how they struggle to establish or de-establish legitimation through talk (Joutsenvirta and Vaara, 2009), or how they mobilize justification in order to influence the moral legitimacy of certain issues (Gond *et al.*, 2016; Patriota *et al.*, 2011).

Undoubtedly, PCSR provides a promising framework to unpack how power relations can influence the processes of dialogue (Scherer *et al.*, 2016) and how stakeholders can strategically use talk to compete (Gond *et al.*, 2016; Joutsenvirta and Vaara, 2015 and 2009; Patriota *et al.*, 2011). In doing so, they also assume that such talking has a certain value to the other stakeholders involved in the controversy. What this literature does not question is how stakeholders could be talking about particular subjects or adopting specific public positions with the pure motivation of competing with each other while such talk may be inconsistent with their intentions or their concrete actions. Consequently, PCSR scholars focusing on the study of controversies may not be able to explain how the evolution of a given controversy could be also influenced by specific ways of talking that are associated with stakeholders' attempts to distract

audiences from their questioned actions. Nor are they able to explain how other stakeholders may react when they perceive such inconsistency, and how these reactions can also propitiate turns in the events, therefore impacting the way in which the episode unfolds. Our understanding on how the gap between talk and actions can influence the way in which a controversy develops remains limited.

On their side, institutional theorists can contribute to such inquiry through the notion of decoupled talk and actions. Scholars have shown how, when facing contradictory pressures, stakeholders can prevent controversies from escalating (Boxenbaum and Jonsson, 2013) by meeting one group of demands through talk and another group of claims through concrete actions (Cho *et al.*, 2015). This specific type of decoupling between organizational talk and actions has been labelled ‘organizational hypocrisy’ (Brunsson, 2003). This notion, for example, has helped business ethicists and organizational theorists to analyze how and why firms can actively talk about their commitment to CSR and SD, while keeping covert profitable actions and practices that would be questionable in social and environmental terms (Christensen *et al.*, 2013; Surroca *et al.*, 2013; Haack *et al.*, 2012; Fassin and Buelens, 2011). However, the literature on organizational hypocrisy is built over the static and unilateral assumption that there is a focal organization that circumstantially can mobilize hypocrisy for the purpose of legitimation. Institutionalists see decoupling in general as an unstable resource that cannot be sustained beyond the short term (Christensen *et al.*, 2013; Haack *et al.*, 2012; Scott, 2008). Instability also derives from the limited role that the literature assumes that observers have in hypocrisy or in decoupling: whether they ‘buy’ the hypocritical talk (for example, by taking for granted that actions consistent with the talk will follow, Brunsson, 2003) and demands decrease, or whether they acknowledge it and become angry or disappointed to the point of withdrawing (Rodriguez and Rios, 2007; Wagner *et al.*, 2009; Phillippe and Koehler, 2005). Ultimately, audiences can also force the hypocritical actor into recoupling (Haack *et al.*, 2012; Christensen *et al.*, 2013; Tilcsik, 2010). Institutionalists have not explored how hypocritical strategies, when these evolve over time, can enable and constrain the possibilities that stakeholders may have in the long term, therefore impacting in the evolution of the episode. They have also not considered any other role that observers could play in the persistence of such hypocrisy, beyond just ‘buying’ or ‘rejecting’ it.

Interestingly, as the literature of PCSR has shown, during controversies, there is multiplicity of stakeholders competing in order to influence moral legitimacy and therefore shaping the outcome of the episode (Gond *et al.*, 2016; Patriota *et al.*, 2011). If stakeholders questioning an

industry have interests at play, they could be prone to mobilize hypocrisy for the purpose of legitimation. Then, controversies present an opportunity to analyze the dynamic process through which hypocrisy, rather than just being a circumstantial, temporal, and unstable strategy (Haack et al., 2012; Christensen et al., 2013; Scott, 2008), can become the driving force that makes the controversy persist over time. Also, how it enables as well as constrains stakeholders' possibilities during the episode. Furthermore, controversies present an opportunity to understand how multiple stakeholders can coordinate their efforts in order to influence how the episode unfolds. Therefore, the objective of this research is to answer the following research question:

How does hypocrisy influence stakeholders' competition for moral legitimacy during CSR and SD controversies?

We use the framework of organizational hypocrisy to longitudinally analyze, through a qualitative research design, a controversy emerging from a project to establish a pulp mill in South America. This episode ignited an intense debate among a wide array of stakeholders in relation to the legitimacy of the activity, its environmental consequences, and the role of the state. This unexpectedly conflicting episode between two sister nations (Argentina and Uruguay) magnified and escalated to the point that it could not be solved through diplomatic channels and all attempts to reach a consensus around scientific standards failed. It only culminated in 2010, due to the extraordinary participation of the International Court of Justice in The Hague, the legal branch of the United Nations. While the intervention of the ICJ explains the disappearance of the conflict (the courts sanctioned the actors), it does not account for the unexpected outcomes of the episode. For example, why did Argentina, after the controversy, see the moral legitimacy of its well-established pulp and paper industry severely compromised? It does neither elucidate how in Uruguay the pulp mill that was settled (once severely questioned by a part of Uruguayan society) would finally receive social acceptability while its main investor (the Finnish firm Metsä-Botnia) would unexpectedly and suddenly abandon the project in order to protect its reputation. Lastly, it does not explain either how a multitudinous social movement with wide social support lost any chance of being involved in any discussion that could lead to negotiations in the control of the pulp mill. Our case suggests that hypocrisy plays a relevant role in the outcome of this environmental issue.

In order to unveil how hypocrisy influenced this process, we conducted 37 interviews to informants from the different stakeholder's groups (industrial, governmental, and social) belonging to the three countries involved in the controversy (Argentina, Uruguay, Finland) and we gathered and analyzed 310 pieces of media material and other documents (Assembly

manifestos, industrial reports, bills, among others) to reconstruct the controversy along its five years (2005-2010). Following an abductive process, we induced three hypocritical tactics that stakeholders developed when competing in controversies in order to influence for moral legitimacy. We also show how these tactics enabled but also constrained stakeholders' possibilities, ultimately shaping the way in which the controversy evolved and its final outcome.

With our research, we attempt to make the following contributions. Firstly, we complement the literature in PCSR, unveiling how hypocrisy can also influence moral legitimacy during controversies along with stakeholders of diverse natures (governmental, social, industrial) competing. Extant literature has compellingly shown how stakeholders strategically talk in order to impose their interests during environmental controversies (Gond et al., 2016; Joutsenvirta and Vaara, 2015 and 2009; Patriota et al., 2011). Specifically, we complement such understanding by showing that hypocritical tactics can enable but also constrain stakeholders' competition for moral legitimacy and explain, ultimately, the outcome of the controversy being studied.

Secondly, as to the literature in PCSR, we shed light on how hypocrisy, instead of being a resourceful mechanism that relieves pressures in heated public discussions and prevents controversies from escalating (Boxenbaum and Jonsson, 2013), will undermine consensus between stakeholders. While PCSR theorists have suggested that public deliberation may not take place in ideal communicative conditions (Scherer and Palazzo, 2011 and 2007; Palazzo and Scherer, 2006) and that stakeholders compete to promote their interests (Gond et al., 2016; Patriota et al., 2011), this framework is still not able to explain how hypocrisy, by becoming the controversy's main driving force, will exacerbate dissensus: stakeholders may find more useful the persistence of the episode rather than its resolution. Specifically, our case suggests four elements related to how hypocrisy undermines any resolution of the controversy, prolonging its duration. Namely, hypocritical motivations for getting involved in the controversy, the audiences to which hypocrisy is oriented to, the generalized perception of hypocrisy, and the formation of alliances to make the fullest use of hypocrisy.

Thirdly, as to the literature in organizational hypocrisy and decoupling in business ethics (Haack et al., 2012; Christensen et al., 2013; Jamali et al., 2015; Surroca et al., 2013), we contribute by unveiling the underlying mechanism (namely, the spiral of hypocrisy) that allows the decoupling of talk and actions to become the driving force of the controversy, instead of an unstable and circumstantial strategy (Scott, 2008; Brunsson, 2003 and 2002). While stakeholders who perceive hypocrisy and feel deceived are expected to develop negative orientations (Wagner et al., 2009; Phillippe and Koehler, 2005; Caiden and Caiden, 1977; Rodriguez and Rios, 2007;

Christensen et al., 2013; Tilcsik, 2010), they may also experience the will to become involved in such hypocritical tactics. Through a spiral of mutual reciprocations that will amplify (in number of participants and intensity), positive orientations towards hypocrisy may encourage stakeholders to form informal alliances that will reinforce the vicious cycle: the controversy would have not endured, had it not been for the escalation of the spiral of hypocrisy.

The chapters of this dissertation are structured as follow. In the first chapter, we present our literature review. We revise two main fields that share a focus on legitimacy and legitimation. Firstly, we review the nascent field of PCSR and how this political turn has suggested that what is seen as socially responsible and as sustainable does not depend on managerial and technically neutral decisions, but rather derives from a social construction that also entails political struggle and conflict (Joutsenvirta and Vaara, 2015). PCSR scholars, as well, are interested in the communicative nature of moral legitimacy (Scherer and Palazzo, 2007; Palazzo and Scherer, 2006). The second section of the literature review presents the more recent debates around the concepts of legitimacy and legitimation. For example, the concept of moral legitimacy (Suchman, 1995) is essential to understand why stakeholders involve in processes of public deliberation and how they do it. The section also discusses how organizational hypocrisy (informed by Scandinavian institutionalism) can contribute to our understanding of how actors talk during controversies. In the second chapter, we develop our theoretical framework, aimed at presenting central concepts for this research, like legitimacy and legitimation within controversies, hypocrisy, decoupling, and other theoretical assumptions such as the reactions of stakeholders when they perceive hypocrisy. In the third chapter, we discuss in detail our case, as well as the qualitative and processual methodological approach that will help us unpack how hypocrisy may influence the stakeholders' competition for moral legitimacy during a SD controversy and, ultimately, the outcome of this episode. In the fourth chapter, we present our findings, comprising a narrative account of how hypocrisy influences the way in which controversy evolves. Then, we analyze in detail the different tactics implemented throughout the controversy: *creating a pseudo-agenda*, *exiting the controversy*, and *showing autonomy*. We discuss how each tactic enabled but also constrained stakeholders when competing, which in turn influenced the evolution and the outcome of the controversy. In the fifth chapter, we discuss our empirical findings and the implications of our research for extant literature. Finally, we summarize our conclusions, we review our main contributions, we present the main managerial implications and we finally suggest future avenues for research.

Chapter 1

Literature Review

In this section, we present our literature review. We revise two main bodies of literature that are connected through their *foci* on moral legitimacy and legitimation and that can therefore contribute to our understanding of how hypocrisy can influence stakeholders' competition for moral legitimacy during SD controversies.

The first section of the literature review focuses on PCSR. We organize this nascent but prolific literature in three different groups. The first one is focused on CSR as the product of the rules that organize stakeholders' competition within political systems. The second group outlines the importance of deliberation in moral legitimation, in a plural and globalized world where firms face new challenges to achieve and maintain their social license to operate. The third one, that adopts a multistakeholder lens, contributed to our understanding of how stakeholders of diverse natures 'talk' when competing for moral legitimacy and influence the evolution of conflicting episodes. We also discuss how there is a wide array of theoretical perspectives (ranging from institutional and stakeholder approaches to resource-based view) informing PCSR (Stephens and Frynas, 2015). While PCSR has provided valuable insights on how stakeholders contend (mostly through talking) throughout controversies, this framework does not explore how inconsistent talk and actions may also generate dynamics that could influence the evolution of stakeholders' dialogue during the controversy.

Institutional scholars have advanced our knowledge of how organizations can strategically talk in a way that is inconsistent with their actions or intentions. Therefore, in the second section of our literature review, we draw upon organizational institutionalism (as Greenwood et al., 2013, label it) to complement our understanding of how stakeholders can mobilize hypocrisy within controversies. We conceptually differentiate among different types of decoupling and their implications in institutional processes to finally review one of specific importance to our research question: the decoupling of talking and action. In the decade of 1980, the Scandinavian institutionalist Nils Brunsson (2002) coined the term "organizational hypocrisy" to refer to the inconsistency between talk and actions; a circumstantial and unilateral resource that a focal organization can mobilize in order to prevent controversies from escalating. Our understanding of the role that audiences of hypocritical organizations play remains still limited: whether

audiences ‘buy’ into hypocritical talk, or whether they perceive it and develop negative orientations towards it.

Our literature review will conclude with a brief section in which we summarize how the examined bodies of literature complement to each other and contribute to answer our research question. We also outline issues that remain unexplored.

1.1. PCSR: Moral legitimacy and the politicized role of MNC

The literature on CSR has been prolific (Melé, 2008; Crane *et al.*, 2008; Carroll, 2008; Christensen *et al.*, 2013) and it has even been characterized as a domain without paradigm (Lockett *et al.*, 2006). However, legitimacy has been one of the key concepts in CSR literature, because if corporations want to be successful, they have to operate respecting societal expectations, norms, and values (Palazzo and Scherer, 2006; Joutsenvirta and Vaara, 2009). Legitimacy has even been proposed as a criterion (a “yardstick”) that should be used to measure and evaluate corporate social performance, since “Corporations, like all other institutions, are an integral part of a society and must depend on it for their existence, continuity, and growth” (Sethi, 1975:60). In general, work in this area has explored how organizations may implement certain practices with the objective to legitimize themselves (Bansal and Roth, 2000; De Roeck and Delobbe, 2012; Guthrie and Parker, 1989; Vanhamme and Grobbsen, 2009; De Blasio, 2007).

PCSR theorists have challenged some of these assumptions. Although legitimacy is still a central concept at the societal level of analysis (Joutsenvirta and Vaara, 2009), they propose that the cognitive definition of legitimacy (legitimacy as *taken-for-grantedness*, Suchman, 1995) does not apply to current debates: given that the emergence of a new world order (particularly, the globalization) generated heterogeneity and pluralism, it is impossible for organizations to conform to external pressures with *taken-for-granted* concepts of what is legitimate (Palazzo and Scherer, 2006)¹. Furthermore, PCSR scholars argue that governments and other actors are actively involved in CSR (Gond *et al.*, 2011), and therefore institutional *arenas* are the legitimating environments where plural actors participate (Matten and Moon, 2008).

¹ Such change echoes the evolution of the concept of legitimacy in organizational institutionalism (as we will revise in the next section).

It is not a simple task to define what PCSR is since the field is not established yet and concepts are profuse. In this sense, PCSR is not a synthesis of the economic theories of CSR (where the main mission of firms is wealth creation) and the ethical explanations (focused on altruism and stakeholders' wellbeing) but a stream in itself (Windsor, 2006). In their literature review covering the field, Stephen and Frynas (2015) provide a broad definition of PCSR as: "...activities where CSR has an intended or unintended political impact, or where intended or unintended political impacts on CSR exist" (p. 485). PCSR scholars do not see CSR as isolated from the political sphere (Stephen and Frynas, 2015). They also outline their distance with what they call 'instrumental CSR theorists', who are informed by mainstream economic theory and who define governments and firms in a dichotomous or mutually exclusive relation (Moon and Vogel, 2008, Scherer and Palazzo, 2007).² For instrumental CSR theorists, the scope of CSR is defined by the absence of public policy; consequently, managers have enough discretion to evaluate advantages and disadvantages of CSR initiatives. They also challenge assumption that economic actors will contribute to the welfare of society through their "...self-interested market transactions" (Scherer and Palazzo, 2007:1106) since firms are increasingly in charge of duties once conceived exclusively as governmental activities (Scherer and Palazzo, 2007 and 2011). Moreover, while companies were previously seen as politically neutral (Palazzo and Scherer, 2006), now they are seen as politicized; CSR (initially positioned in the private sector) itself becomes now a subject of public policy (Gond *et al.*, 2011; Frynas and Stephens, 2015).³

However, PCSR scholars do not necessarily agree in what 'political' means (Scherer *et al.*, 2016). It can be related to firms as actors intervening in the political system (e.g. Matten and Moon, 2008) or it could be seen as the new role that firms assume in the new world order (Scherer and Palazzo, 2007 and 2011), where governmental tasks are transferred to the private sphere (Feigenbaum *et al.*, 1998). It could also refer to how stakeholders compete to shape the moral legitimacy of SD issues (Gond *et al.*, 2016).

In order to analyze how this literature proposes a politicized understanding of firms, we will discuss its main subjects, assumptions, and contributions.

² Mäkinen and Kourula (2012) have criticized this position, indicating that what Scherer and Palazzo (2007) referred to as mainstream CSR ("apolitical") has a clear political stance taken by Liberalism, according to which CSR should be seen as a tool to be used, strategically by corporations in order to improve efficiency and financial performance.

³ This has been questioned by critical theorists, who argue that while the adoption of governmental responsibilities may be explained through "responsibility," it is, in fact, reproducing socioeconomic domination from corporations that: "...as political entities, [are] sites characterized by power struggles in which some groups dominate others" (Kuhn and Deetz, 2008:173).

1.1.1. Organizations in institutional arenas: How the political system shapes CSR

The first group of articles to be reviewed strongly relies on neoinstitutional theory to analyze how CSR is a phenomenon shaped by the particularities of each political system (Moon *et al.*, 2010). Adopting a macro-level perspective (Frynas and Stephens, 2015), most of these articles blend diverse institutional schools to reach a deeper understanding (Tempel and Walgenbach, 2007; Carson *et al.*, 2013). For example, institutional schools in political science and comparative studies (Guy Peters, 2005; Powell and DiMaggio, 1991; Tempel and Walgenbach, 2007) provide an explanation of how CSR is shaped by national institutional systems. These schools emphasize that what is seen as socially responsible in each society is path dependant and the result of a political, cultural, historical evolution. Concretely, what is expected from a responsible organization derives from pressures located in the national institutional system. The National Business System (NBS, Whitley, 1999) is the most salient example. Additionally, neoinstitutionalists shows how firms undergo these pressures when situated in local institutional systems, but also experience isomorphic pressures to adopt what is seen as international legitimized CSR. Largely, it is recognized that the North American CSR model diffuses all over the world because of how legitimate and accepted it has become in the last decades (Matten and Moon, 2008).

In what is seen as a seminal contribution, Matten and Moon (2008) propose that corporations are embedded in a system of values, norms and rules to which they have to conform if they want to remain legitimate. Through assumptions of Whitley's (1999) NBS, they explain the distinctiveness between European countries and USA. They identify "Explicit CSR" with the North American model, referring to those voluntary corporate policies continuously communicated through discursive actions. Conversely, "Implicit CSR", closer to continental Europe, refers to the tacit assumption of the corporation's role in a determinate context: firms do not necessarily communicate their CSR actions, because these are tacitly assumed. Notwithstanding the presence of these two models, the authors observe that due to isomorphic pressures in organizations searching for legitimacy, the American explicit model is currently diffusing and increasing its popularity in Europe. The authors use neoinstitutionalism in organizational studies to show why distinctiveness is gradually disappearing due to the diffusion of the "explicit" North American paradigm. Matten and Moon's (2008) contribution is theoretical in nature. Nonetheless, in their qualitative article analyzing the case of the Scandinavian countries, Carson *et al.* (2013) reinforce the idea that organizations belonging to

the European paradigm experience pressures to adopt the American model, which is increasingly seen as legitimate.

The idea of CSR as a product of the evolution of the institutional system is also present in the contribution of Kang and Moon (2012). In liberal economies such as USA, and UK, where it is the market that mainly sets the parameters and coordinates economic activities, the "shareholder" model of corporate governance orients CSR towards a strategic style. For coordinated market economies like Germany and Japan, interests are organized around unions or business associations that may influence market coordination, leading to a "stakeholder value system" for CSR. Finally, in state-led economies as in the case of France, and South Korea, where the state has a main role coordinating the market, CSR has complemented the public value type adopted by corporate governance. For them, CSR is different, because what institutional systems shape are corporate governance mechanisms. Firms within an institutional system tend to adopt corporate governance mechanisms that "complement" (or counterbalance the deficiencies of) institutional systems, and transitively affect CSR.

While instrumental definitions where CSR is a technically neutral concept (Scherer and Palazzo, 2007), these articles provide a "...politically embedded accounts of CSR" (Vallentin and Murillo, 2012:829). Therefore, one of the main assumptions explaining why CSR differs depending on the institutional environment is that firms do not operate in an institutional *vacuum*: markets, firms, and industries are prone to experience pressures demanding responsibility because expectations are deeply influenced by national structures (Gjølberg, 2009). However, it should be noted that both neoinstitutionalism in organizational studies and comparative institutional frameworks in political science tend to emphasize structural determinism over agency (Tempel and Walgenbach, 2007; Guy Peters, 2005). Thus, in general, these works share the underlying assumption that legitimacy is gained through adaptation to external pressures that arise from the local political system and from international trends that become increasingly legitimate.

There is a second group of works that follows the same reasoning as the articles mentioned above, with the exception that they have a narrow and direct focus on the political system and its main actor: the government (Moon and Vogel, 2008). While the deterministic stance still predominates, it becomes slightly subtler as these authors progressively acknowledge the possibility that individuals (namely, "institutional entrepreneurs") work in order to adapt foreign practices so they are acceptable in the environments in which they are operating (Moon *et al.*, 2010). This change is in accordance with the similar evolution from deterministic to agentic

frameworks in organizational institutionalism that we have previously discussed, in which individuals and organizations recover their power of initiative (Greenwood *et al.*, 2013; Rouleau, 2010; Battilana *et al.*, 2009).

Among these contributions, we should mention the work of Campbell (2006 and 2007), who analyzes institutional conditions that propitiate the emergence of CSR and shows how pressures determine CSR practices. While organizations experience isomorphism, these can also strategically decide whether to adopt or not CSR depending of the nature of the pressures they experience and the risk they face. This less deterministic contribution is rooted both in the public choice institutional school in political science (Guy Peters, 2005; Powell and DiMaggio, 1991) and in neoinstitutionalism in organizational studies (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). This echoes the assumptions of the public choice institutional school in political science, in which institutions are arrangements constructed to organize human behaviour (Guy Peters, 2005; North, 1990). He proposes that organizations will be more prone to behave in a socially responsible way due to the existence of well-enforced regulations encouraging such behaviour. The presence of non-governmental organizations (NGOs), social movements, the press, etc., will also represent external pressures, since these are usually in position to monitor corporations' behaviour.

The articles by Moon *et al.* (2010) and Gond *et al.* (2011) indicate that the “explicit model” (Matten and Moon, 2008) is increasingly spreading all over the world; however, in order to make it fit into a new context, these ideas are “translated” (Boxenbaum and Battilana, 2005) when permeated by national governance systems, in order to be accepted and implemented locally⁴. They draw upon a typology that reflects diverse ideal types of CSR-government relations. For example, "CSR as self-government" refers to the traditional idea of CSR as philanthropy or voluntary contribution implemented separately from the government. A second type of configuration is CSR facilitated by governments that, through discourses, public endorsements, subsidies, etc., foster CSR practices. A partnership between government and CSR would be a third type of configuration and generally it is made up of the government and a firm of business association that ally in order to implement some type of CSR initiative. A fourth type of configuration is CSR mandated by governmental regulations (compulsory). Finally, CSR as a form of government indicates that corporations replace governmental action, because the

⁴ The shift from diffusion to translation implies a less deterministic point of view in relation to how institutions shape organizational responses: while diffusion refers to the transmission of an entity (in this case, CSR) from one context to the other, translation implies that recipients are not passive actors, but active transformers and re-shapers of an idea that travels (Czarniawska and Sevón, 1996; Zilber, 2006; Sahlin and Wedlin, 2013).

state is not enacting public policy. Doh and Guay (2006) also reflect on how governmental systems process distinctively pressures from their stakeholders. On their comparative analysis between European countries (parliamentarism) and USA (presidentialism), they found that NGOs and social actors use diverse methods to advocate for the inclusion of their interests in public policy. Since policy-making follows specific processes in each system, stakeholders exercise pressures through different mechanisms, which also explain why there is more or less awareness around CSR in each context. Accordingly, Detomasi (2008) indicated that the structure of domestic political institutions may affect NGOs' efforts oriented to influence governmental intervention.

Bondy *et al.* (2012) draw upon institutional theory in their qualitative article, given that this theoretical framework can explain "...macro-institutional determinants of CSR..." (Bondy *et al.*, 2012:284). While the authors do not ignore the coercive and mimetic pressures experienced by firms, they also acknowledge the role that individuals may have in the change ("challengers") or maintenance ("incumbents") of institutions. Considering the definitions of CSR are multiple and contested, the role played by incumbents and challengers is central to our understanding of how definitions of CSR are shaped in each context. Accordingly, Jackson and Apostolakou (2010) also analyzed how institutional systems influence CSR practices. The authors assume a more proactive role on the behalf of firms, since these can develop strategic responses in order to fill institutional voids. They conclude that "...CSR may be associated with the attempts of firms to compensate for institutional voids or substitute for formal institutions, rather than acting as a mirror of institutionalized forms of participation or 'best practice' in terms of outcomes" (Jackson and Apostolakou, 2010:388). Informed by institutionalism, this explains one of the most important tenets of PCSR: the political role that firms assume in the provision of public goods and services when the state is absent (Matten and Crane, 2005).

The literature that we have just reviewed provides us with valuable insights to answer our research question. Firstly, these authors challenge the mainstream assumption that CSR is a purely managerial phenomenon or a technically neutral concept that diffuses worldwide without contestation. CSR is politically, culturally, and socially grounded and is a product of the historical evolution of societies. The rules of the institutional system influence social expectations about the role of firms in public life and, transitively, organizational responses (Matten and Moon, 2008; Gond *et al.*, 2011; Kang and Moon, 2012). Undoubtedly, there is a mainstream CSR paradigm (associated with the North American "explicit model" described by Matten and Moon, 2008) widely seen as legitimate, but this does not diffuse identically and

without contestation all over the world, it has to be “translated” into local institutional logics in order not to be rejected as illegitimate. Institutional systems have particularities that directly affect what is conceived as socially responsible behaviour in each society (Matten and Moon, 2008; Gond *et al.*, 2011; Moon *et al.*, 2010, Kang and Moon, 2012; Campbell, 2006 and 2007). Each society has its own understanding of what is acceptable or not in terms of corporative behaviour: this impacts the legitimation processes given that CSR is then a social construction that differs according to each culture (Dahlsrud, 2008). This also explains why, as other legitimized managerial practices, CSR spreads worldwide (Matten and Moon, 2008) but diffusion⁵ is not possible because it has to be adapted to local institutional logics or they will not be seen as legitimate (Boxenbaum, 2006; Boxenbaum and Battilana, 2005).

Secondly, it is interesting to see how these approaches informed by neoinstitutionalism and other mainly deterministic institutional schools have recently evolved into more agentic perspectives (e.g. from the notion of diffusion of CSR to that of translation); this echoes a well established trend in organizational institutionalism. While the seminal contributions have explained how institutional systems determine CSR responses, more recent articles inquire on the role of actors in legitimation processes that take place within institutions, since these may disrupt institutional arrangements, counteracting external pressures (Moon *et al.*, 2010).

Thirdly, because it adopts a perspective focused on the political system, this stream has contributed to our understanding of controversies by showing the multiple and different stakeholders interacting (not necessarily in a peaceful way) in an institutional arena. Firms are political actors, but not the only political actors that influence what is seen as socially responsible in the case of each society. Additionally, they have suggested that the particularities of institutional systems open some institutional channels through which stakeholders may advocate, while hindering others (e.g. Doh and Guay, 2006). This could also explain why, for specific contexts, certain stakeholders are able to impose their interests over others during a conflicting event, or the diverse limitations that they could face.

Undoubtedly, this literature has contributed to our understanding of how specific configurations of stakeholders in diverse political systems lead to particular expectations on what should be the role of firms. A possible shortcoming is that such expectations are presented as an output of the specific institutional setting. Therefore, we still lack an understating of how the process of struggle that leads to such expectations takes place, and of how stakeholders concretely compete

⁵ The neoinstitutional concept of diffusion assumed that when a certain model, idea or practice is seen as legitimate (it becomes a “rationalized myth”, Meyer and Rowan, 1977), it diffuses to passive recipients (Sahlin and Wedlin, 2013).

or concretely talk in order to maintain or alter such arrangements and promote their own interests.

1.1.2. PCSR and corporations in the new global order: Deliberation and moral legitimation

The second group of works that we will discuss also portrays firms as political actors. However, ‘political’ does not exclusively mean that firms compete (among other stakeholders) within political systems. It refers to the fact that, after the exhaustion of the Westphalian order, firms face increasing pressures to take charge of duties that were once governmental (Scherer and Palazzo, 2011; Scherer et al., 2016). While some of the authors analyzed in the previous section, such as Moon et al. (2010) and Gond et al. (2011), considered circumstantial *scenarios* in which CSR could replace governmental action, in this group the decline of the nation-state becomes a main assumption.

Andreas Scherer and Guido Palazzo are two of the most prominent authors in this group. Informed by political theory, their work suggests that, due to globalization, nation-states have experienced a decline in their traditional power. In the new global governance system, multiple actors (e.g. international organizations, civil society, firms, etc.) compensate the gaps existing in global regulation. And, especially, business firms supplement public policy by providing public goods or services in their zones of operation or in the zones where their suppliers operate (Wickert, 2014; Valente and Crane, 2010). According to Scherer and Palazzo (2011):

“In a nutshell, Political CSR suggests an extended model of governance with business firms contributing to global regulation and providing public goods. It goes beyond the instrumental view on politics in order to develop a new understanding of global politics where private actors such as corporations and civil society organizations play an active role in the democratic regulation and control of market transactions” (Scherer and Palazzo, 2011:901).

Moreover, Palazzo and Scherer (2006) outline that the liberal conception of democracy in which governmental agencies are the only actors subjected to accountability and immediate legitimacy demands fails to address how firms have adopted a politicized role: “...protecting, enabling, and implementing citizenship rights” (Scherer and Palazzo, 2011:900). This suggests a democratic deficit: “...corporate managers are neither elected by the public, nor are their political interventions in global public policy sufficiently controlled by democratic institutions and procedures” (Scherer and Palazzo, 2011:907).

According to Valente and Crane (2010) “regulatory gaps” are more evident in developing countries, which makes the phenomenon of PCSR more present in such institutional settings.

Governmental incapability has forced firms to get involved in these actions to fill the void. In these cases, firms “supplement” governmental tasks through the implementation of corporate citizenship initiatives, even when these have no relation with the corporation’s core missions.

The new politicized role that firms assume when filling institutional voids also has implications as to how these organizations normatively conform to external pressures. Firms are forced to permanently negotiate and renegotiate their social license to operate. To Scherer and Palazzo (2007 and 2011) the idea of cognitive legitimacy (Suchman, 1995) is not applicable given the plurality that firms face nowadays. This leads to increasing sophistication in legitimacy maintenance: firms will have to get involved in complex approaches if they wish to preserve their legitimacy since strategic manipulation and isomorphic adaptation are no longer enough (Scherer *et al.*, 2013). This agentic approach echoes the advances in the ‘new neoinstitutionalist’ theory (as labeled by Rouleau, 2010): MNCs are actively and strategically involved in negotiating and socially constructing their roles as legitimate actors (Kostova *et al.*, 2008).

In the new world order, firms struggle for what Suchman (1995) defines as ‘moral legitimacy’ in that this is the ‘...decisive source of societal acceptance for corporations’ (Palazzo and Scherer, 2006:74). How firms normatively construct such social acceptance constitutes a major issue in this stream that outlines the relevance of public deliberation. Moral legitimacy is “...socially and argumentatively constructed by means of considering reasons to justify certain actions, practices, or institutions” (Scherer and Palazzo, 2011:916). In this joint communicative process involving multiple stakeholders, firms do not manipulate or persuade their opponents but, rather, firms attempt to convince them through their participation in the public discussion (Palazzo and Scherer, 2006).

These contributions draw upon the Habermasian concepts of discourse ethics and propose the replacement of liberal principles with those of deliberative democracy. In the plural world in which MNCs operate: “...a common ground on questions of right and wrong or fair and unfair can only be found through joint communicative processes between different actors.” (Scherer and Palazzo, 2007:1097). This process of ‘moral sensemaking’ (Scherer and Palazzo, 2011:914) in which firms participate should be carried out through deliberation, which is a: “... a process through which participants address their conflicts, share information, exchange arguments and make decisions. In the arena of political deliberation, opposing positions are weighed by exchanging good reasons” (Scherer and Palazzo, 2006:80). The aim of this strategy (also referred to as ‘moral reasoning’) is to reach a consensus between organizational practices and societal expectations that will lead to the (re)establishment of legitimacy: “...the organization

engages in an open discourse with focal stakeholders or societal groups in order to argue for the acceptability of its *status quo* and behaviour.” (Scherer et al., 2013:264). Deliberation attributes a new dimension to the politicization of the firm, because it transforms corporative decision-making processes into a process of democratic will formation (Vallentin and Murillo, 2012).

While the ‘ideal speech situation’ that Jürgen Habermas has once proposed (that consists of communication among stakeholders in undistorted conditions required to reach valid – universally acceptable- reasons) constitutes an ideal, deliberative democracy “...is a *less idealistic* and *more pragmatic* approach...” (Scherer and Palazzo, 2007:1107, emphasis in the original). While the deliberative process may (re)establish legitimacy, the authors also recognize that it may come with limitations:

“...moral reasoning cannot completely substitute adaptation and strategic action. The complexity of the corporation’s steering task in competitive market societies would overburden the corporation in its strategic course if only moral reasoning was available as a means of establishing legitimacy. Therefore, moral reasoning has to be regarded as a *retreat strategy* when the mechanisms of social routine, adaptation, and manipulation fail, or as a *proactive strategy* for establishing relationships of trust with the corporation’s constituencies or for addressing emerging sustainability issues that may erode the corporation’s legitimacy in the future [...] moral reasoning can be applied selectively to particular stakeholder groups...” (Scherer et al., 2013:267, emphasis in the original)

Furthermore, these scholars argue that firms and governments do not exist in a mutually exclusive relation and that the traditional division of labour (state organizations are responsible for societies’ wellbeing whereas private actors are economic actors exclusively accountable to shareholders) is no longer valid (Scherer *et al.*, 2014; Melé, 2008). The limits between the governmental and the private sphere are no longer valid, and permanent overflows occur (Stephen and Frynas, 2015).

Matten and Crane (2005) also contributed to this field, with their “extended model of corporate citizenship”. According to them, traditional conceptions of “corporate citizenship” (in which corporations are supposed to behave as “good citizens”, Melé, 2008) do not fully explain the new political role of firms, because the concept of citizenship (originated in the field of political science) has not been rigorously developed to understand the role of corporations in political life. Thus, corporations cannot be entitled to any social or political rights (e.g. education or the right to vote). However, they do agree with the decline of power of nation-states, and therefore, they propose that corporate citizenship should refer to the role of firms as “counterpart of citizens” in the sense that they have a responsibility in guaranteeing individual access to public goods and services. MNCs have to assist nation-states in the administration of social, civil, and

political rights. However, the authors indicate that their point of view is descriptive rather than prescriptive, and that this corporative role may result from an external imposition:

“...citizenship issues are beginning to confront corporations, whether they want them or not, whether they intend it or not, or whether they even notice or not [...] there is no particular reason to suggest that the shifts we identify are even acknowledge, yet alone desired, by corporations...” (Crane and Matten, 2005:683).

The idea that corporate citizenship has to do with cooperation with public and social actors is also expressed by Pies *et al.* (2014), who agree with the idea that the purely Aristotelian concept of citizenship expressed in his *Politics* cannot be directly applied to the new political roles that firms are adopting. However, from a rational choice perspective –the ordonomic approach-, they infer that corporations do not exclusively adopt a *bourgeois* role (through which they advocate for their private interests), but also a *citoyen* role (through which they participate in rule-setting processes at the global level). Presumably, the political role of firms is deployed through cooperation, win-win situations in which they participate to underpin global governance.

This stream in PCSR has received further questioning. Wickert (2014) has criticized these definitions of CSR because they focus on MNCs, even when SMEs constitute the most common form of private business in the world. Wickert (2014) considers that both MNCs and SMEs become involved in governmental duties, in order to counterbalance regulatory gaps. However, these have different motivations. While the first ones adopt a strategic stand (for example, when they are forced to assume political action due to external pressures because they have to protect their reputation), he infers that SMEs are less strategic because they face less public and social scrutiny, and are, therefore, more prone to engage in political actions but for ethical reasons. Consequently, both MNCs and SMEs face currently acute pressure to take on a political role; however, according to Wickert (2014), the way in which firms get involved in PCSR is dependant on their size.

Valente and Crane (2010) have criticized this normative dimension of PCSR because it is unclear how corporations will assume governmental responsibilities, how will they become accountable for citizenship (as governmental agencies are) or how will standards of global citizenship be established. It is also undefined what will happen with local communities that become absolutely dependent on the corporation or what will corporations claim in exchange for their new roles (van Oosterhout, 2005). MNCs may be genuinely interested in adopting a responsible role towards citizenship but these organizations may lack legitimacy in the eyes of their constituencies or may not be accountable to exercise a governmental role (Melé, 2008; Munshi, 2004).

Part of the criticism received by this stream is revisited by Scherer et al. (2016) under the concept of PCSR 2.0. Authors argue that initial formulations PCSR responded to the geopolitical circumstances that derived from the fall of the Berlin Wall. For example, some firms reacted to the regulatory vacuum by establishing self-regulatory activities, and started to adopt the behaviour of a political actor. But the authors acknowledge that the world social and political conditions have changed recently; for example, due to the emerging nationalisms and religious fundamentalisms, the return of governmental regulation, the increasing institutional complexity, the efficiency of private governance, or the financialization or digitalization of the economy. PCSR authors recognized that this framework also neglected certain types of business organizations (such as state-owned enterprises or social enterprises), which could be also relevant stakeholders within controversies. Other neglected issue that PCSR 2.0 will have to solve relates to how managers make sense of their political responsibilities. And, what is extremely important to the research on PCSR and hypocrisy, how managers are now engaging in decoupling processes in order to respond to such heterogeneous and formerly neglected political demands (Scherer et al., 2016).

These contributions provide insights to understand the new political pressures that firms face today in their multiple and plural environments, and that makes the achievement of cognitive legitimacy impossible (Scherer et al., 2011). Public deliberation becomes a central step in corporative legitimation efforts. If corporations want to preserve their moral legitimacy, such public deliberation has to go beyond attempts of manipulation and aim at constructing consensus among diverse stakeholders on what should be considered as socially acceptable or as morally legitimate (Palazzo and Scherer, 2006; Scherer and Palazzo, 2007; Scherer et al., 2013).

However, some issues need further examination. For example, while this approach emphasizes the multiplicity of stakeholders involved in legitimation struggles around CSR and SD, it still positions firms as the main protagonist. We know that during controversies, there is a multiplicity of stakeholders working in order to impose their interests, but we do not know how stakeholders can concretely intervene in such legitimation processes, or how stakeholders involved in such episodes undergo their own legitimation processes.

Secondly, we echo Scherer et al. (2016), who outline that the increasing political pressures for firms to provide goods and services, once seen as governmental, gives way to the unanswered question of how managers make sense of such new responsibilities and to which extent they consider them to be the firm's legitimate responsibility. The authors suggest that managers can consider implementing decoupling strategies to avoid addressing some or all of these pressures;

consequently, PCSR provides a fertile soil for the study of hypocrisy: managers could claim a public commitment to provide such goods and services (otherwise, they would be questioned) but without concretely honouring this promise for actions in the long term. Decoupling provides a tempting strategy that could solve the issue of increasing pressures, but in a way that will be less resource-intensive (Dacin et al., 2007). Scherer et al. (2013) suggest that in a context of: "...widespread availability of information and communication..." (p. 267), manipulation (such as decoupling) can be detected, moral reasoning could be a way to (re)establish legitimacy. While the authors acknowledge that ideal speech conditions cannot be assumed, they do not reflect on the extent that this deliberation is possible in a context in which the corporation is already discredited or not trusted in the eyes of the stakeholders that have previously perceived the manipulation or the decoupling.

Table 1 presents a summary of legitimacy and legitimation in PCSR literature.

Table 1 Legitimacy and legitimation in PCSR literature.

Topic description	Exemplary references	Main ideas on legitimacy and legitimation
<p><i>Organizations in institutional arenas</i></p> <ul style="list-style-type: none"> • CSR: historical product shaped by the rules of the political system • North American CSR paradigm spreading worldwide • Government as main actor • Different institutional systems process institutional pressures // advocacy for CSR in different ways 	<p>Matten and Moon (2008); Kang and Moon (2012), Carson et al. (2013); Gjølborg (2009); Gond <i>et al.</i> (2011); Moon <i>et al.</i> (2010); Moon and Vogel (2008); Doh and Guay (2006); Boxenbaum and Battilana (2005); Detomasi (2008); Bondy <i>et al.</i> (2012); Jackson and Apostolaku (2010); Campbell (2006, 2007)</p>	<ul style="list-style-type: none"> • National business systems and national institutions exercise pressures over firms (isomorphism) • Multiple stakeholders in institutional arenas get involved in legitimation. • World spread of legitimized practices contrasts with local pressures • Transition towards less deterministic ideas of legitimation. • Institutional entrepreneurs have to work to locally legitimize “imported” CSR practices.
<p><i>The political role of firms: deliberation and moral legitimation</i></p> <ul style="list-style-type: none"> • The role of firms in the new world order: • Political role of firms: replacement of the government. • Plural legitimating environments. 	<p>Scherer and Palazzo (2007 and 2011); Palazzo and Scherer (2006); Scherer <i>et al.</i> (2013); Scherer <i>et al.</i> (2016), Wickert (2014); Valente and Crane (2010); Matten and Crane (2005); Valentin and Murillo (2011); Pies (2014).</p>	<ul style="list-style-type: none"> • Complex legitimation strategies. • The social and argumentatively nature of moral legitimacy. • Deliberative democracy: Legitimation as a joint communicative process involving multiple stakeholders.

1.1.3. PCSR and controversies: How stakeholders talk for moral legitimation

Finally, there is a third group of authors within the PCSR tradition who also deal with the political struggle around moral legitimation, however, with a different focus: their interest is to unveil how stakeholders compete for moral legitimacy within controversial episodes. Since during controversies stakeholders challenge institutional arrangements (Patriota et al., 2011), these episodes are productive to unpack legitimation, especially when firms increasingly engage in controversial operations (Joutsenvirta and Vaara, 2009). In spite of this, before proceeding to the analysis of the PCSR stream that focuses on legitimation during controversial episodes, we will briefly revise the business ethics literature that has centred its attention on how focal organizations undergo legitimation struggles.

1.1.3.1. Why controversies are a matter of legitimacy?

Works analyzing the link between organizational legitimacy and CSR practices are prolific (Hunter and Bansal, 2007; Bansal and Roth, 2000; Guthrie and Parker, 1989; Vanhamme and Grobbs, 2009; De Blasio, 2007). Surprisingly, while controversial industries undergo closer scrutiny, and are, therefore, prone to sharper questioning (Reast et al., 2013; Parguel et al., 2011), they have attracted less attention in academia (Du and Vieira, 2012; Cai et al., 2012). We focus in this section on the extant literature dealing with controversial firms and legitimacy, given that these constitute a challenge for legitimacy theory (Leventis et al., 2013). The literature analyzed in this section is not necessarily related to PCSR (not every controversial industry or firm is analyzed from its political impacts). However, the insights will set the stage for the following section: how PCSR scholars are currently focusing on controversial episodes along with multiple stakeholders competing in order to legitimate their own interests.

No matter the nature of their products, services, or practices, what makes a controversial industry an interesting object for the study of legitimation is the higher level of scrutiny that these undergo, making legitimation more complex (Reast *et al.*, 2013; Parguel *et al.*, 2011).

“Organizations operating in industries that are perceived as riskier to the social and natural environment are likely to find their CSR activities under higher levels of public scrutiny [...] for example, companies in the oil industry are likely to be under close scrutiny and expected to demonstrate social and environmental responsibility [...] because this industry is perceived as linked to environmental and human rights violations [...] organizations from industry sectors with high environmental impact have to respond more to external pressures and communicate social responsibility, because these organizations have a higher level of visibility and their actions are more closely scrutinized by the media, advocacy groups and the public...” (Tata and Prasad, 2014:7).

The reasons why firms may be considered controversial varied across the years. Formerly, the literature concentrated on the idea of controversy based on moral issues, where industrial products were seen as corrupted, unethical, sinful, or offensive (and, consequently, harmful) on the basis of social norms (Lindgreen *et al.*, 2012; Du and Vieira, 2012; Lindorff *et al.*, 2012; Cai *et al.*, 2012), which are shared perceptions of appropriate behavior (Watson and Sheikh, 2008). A seminal work in this area has been that of Wilson and West (1981), which suggests that “controversial” is equal to “immoral” or “corrupt”. Good examples are tobacco, alcohol, gambling, adult entertainment, among other “unmentionables”, which are “...products, services, or concepts that for reasons of delicacy, decency, morality, or even fear tend to elicit reactions of distaste, disgust, offense, or outrage when mentioned or when openly present” (Wilson and West, 1981:92).

More recently, the literature has expanded the definition to include social condemnation of products, goods or services that not only carry ethical consequences, but also social and environmental impact (Du and Vieira, 2012). This could be the case of nuclear industry, cement, biotechnology, etc., whose goods and services may compromise environmental and social wellbeing but are not necessarily questioned on moral terms (Lindgreen *et al.*, 2012). Complementary to this idea is the fact that products or services may not be perceived as controversial *per se*, but the practices implemented can instead be questioned in environmental or in social terms (Du and Vieira, 2012). For example, scandals involving textile firms accused of informality in terms of workforce and discrimination based on gender inequality; textile firms are not intrinsically controversial, however these practices are condemned in social terms (Chen *et al.*, 1999). Of course, controversial products and controversial practices are not mutually exclusive aspects and firms could be considered controversial both because of the products and services and because of their practices. This is the case of the extractive industries (such as oil and mining), questioned both due to the environmental and social consequences of their products and their practices (Reed, 2002; Du and Vieira, 2012).⁶

Which criteria define what a controversial industry is? Legal standards do not constitute appropriate parameters to determine whether an industry is controversial or not. These industries are not even unlawful by themselves; on the contrary, they may even be extensively regulated and follow the law. Compliance with regulations is, in fact, what allows defendants to legitimize their positions when building on the idea of harm minimization: since it is impossible to

⁶ Paradoxically, Elsbach and Sutton (1992) showed that firms may deliberately use controversial practices to vindicate legitimate objectives; this requires the use of impression management techniques in order to deter questioning.

eradicate demands for such services and goods, it is preferable to keep such activities in the legal market, where they are subject to regulations (Lindorff *et al.*, 2012). Controversial industries may be harmful, but harm is not enough to eradicate them, given that they also generate positive results: they may be economically viable, provide tax revenue for governments, meet the demand of specific groups of consumers, provide employment, or even contribute to economic and social development in zones economically disadvantaged (Lindgreen *et al.*, 2012; Vazquez-Brust *et al.*, 2010; Eabrasu, 2012; Lindgreen *et al.*, 2012; Wilson and West, 1981). Controversial industries may even offer excellent investment opportunities, since they can even outperform the market (Fabozzi *et al.*, 2008); on the contrary, it is also true that “sin stocks” may be dismissed or condemned by members of the investment community due to their noncompliance with social norms (Leventis *et al.*, 2013) or by some investors (specifically, institutions subjected to social norms) such as pension plans (Hong and Kacperczyk, 2009).

Scientific standards are not enough to define what a controversial industry is, either. While there are scientific or technical arguments to prove whether an industry may cause harm or not, there has also been a considerable growth of bodies of knowledge where contradictory evidence is used to bolster contending positions. Therefore, while the production of knowledge should resolve disputes, it actually may bring about more controversies:

“As numerous controversies have shown, corporations can always find experts willing to argue for their position no matter how extreme it might seem in everyday parlance (e.g. tax-breaks for private equity capital in the UK). Therefore, this scientific uncertainty in which a number of controversies exist has practically decreased the accountability of corporations towards their stakeholders given the inaccessible nature of the discourses involved” (Zyglidopoulos and Fleming, 2011:693).

This is especially true for environmental issues as contested as climate change, nuclear waste disposal, endangered species and biodiversity, forest management, air and water pollution, agricultural biotechnology, etc. (Sarewitz, 2013).

Industries cannot be seen as controversial exclusively, then, according to objective legal, economic, scientific criteria. Firms become controversial because they start to be seen as illegitimate and thus become unaccepted -or, at least, questioned- by some of their stakeholders, while other audiences emphasize their positive aspects (revenue, profit, principle of harm minimization, job provision, among others). Paradoxically, controversial industries manage to persist in spite of questioning, which challenges neoinstitutional tenets such as the idea that, in order to survive, organizations cannot dismiss environmental standards:

“In short, controversial industries and the organizations that represent a challenge to organizational legitimacy literature, in that they are neither shaped by nor fully conform to the institutional

environment, as suggested by the institutional approach, nor can they effectively improve their legitimacy status strategically or engage in public impression management” (Leventis *et al.*, 2013:141)

Therefore, what makes an industry controversial is the group of social perceptions around legitimacy and normative preconceptions and principles; these differ from culture to culture (Eabrasu, 2012). The controversy is a result of the rejection experienced by a firm in a certain context; it is socially constructed (in terms of Berger and Luckmann, 1996) and depends on the social system from which the actors involved originate.

Some contributions reinforce this idea. What is seen as controversial, therefore, not only differs from context to context or from culture to culture: it can even differ from manager to manager. Waller *et al.* (2005) showed that what is considered as offensive, controversial, or unacceptable, depends on cultural values present in each society, especially those related to religion and history. Accordingly, Du *et al.* (2012) concluded that a firm might be tolerated if it adjusts to cultural norms present in its institutional environment, as institutional theorists would argue. Fam and Waller (2003) suggested that advertisement that generates questioning depends on the cultural context of the recipient; Fam *et al.* (2009) found that, due to Chinese cultural values, advertisement of birth control products is usually seen as offensive, while advertising of alcohol (socially and publicly accepted) is, conversely, tolerated. Yakovleva *et al.* (2012) revealed that pressures vary in different institutional environments; this forces subsidiaries of mining firms to depart from headquarters’ CSR programs in order to negotiate according to local stakeholders’ interests and standards to become accepted. Furthermore, firms do not only have to adapt to social or cultural standards to be seen as responsible in diverse communities: as Dougherty and Olsen (2014) explain in their study of gold mines in a developing country, firms have to also adapt to biophysical attributes of the region or *social terrain* that refers to “...the literal ways that the physical properties of place -mineralization, topography, soil, hydrology, climate, etc.- shape social relations and *acquire social meaning* [emphasis added]” (Dougherty and Olsen, 2014:424). Cragg and Greenbaum (2002), in their qualitative study, analyze perceptions of managers of the mining industry, an industry that is usually considered to be controversial due to its environmental and social impact. According to the authors, managers construct their own definitions for subjects such as costs and benefits, responsibility, the expected role of firms in society, or who should be considered as stakeholder. However, these definitions will not necessarily be similar, and they may even be contradictory and generate controversy.

Echoing trends in institutional theory, we observe that scholars focusing on controversial industries increasingly adopt the idea that organizations can actively engage in legitimation, instead of passively adapting to pressures. Surroca *et al.* (2013) have shown that firms may

choose to operate in social and legal contexts that are more convenient due to the lack of an institutionalized environmental awareness. According to them, firms that face stakeholders' pressures for more responsible behavior tend to transfer their controversial practices to those contexts in which they are tolerated (e.g. "pollution havens"), in order not to sacrifice legitimacy but still remain highly profitable. Furthermore, Reast *et al.* (2013) analyzed the U.K. casino gambling market and discovered four strategies controversial industries may use to seek legitimacy and therefore increase the support of their audiences. Firstly, that of construing legitimacy, that focuses on generating passive support and acquiescence. Secondly, earning legitimacy, that assumes a more agentic position towards key stakeholders and the environment in general. Thirdly, bargaining legitimacy, which is an alternative strategy used to bargain with stakeholders using tangible resources (e.g. infrastructure). Lastly, capturing legitimacy, a supplementary strategy used to foster support from stakeholders through association or partnering.

More and more the literature proposes the idea that controversial industries may actively engage in self-legitimation, in order to avoid (or, at least, reduce) questioning and scrutiny. Ultimately, what makes an industry controversial depends on what its stakeholders are willing to tolerate.

1.1.3.2. Legitimacy in controversial industries: The role of CSR and SD

A meaningful aspect of the literature dealing with controversial industries is the existence of a latent tension between the idea of controversy and that of CSR (Lindorff *et al.*, 2012). On the one hand, we have already said that controversial firms may be legal and contribute to economic development; however, they are also a source of harm both in social and environmental terms. This is especially true in the case of vulnerable populations (Bristow, 2007; Lindgreen, 2003; Eabrasu, 2012; Joutsenvirta and Vaara, 2009) such as local communities in developing countries (Reed, 2002; Kapelus, 2002) as it is the case of the "cursed communities" in Namibia, which will struggle to reach long-term sustainability once the mining *boom* is over (Littlewood, 2014), or even groups of consumers highly exposed (Lê Cook *et al.*, 2003). Even in those cases in which civil society gets actively involved in the debate around environmentally controversial issues (where we could expect a more participatory and democratic decision-making process that would ultimately lead to voluntary compliance), public opinion might not be respected by industries, since usually the principles of economic growth tends to contradict those of environmental preservation, as Judith Layzer (2002) has shown in her case study about the open space belonging to the McLean Hospital in Massachusetts. On the other hand, there is distrust

not only in the efficiency of such initiatives, but also in that discursively expressed intentions that do not coincide with organizational behavior: "...the effectiveness of CSR initiatives in the oil, gas and mining sectors has been increasingly questioned, and there is mounting evidence of a gap between the stated intentions of business leaders and their actual behavior and impact in the real world" (Frynas, 2005:581).

Because of the usual perception that these firms entail unethical behavior, some authors have challenged the idea that controversial firms can be seen as authentically responsible in the eyes of stakeholders, even when they declare to be adopting CSR initiatives. It is not by chance that many of these authors analyze controversial firms with regards to the existing gap between what firms declare as their intentions through advertising (which is, essentially, a type of organizational "talk" (Brunsson, 2002 and 2003), directed to their constituencies) and real, concrete actions. For example, Strahilevitz (2003) found that firms perceived as unethical in practice are suspected of having dishonest motives to be involved in cause-related marketing campaigns: this is to say that when stakeholders perceive that communication campaigns are inconsistent with organizational actions, the climate of distrust will rise. Yoon *et al.* (2006) also discuss the lack of consistency between "talk" and "actions." In their experimental research, they found that if consumers become aware that firms allocate more resources to advertisement-related expenses rather than CSR contributions, they will become suspicious of the sincerity of motives behind CSR. Conversely, when they perceive that more capital is allocated in CSR initiatives rather than in advertising, they will likely believe that their motives are sincere. The inconsistency between CSR adoption and organizational actions is also present in Kolk and Perego's (2014) work. In their study of the use of sustainable bonuses in the Netherlands (publicly adopted in order to show their commitment to environmental sustainability), they showed that firms' actions are not necessarily consistent with the principle of sustainability, and certain types of bonus may generate ultimately a loss of credibility, since they appeared to be "window-dressing" measures. Consequently, as Blanco *et al.* (2013) argue in their study of US controversial firms, "...the effort made by companies involved in activities considered controversial to achieve legitimacy through social responsible activities is not enough to overcome the unethical perception that stakeholders have of them." (Blanco *et al.*, 2013:69).

In contrast to such evidence, other authors indicate that for controversial firms, the adoption of CSR initiatives increased their reputation and image in the face of society. For the tobacco industry, Barraclough and Morrow (2008) found that CSR activities contributed to a favorable image. Cai *et al.* (2012), after analyzing firms that implement CSR as (1) "window-dressing" (to

legitimize questionable practices), (2) as a way to enhance firm value (value-enhancement), (3) or simply as a response to management, concluded that, even in controversial industries, managers can choose to behave morally and engage CSR in the core business strategy. Building upon such conclusion, Jo and Na (2012) analyzed American controversial industry firms such as alcohol, tobacco, gambling, among others. Indicating that firms operating in a controversial sector may face a higher level of risk (risks faced by a firm when operating, due to internal and external factors, that may affect its profitability), the authors inquire whether they may reduce firm risk by implementing CSR, even when producing services and goods that may ultimately be harmful to society or the environment. They concluded that firm risk is negatively related to CSR engagement (risk-reduction hypothesis) instead of generating distrust within their audiences (the window-dressing hypothesis). On their study on the impact of CSR to internal stakeholders, De Roeck and Delobbe (2012) concluded that CSR can be positively perceived and, therefore, influence employees' attitudes to enhance legitimacy. De Colle and York (2009), based on the principle of harm minimization, argued that: "...it is *not the product* that a company produces and sells that inherently generates an ethical problem. Rather, it is *the manner in which a company operates* that is worthy of moral assessment. [Emphasis in the original]" (de Colle and York, 2009:89).

The literature examined contributes with an interesting discussion on how controversial industries are not just the product of exclusively legal, economic, environmental, or cultural aspects. Controversial industries are a problem of moral legitimacy, as defined by Suchman (1995). Therefore, their main challenge is that of reaching social acceptance so as to decrease scrutiny. What this literature is not able to explain is how stakeholders concretely challenge these controversial industries. Moreover, we still lack an understanding of how stakeholders can be challenged as well in terms of their moral legitimacy, and how these could also get active in the controversy, in order to overcome questioning, rather than just being the actors who question and scrutinize the industry. Therefore, we will proceed in the next section to how the PCSR focusing on controversies as episodes rather than taking focal organizations as their unit of analysis can help to overcome the mentioned limitations.

Table 2 presents a summary of legitimacy and legitimation in the literature on controversial industries.

Table 2 Legitimacy and legitimation in the literature on controversial industries.

Topic description	Exemplary references	Main ideas on legitimacy and legitimation
<ul style="list-style-type: none"> • Higher level of questioning • Controversial industries as harmful in moral, social, or environmental terms. • Strengths of controversial industries: may be compliant to law, profitable, economically viable, provide tax revenue and employment. 	<p>Reast <i>et al.</i> (2013); Parguel <i>et al.</i> (2011); Du and Vieira (2012); Lindorff <i>et al.</i> (2012); Chen <i>et al.</i> (1999); Cragg and Greenbaum (2002); Waller <i>et al.</i> (2012), Du <i>et al.</i> (2012); Fam and Waller (2003); Fam <i>et al.</i> (2009); Yakovleva <i>et al.</i> (2012); Dougherty and Olsen (2014)</p>	<ul style="list-style-type: none"> • Undergo higher level of scrutiny or questioning, therefore legitimation processes are more complex. • Legitimation through harm-minimization. • What makes an industry illegitimate is not a universal standard and varies from context to context.
<ul style="list-style-type: none"> • Tension between CSR and controversial industries. • Controversial industries and vulnerable populations. • Suspicion of ritual adoption of CSR 	<p>Bristow (2007); Eabrasu (2012); Lindgreen <i>et al.</i> (2012); Reed (2002); Kapelus (2002); Littlewood (2014); Cook <i>et al.</i> (2003); Strahilevitz (2003); Yoon <i>et al.</i> (2006); Kolk and Perego (2014); Blanco <i>et al.</i> (2013)</p>	<ul style="list-style-type: none"> • Organizations that harm vulnerable population raise questioning, no matter their implementation of CSR. • Irresponsibility: When perceived, leads to illegitimacy.
<ul style="list-style-type: none"> • Positive relation between CSR and legitimacy. • Questioning is not about the product but on how it is produced. 	<p>Barraclough and Morrow (2008); Cai <i>et al.</i> (2012); Jo and Na (2012); De Roeck and Delobbe (2012); De Colle and York (2009)</p>	<ul style="list-style-type: none"> • CSR increases organizational image. • CSR increases legitimacy and therefore reduces firm risk. • CSR increases legitimacy in internal and external audiences.

1.1.4. Controversies in PCSR: How stakeholders compete for legitimation

During the last years, we have witnessed a shift in the unit of analysis. A group of authors has approached the industry (or firm) no longer as the main protagonist. The unit of analysis is now the controversy, understood as an “episode” or an “issue”, where multiple actors struggle for resources and positions (Cobb and Elder, 1995); namely, moral legitimacy (as defined by Suchman, 1995). In the “controversy” or episode, authors are interested in analyzing the adverse relation between the actors (social, governmental, industrial) and how they interact in order to legitimize their positions. Mutti *et al.* (2012) analyzed the role of stakeholders in a controversy around the mining industry in a developing country (Argentina), emphasizing that -during these conflicts- firms do not perceive all the universe of stakeholders as equally relevant or as individual actors. Furthermore, firms interact strategically with “stakeholders’ networks” of different nature in diverse ways: according to them, stakeholders regroup in institutional, industrial, and social networks which are structured around political, economic, and social patterns. Accordingly, Vazquez-Brust *et al.* (2010) showed that in the mining controversy in Argentina, managers react differently to pressures exercised from their stakeholders, depending on if these belong to the institutional, the industrial, or the social tissue.

In line with the previous PCSR contributions analyzed, governments have a prominent role in these controversies. As a matter of fact, governments may create a fertile soil for controversies around industries. Reed (2002) has described how certain policies adopted by governments in developing countries since the decade of 1980 (such as privatization, deregulation) have empowered multi-national corporations from developed countries to re-localize their operations to these zones, and thus, stimulating the emergence of controversial issues. According to the author, many of these firms are prosecuted by their governments of origin, but supported by them when they attempt to operate in developing countries, revealing a “double-standard” behavior. Byrne (2007) has analyzed CSR in arms’ firms, an industry that has raised countless controversies due to the negative externalities it has caused. Governments have usually justified the existence of the weapon industry through a socially-constructed argument based on its role in national defence, sovereignty, and protection. Moreover, weapons’ firms “...enjoy the collaboration, endorsement, and generosity of its principal customer, that is, government [...] this industry depends for its working capital on the continuous input of government funds obtained from taxpayers and creditors” (Byrne, 2007:202-205). However, the weapon industry is not a docile servant of the nation and the author concludes that the argument is weak since many

of the weapons commercialized worldwide (while endorsed by governments) are not used nor sold by nation-states. Governments become then accomplices in a process that "...has become so complex that the respective roles of government agencies and private contractors are blurred." (Byrne, 2007:210). Governments may even create the conditions for controversies to reproduce or to become unsolvable. Novek and Kampen (1992) show in their study of the pulp and paper industry that States face contradictory pressures: governments have to promote economic growth but also may get trapped in the political turmoil that environmental controversies generate, leading to a deficient capability in the regulation of controversial industries through a technical and depoliticized process.

Particularly interesting for our research is how a group of authors have analyzed the discursive dimension of environmental controversies. These contributions provide insights on how stakeholders talk in order to influence moral legitimacy and, ultimately, the outcome of such episodes. Joutsenvirta and Vaara (2009), who analyze the conflict of the pulp mills between Argentina and Uruguay, focus: "...on 'talk' which is used to legitimize or delegitimize a controversial corporate undertaking" (p. 88). According to the authors, in the context of sociopolitical controversies, stakeholders' legitimation attempts through argumentation take place alongside legalistic, truth, and political struggles. It is through discursive practices that stakeholders attempt to construct senses of (il)legitimacy to (de)establish legitimacy for socially contested corporate undertakings. With the assistance of critical discourse analysis, Joutsenvirta and Vaara (2015) examine discursive (de)legitimation strategies used in the context of controversies, in which "...powerful and opposing actors" confront each other (p. 744). They propose four (de)legitimation discourses: the technocratic discourse, the societal discourse, the national-political discourse, and the global capitalist discourse. Their analysis is country-level so while they investigate the dynamic of such discourses and how these evolved along the period of time under analysis, they do not elucidate how each stakeholder concretely uses the strategies.

Patriotta *et al.* (2011) explored an episode in which an accident triggered a debate that argumentatively confronted opponents and defenders of the institution at stake (that is, nuclear industry). Stakeholders that hold inconsistent interests mobilize diverse principles to justify their positions, since their usual sources of legitimacy are being questioned or challenged. Drawing on Boltanski and Thévenot's 'economies of worth', they show how stakeholders compete through justifications grounded in such common worlds. Gond *et al.* (2016), accordingly, also draw on the economies of worth to explain the mechanisms underlying the relation between justification and power along controversies. Adopting a multistakeholder approach, the authors

develop a process model that shows how actors talk, but also how they react when their contenders answer back: stakeholders' answers are contingent to the way in which their contenders' talked. They show how stakeholders are more or less able to influence the evolution of the conflict, whether because certain uses of power constrain or enable forms of justification, but also because uses of justification affect different forms of power. Importantly, the processual approach offers a dynamic account that emphasizes the interactive dimension through which the controversy unfolds. It is the multiplicity of actors intervening that shapes the outcome that the episode will have.

However, what these contributions do not reveal so far is how such talk may not reflect stakeholders' real intentions or their concrete actions, and may just portray the way in which stakeholders want to be perceived in the context of the controversy. These leaves two questions unanswered. Firstly, we cannot still explain how specific types of talking that stakeholders use when they decide to implement hypocritical tactics could affect the evolution of the controversy. Secondly, we are not yet able to see how other stakeholders may react when they perceive such inconsistency between talk and actions and how can this, in turn, affect the way in which the episode evolves. We proceed in the next section to review how the literature in organizational institutionalism can shed light on our research question.

Table 3 summarizes issues of legitimacy and legitimation in controversies in PCSR.

Table 3 Controversies in PCSR

Topic description	Exemplary references	Main ideas on legitimacy and legitimation
<ul style="list-style-type: none"> • Controversy as unit of analysis • Transition from the firm as unit of analysis to how involved actors shape the controversy • How stakeholders talk in order to justify their positions. • The role of governments fostering irresponsibility, double standard and conflict 	<p>Patriota <i>et al.</i> (2011); Joutsenvirta and Vaara (2009 and 2015); Mutti <i>et al.</i> (2012); Gond <i>et al.</i> (2016), Vazquez-Brust <i>et al.</i> (2010); Reed (2002); Byrne (2007); Novek and Kampen (1992)</p>	<ul style="list-style-type: none"> • Controversy as legitimacy test: institutional arrangements are revisited • Diverse actors involved competing for the legitimacy of their interests in the context of a controversy • How stakeholders talk/justify/mobilize (i)legitimate discourses in order to compete for legitimation.

1.2. Legitimacy in organizational institutionalism

The notion of legitimacy is central in social sciences in general. According to Deephouse and Suchman (2013), it was Max Weber ([1922] 1978) who introduced it in sociology with his discussion on the types of legitimate domination. In organizational theory, the concept of legitimacy (and how organizations can achieve and preserve it) has also been extremely relevant for many schools, such as organizational institutionalism (Meyer and Rowan, 1977; DiMaggio and Powell, 1983), the strategic approach (Pfeffer and Salancik, [1978] 2003; Ashfort and Gibbs, 1990), and the ecology of populations (Hannan and Freeman, 1977), among others. Still today, the concept of legitimacy is central in the literature focusing on the societal level of analysis (Joutsenvirta and Vaara, 2009).

Legitimacy is essential for organizational survival; this probably explains why it has been one of the most important issues that scholars in organizational sociology have analyzed (Greenwood *et al.*, 2013; Jarzabkowski *et al.*, 2010). Legitimacy is defined as “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995:574). In general terms, we could define legitimation as the process (Zimmerman and Zeitz, 2002) through which the legitimacy of a determinate subject will change over time (Deephouse and Suchman, 2013; Suchman, 1995). Moreover, the process of legitimation is closely related (and a requisite) to that of institutionalization (Suchman, 1995; Hybels, 1995). However, while legitimacy is essential for survival, it may not be enough. Neoinstitutionalists observed that legitimacy depended on how organizations reflected ‘rationalized myths’ embodying a socially constructed reality. But given that ‘ceremonial adoption’ may not necessarily lead to efficiency, they proposed that organizations search for legitimacy through decoupling formal structures from everyday practices (Meyer and Rowan, 1977). While these general definitions are widely accepted today, they reflect a long evolution of the institutional literature over the years. In the following section, we will analyze how the concept of legitimacy and its main assumptions have unfolded over the last decades. As well, we will discuss the literature on decoupling, and then focus on a particular type: hypocrisy; namely, the decoupling between organizational talk and organizational actions.

1.2.1. Legitimacy: From passive adaptation to social construction

During the 1970s and 1980s, the neoinstitutional conception of legitimacy collided with the work of the strategic tradition that assumed that organizations are actors that can actively manipulate their environments in their search for social support (Pfeffer and Salancik, [1978] 2003; Ashfort and Gibbs, 1990). This is because classic neoinstitutionalists understood legitimacy as the outcome of passive adaptation to the isomorphic pressures to which organizations have to conform (Sahlin and Wedlin, 2013).

Seminal contributions in neoinstitutionalism (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) indicated that efficiency is not enough for organizational survival; organizations need to be also conceived as legitimate. The reason why organizations experience such pressures is that they are immersed in organizational fields, which are non-local environments containing (Powell and DiMaggio, 1991): "...those organizations that, in the aggregate, constitute a recognized area of institutional life" (DiMaggio and Powell, 1983:147). Initially, when organizational fields are in their nascent states, they tend to contain heterogeneous elements. However, isomorphism, a constraining process through which organizations are forced to resemble other organizations that face a similar situation (Powell and DiMaggio, 1983), is supposed to lead to the structuration of the field. Organizations immersed in structured fields cannot ignore isomorphic pressures and will eventually become homogeneous as a result of their search for legitimacy and survival. Homogeneity has been, in fact, one of the most relevant inquiries in the literature on institutions and on legitimacy during the decade of 1980 (Greenwood *et al.*, 2013).

Furthermore, according to neoinstitutionalists, if organizations want to remain legitimate, these are forced to adopt rationalized myths while in reality they do not, since "myths" do not necessarily imply efficiency. Meyer and Rowan (1977) adopted the popular idea of loosely coupling (Weick, 1979), which alludes to how organizational practices and organizational structure are disconnected, and thus show that organizations search for legitimacy through "decoupling". We will refer to this literature in more detail in the next section, but it is important to mention that for neoinstitutionalists, the concepts of decoupling, isomorphism and legitimacy are closely related.

While neoinstitutionalists considered organizations as passive entities that were forced to adapt to external isomorphic pressures as a way to remain legitimate, during the mid 1990s, organizational researchers were faced with the need to accept that neither institutional contexts

nor organizations would necessarily become homogeneous. Likewise, scholars experienced the need to inquiry about agency, leading to a shift towards different understandings of legitimacy (Greenwood *et al.*, 2013). Some literature started questioning the concept of legitimation as passive adaptation. In her seminal article, Oliver (1991) integrated neoinstitutional premises and resource dependence theories to show that “...organizational behavior may vary from passive conformity to active resistance in response to institutional pressures...” (Oliver, 1991:146). Elsbach and Sutton (1992), in their study of ACT UP and Earth First!, integrated impression management and institutional theory to show how organizations acting controversially and challenging expectations can nevertheless avoid legitimacy loss by the strategic implementation of impression management techniques. Arndt and Bigelow (2000), accordingly, integrated impression management and institutional theory to show how organizations legitimate their radical changes in front of their stakeholders. In a pivotal contribution, Suchman (1995) integrated assumptions of the strategic literature and from the institutional literature to show that organizations can be actively involved in gaining legitimacy, not only by conforming, but also by manipulating their environments. Additionally, organizations can work to maintain legitimacy, and even to repair legitimacy when facing a crisis. These seminal articles set the stage for a different understanding of legitimacy and legitimation in the context of new trends in organizational institutionalism generally. This new approach to legitimacy and legitimation assumes that organizations can proactively strategize in order to acquire legitimacy (Zimmerman and Zeitz, 2002).

In this literature, isomorphism is no longer seen as a source of legitimacy (Kostova *et al.*, 2008), since organizational fields are not “...totalizing and shared phenomena [and] they are in fact riven with inconsistencies and conflict [...] boundaries are not static, conflicts among actors arise, and structuration does not produce perfect reproduction...” (Hardy and Maguire, 2013:203-204). In neoinstitutional literature, isomorphism was expected to create a unique institutional logic (an organizing principle that shapes ways of viewing and interpreting the world, Suddaby and Greenwood, 2005). However, organizations operate in multiple institutional spheres (institutional pluralism, Kraatz and Block, 2013); the search for legitimacy by means of conforming to pressures is not possible, because organizations face multiple and even conflicting audiences (Boxenbaum and Jonsson, 2013) which hold conflicting interests and enough power to ensure the legitimacy of those interests (Jarzabkowski *et al.*, 2010). Presently, the notion of isomorphism is replaced in institutional studies by heteromorphism, or how organizational practices and structures become heterogeneous instead of homogeneous (Rouleau, 2010). Table 4 summarizes the evolution between these phases.

Table 4 Prevalent subjects and issues in institutional theory.

<p style="text-align: center;">Neoinstitutionalism (1980-1990)</p>	<p style="text-align: center;">New Neoinstitutionalism (2000-currently)</p>
<ul style="list-style-type: none"> • Isomorphism • Structuration of organizational fields • Organizations as passive actors • Legitimacy and legitimation as adaptation to external pressures • Persistence 	<ul style="list-style-type: none"> • Heteromorphism • Pluralism in organizational fields • Organizational agency • Legitimacy and legitimation as a process of social construction, where organizations play an active role. • Change

Particularly for the concept of legitimacy, the main inquiries have shifted from the issue of homogeneity to how organizations acquire and manage legitimacy in such plural contexts, instead of passively adapting to them (Greenwood *et al.*, 2013). Suchman (1995), in his seminal contribution, distinguished between pragmatic, moral, and cognitive legitimacy. Pragmatic legitimacy “...rests on the self-interested calculations of an organization’s most immediate audiences” (p. 578). Moral legitimacy rests on the: “... judgments about whether the activity is ‘the right thing to do’ [...] as defined by the audience’s socially constructed value system” (p. 579). Lastly, cognitive legitimacy (predominant in Neoinstitutionalism), refers to legitimacy dynamics that rest on: “...taken-for-grantedness [or] based on cognition rather than on interest or evaluation” (p. 582).

Contributions related to how MNCs operate in multiple contexts have been relevant to create new understandings of legitimating environments (now, “meta-environments”) where legitimation processes are complex and challenging (Kostova and Zaheer, 1999). PCSR scholars have echoed how the new world order has made legitimation complex for MNCs. Likewise, legitimacy does not depend on organizational passive adaptation to isomorphic pressures, but results from a process of social construction and negotiation of their “...status with each of these actors [...] which creates a perception of the organization without necessarily having to implement certain models and practices. Legitimacy, therefore, is more a social construction than a function of isomorphism” (Kostova *et al.*, 2008:1001). Therefore, the idea of taken-for-grantedness or cognitive legitimacy once predominant in organizational institutionalism (Suchman, 1995) has given way to approaches where organizations are strategic actors (Oliver, 1991) and managers are capable of manipulating such environments in their search for legitimacy (Suchman, 1995; Scherer *et al.*, 2013). In the next table, we summarize these contributions, according to the three stages suggested (neoinstitutionalism, the transition, and the

new neoinstitutionalism). Table 5 presents main ideas on legitimacy and its evolution on institutional theory.

Following, we will briefly analyze the concept of decoupling, and then proceed to examine extant literature on hypocrisy, which is a specific type of legitimation strategy used by organizations that decouple the way in which they talk from the way in which they act.

Table 5 Literature on legitimacy in institutional theory.

Topic description	Exemplary references	Main ideas on legitimacy and legitimation
<p><i>Neoinstitutionalism (1980s-1990s):</i></p> <ul style="list-style-type: none"> • Isomorphism • Structured institutional fields • Organizations as passive actors • Persistence 	<p>Meyer and Rowan (1977); DiMaggio and Powell (1983);</p>	<ul style="list-style-type: none"> • Legitimacy as adaptation to external pressures • Legitimized practices diffuse across environments • Demands expected to be uniform
<p><i>Transition to more strategic approaches (1990s):</i></p> <ul style="list-style-type: none"> • Blend between strategic approaches and institutional theory, and impression management theories. 	<p>Oliver (1991); Suchman (1995); Elsbach and Sutton (1992); Arndt and Bigelow (2000)</p>	<ul style="list-style-type: none"> • Organizations can purposefully search for legitimacy. • Institutional fields no longer seen as uniform
<p><i>The New Neoinstitutionalism (2000s-currently):</i></p> <ul style="list-style-type: none"> • Hybridization: other theories contribute to the development of institutional theories • Pluralism • “Meta-environments” of legitimation 	<p>Kostova <i>et al.</i> (2008); Kostova and Zahreer (1999); Zimmerman and Zeitz (2002)</p>	<ul style="list-style-type: none"> • Institutional fields as plural and complex, organizations facing inconsistent demands • Institutional fields as “meta-environments” • Multiple and contradictory legitimation sources • Legitimation as process of social construction

1.2.2. Decoupling and legitimacy: From ceremonial adoption to hypocritical strategies

In classic organizational research, such as Max Weber's account of bureaucracy, the formal elements and policies of any organization are supposed to be highly integrated into day-to-day practices and activities. Organizational decision-making is assumed as a top-down process that requires tight coupling (Bussigel et al., 1986). Consequently, coordination and control are critical aspects of successful organizations (Meyer and Rowan, 1977). Organizational theorists have questioned such alignment arguing that it is more an ideal than a reality. For example, Cohen, March and Olsen (1972), in their famous garbage can model, proposed that organizations could be seen as 'organized anarchies' and outlined the disconnection between the streams of problems, solutions, and decision makers within organizations:

“...organizations can often be viewed as vehicles for solving well-defined problems [however] an organization is a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work.” (Cohen et al., 1972:2).

Karl Weick (1976), who also focused on educational organizations as Cohen et al. (1972) reflected on how structures are coupled but only in a loose fashion; this flexibility allows the organization to survive. In this loose coupling: “...events are responsive, but that each event also preserves its own identity and some evidence of its physical or logical separateness [...] crucial properties of the 'glue' that holds organizations together” (Weick, 1976:3).

Loose coupling was a highly influential idea for neoinstitutionalism. Meyer and Rowan (1977) elaborated on Berger and Luckmann's (1979) to indicate that organizations structurally reflect socially constructed realities. They proposed that rationalized organizational elements did not necessarily lead to organizational efficiency. But organizations created ceremonial means to adopt them because these became prevalent and pervasive:

“To maintain ceremonial conformity, organizations that reflect institutional rules tend to buffer their formal structures from the uncertainties of technical activities by becoming loosely coupled, building gaps between their formal structures and actual work activities [...] A sharp distinction should be made between the formal structure of an organization and its actual day-to-day work activities.” (Meyer and Rowan, 1977: 341).

Neoinstitutionalists outlined the close relation between the concepts of legitimacy, decoupling and isomorphism: since organizations are able to decouple their formal structures (that reproduce ceremonial conformity) from their concrete, real actions (that search for efficiency) they can provide a response to isomorphic pressures and obtain legitimacy while still remaining efficient (Boxenbaum and Jonsson, 2013).

Classic neoinstitutional theorists such as Meyer and Rowan (1977) conceived decoupling as a defensive strategy (Boxenbaum and Jonsson, 2013). Some scholars started to discuss if and how agency played a role in decoupling processes. For example, Oliver (1991) identifies five strategic responses that range from passivity to active resistance. In this typology, decoupling is an avoidance strategy that organizations use in their attempt to obtain legitimacy when they have agency enough to avoid compliance but not agency enough to defy such pressures (through dismissing, challenging or attacking) or to manipulate their context (through coopting, influencing or controlling). Then, organizations may be able to strategically choose when and how to decouple, for example, through buffering (reduce scrutiny and thus conceal controversial aspects) or through window-dressing given that the appearance of conformity may be: "... sufficient for the attainment of legitimacy" (Oliver, 1991:155).

Since then, scholars have suggested that decoupling could be a strategic rather than a purely responsive resource. For example, Elsbach and Sutton (1992) discussed how spokespersons using impression management techniques were able to raise endorsement from their constituencies, since they strategically decoupled their controversial activities from their legitimate structures. Beverland and Luxton (2005) show how luxury brands implement marketing plans based on the strategic decoupling of their image and internal practices. Hirsch and Bermiss (2009) highlighted the role of agency in decoupling showing how institutional entrepreneurs become involved in the purposeful design of loosely coupled institutional systems. All these contributions have in common a strategic approach to decoupling (rather than purely defensive) that is intended to lead to organizational legitimation.

More recently, research has shown that organizational leaders may put decoupling at the service of their own, particular interests. For example, Westphal and Zajac (2001) analyzed the conditions in which organizations may adopt stock repurchase programs, and suggested that organizational leaders could use decoupling to 'advance their political interests and/or preserve their power and influence over the organizations' when boards are less able to influence them (p. 206). Accordingly, they found that influential CEOs encouraged the adoption of practices that display concern for shareholders' interests, but discourage its concrete use. This is a political attempt to legitimize themselves in the eyes of shareholders (Westphal and Zajac, 1994).

1.2.2.1. Types of decoupling

During the last years, we found diverse types of organizational inconsistencies under the umbrella term of 'decoupling'. For example, Bromley and Powell (2012) distinguish between

the literature that refers to decoupling as policy-practice gap (symbolic adoption) and the literature that analyzes the means-ends gap (symbolic implementation).

The **policy-practice gap** refers to: "...policies adopted purely as ceremonial window dressing or implemented, evaluated, and monitored so weakly that they do little to alter daily work routines" (Bromley and Powell, 2012:489). Westphal and Zajac's series of studies constitute an illustration for policy-practice decoupling. Westphal and Zajac (1994) examined how CEOs pressure boards into adopting long-term incentive plans (LTIP) in US firms that will appeal to shareholders, but also restrict their use. Westphal and Zajac (2001) focus on stock repurchase programs in order to analyze how firms diversely respond to external pressures. They observe that some firms adopt announced programs only symbolically, decoupling the policy from the reality of corporate investments. But even when the evidence of decoupling accumulates, this does not mean that the market value of a policy will decrease (Zajac and Westphal, 2004). As well, symbolic adoption allows the coexistence of conflicting policies in order to appeal to diverse audiences but that in practice it would be impossible to put them into practice (Bromley and Powell, 2012).

Hypocrisy, another type of decoupling (Land et al., 2014), focuses specifically in the talk-action gap (Boxenbaum and Jonsson, 2013). We review extant hypocrisy literature in the next section, but it should be mentioned that it constitutes another example of policy-practice gap (Bromley and Powell, 2012). Talking can reach audiences faster (in comparison, for example, to the symbolic adoption of an organizational protocol). Consequently, it is a valuable resource to manage the impressions of those audiences that are not directly observing the organization (Brunsson, 2003). Additionally, talking provides freedom, given that it is less binding than other types of symbolic adoption. Consequently, organizational hypocrisy can also adopt the format of double talk (Brunsson, 2003). Sikka (2010) shows how organizations could talk to external stakeholders about their commitment to CSR but also talk to their employees when training them on tax avoidance and evasion schemes.

Decoupling can also adopt the form of inconsistent **means and ends**; that is, symbolic implementation. While in symbolic adoption, there is no concrete implementation, in means-end decoupling: "...policies are [effectively] implemented but the link between formal policies and the intended outcome is opaque" (Bromley and Powell, 2012:489). Furthermore, there can even be full implementation. However, even if the implementation takes place, it remains ceremonial in the sense that is decoupled from the ultimate organizational end; hence, it is just symbolic (Bromley et al., 2012). Boiral (2007) analyzed how diverse industrial organizations transformed

rationalized myths and developed parallel structures consisting of documents and rules that allowed organizations to showcase conformity with the ISO 14001 while being audited to obtain certifications. In their analysis of how institutional entrepreneurs in developing countries implement international CSR standards for child labor monitoring, Jamali et al. (2015) narrate how entrepreneurs implement and monitor child labor policies that are highly visible to the international community. Favored by the conditions of ambiguity and weak control that characterize developing countries, they can commit to such coupling because they decouple other concrete and less visible labor practices from such high standards. Jamali et al. (2015) label symbolic implementation ‘selective decoupling’, which allows entrepreneurs to remain productive and competitive in the international supply chain and also to divert attention from their labor practices. Conversely to the ‘potential’ that the literature has outlined in institutional entrepreneurship, entrepreneurs, with their work, can reproduce (rather than overcome) social deprivation, exacerbating living conditions for their intended beneficiaries (Jamali et al., 2015; Kahn et al., 2007). Human right treaties could also constitute an illustration of means-ends decoupling. When some countries ratify treaties, they include reservations on specific points, creating the means to evade these aspects while they fully comply with others (Cole, 2012).

Other concrete example of means-ends decoupling is when organizations adopt activities or practices that are not related to core activities, or that are integrated in operational systems that have no direct connection with production, such as accounting, personnel, management, evaluation, or monitoring (Bromley and Powell, 2012). Through this decoupling, organizations ‘isolate’ practices that are effectively implemented but have no impact on the ultimate organizational end. This practice of isolation has also been referred to as compartmentalization (Pratt and Foreman, 2000). It could also be the case of CSR practices that are implemented but not integrated with the firms’ core activities (Du et al., 2012; Basu and Palazzo, 2008; Weaver et al., 1999).

1.2.2.2. The enabling and constraining aspects of decoupling

Sociological institutionalism has portrayed decoupling as an alternative route for achieving legitimating benefits but avoiding pressures that could compromise organizational efficiency (Boxenbaum and Jonsson, 2013). Additionally, ceremonial adoption is less resource intensive than acquiescence (Dacin et al., 2007). Once an actor achieves legitimacy, scrutiny may decrease and the actor may gain freedom to continue pursuing its actions (Deephouse and Suchman, 2013). Therefore, decoupling paves the way for the persistence of practices that are technical

imperatives or for the persistence of practices that the organization wants to keep less visible. Audiences have a role: internal and external audiences contribute to the persistence of decoupling by assuming that things are as they seem and that roles are performed in a proper way. Meyer and Rowan (1977) refer to this phenomenon as ‘the logic of confidence and good faith’. As long as audiences trust that the organization is acting accordingly to what it said, the organization will be able to avoid closer scrutiny or evaluation (Boxenbaum and Jonsson, 2013). If that is the case, the organization that avoids scrutiny may end up having more freedom of action and may even be able to radicalize such practices. For example, in the field of human rights, Cole (2012) indicates that ceremonial adoption can reinforce misbehavior, given that human rights violation has increased after the ratification of treaties. He referred to this situation as ‘radical decoupling’: the degree of decoupling worsens after the ceremonial adoption of a policy (Cole, 2012). This is possible only after decoupling: states gain the legitimating benefits that derive of the ratification of a treaty and this reduces external scrutiny that triggers a “...spiral into a greater degree of violence...” (Hafner-Burton and Tsutsui, 2005). In the same tone, Surroca *et al.* (2013) suggested that pressures for responsibility actually lead to irresponsibility: while organizations respond to those audiences that pose such demands with responsible policies, they can only sustain them because they transfer their irresponsible behavior to contexts where stakeholders’ expectations are lower. Zyglidopoulos and Fleming (2011) suggests that the ‘politics of visibility’ (corporative transparency policies adopted in response to pressures for openness) have in fact made it easier for corporations to overdramatize what they are willing to make visible while keeping secrecy about certain issues. We learn from these contributions that when organizations comply with certain issues, regulations, or standards and they effectively distract audiences from other questionable actions, decoupling provides them with more freedom of action on those subjects that organizations manage to keep covert.

Nevertheless, decoupling can have constraining effects (Bromley and Powell, 2012). One set of criticism is related to how decoupling, while ironically a resource to avoid delegitimation, will lead to discredit if perceived. Because: “...institutional decoupling carries with it a risk of detection where it would no longer confer legitimacy, but probably shame, onto the organization” (Boxenbaum and Jonsson, 2013:86) it is *per se* unsustainable, given that it can counterproductively lead to discredit. The role of audiences becomes essential; and these are expected to develop negative orientations that could lead to pressures for recoupling. Hafner-Burton and Tsutsui (2005), in their study on how states may be prone to ratifying international human rights regimes but not complying with them (e.g. because they keep applying systematic repression), label such constraining as the ‘paradox of empty promises’: “As nation-states make

formal legal commitments to symbolize human rights compliance even while they are in violation, this process of ‘empty’ institutional commitment to a weak regime paradoxically empowers non-state advocates with the tools to pressure governments toward compliance” (p. 1378). Tilcsik (2010) also indicates that audiences may actively demand for recoupling (that is, the reconnection of concrete practices with ceremonially adopted policies) and that eventually the decoupling will turn into compliance. Specifically, internal audiences that perceive the inconsistency, in order to avoid cognitive dissonance between the ceremonially adopted policy and their day-to-day practices, may feel motivated to enforce full compliance (Fiss and Zajac, 2004; Christensen et al., 2013; Haack et al., 2012), which will eventually lead to re-coupling as well. To sum up, the main risk about decoupling is that it can be perceived. When this happens, decoupling will constrain the organization, because audiences who reject it may force it into recoupling.

Other authors suggest that decoupling is temporally bounded because it is only a ‘transitory solution’, that becomes unstable over time and that exclusively allows to postpone complying with external pressures (Boxenbaum and Jonsson, 2013; Scott, 2008; Fiss and Zajac, 2004). Barley and Tolbert (1997) indicate that changes in formal structures will hardly take place without affecting interaction order, and that decoupling will rarely live because recoupling will eventually take place. Scott (2008) also questions the stability of decoupling as the ‘hallmark’ of institutional theory: the very existence of buffering units for symbolic reasons signals some type of compliance and shows that decoupling is not a stable solution. Tolbert and Zucker (1996) directly see the idea of decoupling as ambiguous, because: “...the definition of ‘institutionalized’ itself contradicts the claim that institutional structures are apt to be decoupled from behavior. To *be* institutional, structure must generate action” (p. 179 [emphasis in the original]).

Table 6 presents the literature on decoupling.

Table 6 Literature on decoupling.

Topic description	Exemplary references	Main ideas on legitimacy and legitimation
<ul style="list-style-type: none"> • Ceremonial adoption of legitimized practices. • Decoupling as response to isomorphic pressures. • Organizational decoupling to advance individual agendas. 	<p>Meyer and Rowan (1977); Dimaggio and Powell (1983); Boxenbaum and Jonsson (2013); Elsbach and Sutton (1992); Luxton and Beverland (2005); Hirsch and Bermiss (2009); Westphal and Zajac (2001); Zajac and Westphal (1994)</p>	<ul style="list-style-type: none"> • Reflect institutional rules in formal structures to protect legitimacy. • Use impression management techniques for legitimation.
<ul style="list-style-type: none"> • Decoupling as policy-practice gap 	<p>Bromley and Powell (2012); Westphal and Zajac (1994 and 2001); Zajac and Westphal (2004); Sikka (2010).</p>	<ul style="list-style-type: none"> • Decoupling as the ceremonial adoption of legitimized policies.
<ul style="list-style-type: none"> • Decoupling as means-ends gap 	<p>Boiral (2007); Jamali et al. (2015); Kahn et al. (2007); Cole (2012); Pratt and Foreman (2000)</p>	<ul style="list-style-type: none"> • Policies effectively implemented but in activities isolated from the core organizational activity.
<ul style="list-style-type: none"> • Decoupling as a less resource intensive solution than compliance. 	<p>Dacin (2007); Surroca et al. (2013); Hafner-Burton and Tsui-Tsui (2005); Zyglidopoulos and Fleming (2011)</p>	<ul style="list-style-type: none"> • Legitimation through ceremonial adoption requires less use of organizational resources. • Organizations gain freedom to pursue illegitimate activities (pressures for adoption can paradoxically lead to the opposite situation).
<ul style="list-style-type: none"> • Instability of decoupling • Role of audiences 	<p>Fiss and Zajac (2004); Christensen et al. (2013); Haack et al. (2012); Scott (2008); Barley and Tolbert (1997); Tolbert and Zucker (1996)</p>	<ul style="list-style-type: none"> • Risk of detection may lead to delegitimation. • Audiences may force into recoupling. • The adoption of ceremonial units will eventually lead to recoupling.

1.2.3. Decoupling in Scandinavian institutionalism

In the previous section, we have analyzed how the literature on legitimacy and legitimation in sociological institutionalism has evolved from the idea of isomorphism and structured organizational fields (DiMaggio and Powell, 1983) to that of organizations operating in multiple and plural fields (Kraatz and Block, 2013) or “meta-environments” (Kostova and Zaheer, 1999). These ‘meta environments’, conversely to isomorphism, are ridden with conflicting pressures (Jarzabkowski *et al.*, 2010). Furthermore, when organizations are related to activities considered to be controversial, these pressures become especially acute since these are exposed to a higher level of public scrutiny (Reast *et al.*, 2013; Parguel *et al.*, 2011). Organizations (e.g. MNCs, Kostova *et al.*, 2008) are forced to permanently tackle plural arenas that result from the existence of groups with contradictory interests and enough power to ensure the legitimacy of their interests (Greenwood *et al.*, 2013; Jarzabkowski *et al.*, 2010).

Accordingly, contemporaneous literature conceives decoupling as a strategic mechanism to tackle such diverse pressures and not exclusively as a defensive response (Boxenbaum and Jonsson, 2013). Hypocrisy provides an example of how organizations can purposefully decouple their products in order to placate their audiences’ conflicting demands. Organizations can neither ignore pressures, nor can satisfy every claim they receive. If they prioritize or privilege one demand at the expense of others, this could automatically trigger questioning among those who feel neglected, compromising external support and, thus, suffering loss of legitimacy (Brunsson, 2002). Nils Brunsson (2002), a Scandinavian scholar, developed the concept of organizational hypocrisy in the decade of 1980, contemporaneously to what we know as Neoinstitutionalism. However, because it was informed by Scandinavian organizational theory, it also advanced some debates that are currently present in the literature that Rouleau (2010) has labelled new neoinstitutionalism. Before presenting how the literature on organizational hypocrisy has evolved, we will briefly review the basic assumptions of Scandinavian institutionalism.

1.2.3.1. Scandinavian institutionalism: Its contribution to the concept of organizational hypocrisy

Czarniawska and Sevón (1996) coined the term “Scandinavian institutionalism” to refer to a group of contributions that, while still adopting the basic tenets of neoinstitutionalism,

approached the issue of organizational change from a different perspective, assuming that the “...paradoxicality of stability and change...” (Demers, 2007:37) is the *status quo* in organizations. This is essentially different from the neoinstitutional assumption of episodic events that alternate between institutionalization and de-institutionalization (Tolbert and Zucker, 1996). Some of these assumptions are reflected in Brunsson’s (2002) work. On the one hand, in accordance with his neoinstitutional colleagues, Brunsson (2002 and 2003) agreed that organizations compete for “...political power and organizational legitimacy” (DiMaggio and Powell, 1983:149). But, on the other hand, Brunsson shared with Scandinavian researchers the idea that organizations are forced to face: “...multiple and contradictory institutions and expectations” (Greenwood *et al.*, 2013:8). Heterogeneous (or contradictory) demands can be offset through the adoption of hypocrisy (Brunsson, 2002 and 2003).

Additionally, Scandinavian scholars attributed agency to individuals and organizations relatively earlier in comparison to their North-American neoinstitutional colleagues (Lawrence *et al.*, 2010) that described individuals and organizations as passive recipients of isomorphic pressures (Sahlin and Wedlin, 2013). This agentic position (that has aligned Scandinavian institutional theory with the more recent literature in institutional work and institutional entrepreneurship, Boxenbaum and Strandgaard Pedersen, 2010) is echoed in Brunsson’s work that assumes since its origins that organizations strategically search for legitimation through hypocrisy (Brunsson, 2002 and 2003), rather than as passive adopters.

1.2.3.2. Organizational hypocrisy: Seminal contributions

The model of organizational hypocrisy originates in the problem of inconsistency, widely present in the work of Nils Brunsson. Different from the idea of organizational fields proposed by DiMaggio and Powell (1983) where institutionalization is expected to lead to consistency, inconsistent pressures are pervasive and unavoidable even in early contributions to this framework. Therefore, Brunsson (1986) proposed organizational mechanisms that organizations can deliberately implement in order to deal with environments bursting with inconsistencies. Firstly, organizations can try to reflect inconsistencies structurally through the inclusion of industrial democracy mechanisms (and therefore represent diverse interests). Secondly, organizations facing conflictive demands could adopt a depressive attitude, organizing themselves around unsolvable problems (e.g. criminality, drug abuse), to which no solution is expected (and avoid frustration and conflict). Thirdly, he suggested that when these mechanisms were not enough to mitigate inconsistencies and decrease conflict, organizations have to adopt

hypocrisy (Brunsson, 1986). This is how he introduces the idea that organizations can deliberately talk and act in different ways to comply with the multiple demands they receive from their audiences: some demands through talking (pacify demands through the expectation that consistent actions will follow) and some through concrete actions (Brunsson, 2002). With his contributions, Brunsson intended to challenge traditional managerial wisdom, showing that lack of conflict, unity, harmony, and consistency were not the guiding principles of organizations (Brunsson, 1993). In the framework of organizational hypocrisy, environments are not expected to evolve into consistency.

Moreover, Brunsson (1993) sets a distinction between justification and hypocrisy (Brunsson, 1993). Justification is an ideological resource through which actors use talk in order to adapt constituents' ideas to organizational actions through the provision of explanations from actors who talk and act in an inconsistent manner (Brunsson, 2002 and 2003). This is what organizations do when they attempt to provide support to the implementation of controversial practices. Conversely, in hypocrisy, actors address diverse audiences without accounting for the gap between talk, decision, or action, and denying any type of inconsistency by "...admitting hypocrisy is self-defeating: to admit hypocrisy is *not* to be hypocritical" (Christensen *et al.*, 2010:4). To refute the idea of hypocrisy is to take hypocrisy to another level, that of "meta-hypocrisy" (Brunsson, 2003).

Most of Brunsson's contributions remain at the theoretical level. In the next section, we will proceed to analyse more recent contributions on hypocrisy.

1.2.3.3. Recent research on organizational hypocrisy

Brunsson (2002, 2003) developed the concept of organizational hypocrisy after observing that New Public Management (NPM)⁷ reforms implemented for public administrations were mostly rhetorical and had no operational impact. Pollit and Bouckaert (2004) have followed this line and analyzed, from a comparative perspective, the inherent tension between innovation and bureaucratization in state organizations. They suggest how discourses about NPM reforms were strategically used to maintain the momentum and the spirit of the reform and to suit demands for more efficient state apparatuses, however without real, concrete results. According to them, the

⁷ NPM refers to the public administration reform paradigm that inspired administrative reforms in the state apparatus during the decades of 1980 (in developed countries) and 1990 (in developing countries). As a means to answer to demands for qualitative reduction of the Welfare state and the limit of public expenditure, bureaucracies should evolve into entrepreneurial institutions (Osborne and Gaebler, 1993) in which managers freed from centralized control over resources would search for the desired performance outcomes, conversely to their traditional bureaucratic role of followers of procedures and processes (Aucoin, 1990 and 2012).

production of “talk” was the essential *fuel* that stimulated the *spirit of the time*: “...the flow of white papers, charters, and ‘new initiatives’ has been unceasing since the early 1980s. Every country has to have a reform program of some sort, or at least be seen to be discussing one” (Pollit and Bouckaert, 2004:141). This idea is similar to that developed by Christensen *et al.* (2013), who have an optimistic perspective on hypocrisy and CSR. When organizations talk and announce ideals on CSR, CSR becomes aspirational talk that is useful *per se* because of its inspirational power:

“Although aspirational talk *may* lead to pretense, deceit and decoupling as some empirical evidence suggest [...] we argue that aspirational talk under certain circumstances has the potential to produce positive developments within the field of CSR and beyond [...] even when corporate ambitions to do good vis-à-vis society do not reflect managerial action, talk about such ambitions provides articulations of ideals, beliefs, values, and frameworks for decisions –in other words, raw material for (re)constructing the organization [emphasis in the original]” (Christensen *et al.*, 2013:373-376)

Hypocrisy has also been analyzed as the solution that organizations use when lacking physical resources to respond to a demand. Christensen and Lægreid (1998) analyzed inconsistency between talk, decisions, and actions during the reforms in Norway. For these authors, hypocrisy is useful to display a “symbolic” use of public policy: when political leadership lacks the means (financial, administrative, economic) to put into practice a reform, talk, which reveals a symbolic overtone, hypocrisy can be used as a substitute. Moreover, echoing neoinstitutional principles, the application of NPM can be explained as the implementation of a “myth” (Meyer and Rowan, 1977). Myths as NPM are adopted within bureaucracies to increase legitimacy; however, they remain in a symbolic dimension (Christensen and Lægreid, 2007). Brown and Jones (2000) in their analysis of the British “arms to Iraq Affair” concluded that hypocrisy is a mode of sensemaking that will persuade individuals who are in public positions (and, therefore, closely scrutinized) to pragmatically act against their beliefs. Governmental decision-makers will avoid the stress and preserve their self-esteem by adopting hypocrisy. As to the domains of public administration and public policy, the concept of hypocrisy explains the importance of rhetoric in management reforms and in handling public conflicting issues, without a concrete change in some bureaucratic structures.

1.2.3.4. The enabling and constraining aspects of hypocrisy

We have suggested that hypocrisy is a resource that allows organizations to provide inconsistent outputs to audiences in order to mitigate demands and avoid delegitimation (Brunsson, 2003). In this sense, the literature dealing with hypocrisy is not different from that of decoupling: the mobilization of hypocrisy enables actors to avoid pressures for actions that they are unwilling to

concretely implement, while generating the impression that they are fulfilling such requests (Brunsson, 2002).

Furthermore, some authors have discussed how hypocrisy can enable positive social change. Christensen et al. (2013) differentiate between hypocrisy as ‘duplicity’ and hypocrisy as ‘aspirational talk’. The latter has the power to motivate an audience through the use of idealization: “...*aspirational talk* under certain circumstances has the potential to produce positive developments within the field of CSR and beyond” (Christensen et al., 2013:373[emphasis added]). Echoing Austin (1962), the authors claim that talk is not purely constative but performative of organizational reality, and that has the power to stimulate audiences to envision CSR and to stimulate new practices. Hence, talking about CSR ambitions will: “...provide articulations of ideals, beliefs, values and frameworks for decisions –in other words-, raw material for (re)constructing the organization” (Christensen et al., 2013:376). A manager is, thus: “...not a scientist informing [...] but a motivator telling us what can possibly be *made true*” (Christensen et al., 2013:379). Even if there is no guarantee that talk and actions will eventually couple in the long term, audiences may buy aspirational talk as long as they see it as a transitional or preparatory stage towards a morally superior organization. Similarly, Haack et al. (2012) adopt a ‘narrative’ perspective to institutionalization: by adopting rhetorical commitments to CSR practices, organizations ‘talk’ themselves into corrective measures: talking about CSR standards formal adoption will eventually lead to the recoupling of such talking with concrete organizational practices.

While these authors see hypocrisy as an enabler of positive social change, they also advice against the risk that audiences perceive it; they are expected to develop negative orientations towards it and this double-edged sword will become a liability (Sikka, 2010). Because hypocrisy is a label attributed by an observer (Fassin and Buelens, 2011), audiences become central in the stability of hypocrisy. Haack et al. (2012) see hypocrisy as transitory phenomenon, impossible to sustain in the long term in view of public scrutiny (Haack et al, 2012). Accordingly, Christensen et al. (2013) indicate that when audiences assume that hypocrisy is a permanent state or that it is taking excessive time, hypocrisy may be perceived as duplicitous talk; it will be questioned, and will lose its instability. Additionally, because in an era of intense informational flow, the risk of detection of inconsistencies increases (Surroca et al., 2013), maintaining hypocrisy requires permanent work and the constant allocation of resources to “...bolster the appearance of responsiveness through revised codes of conduct, media interventions and nods to increasingly vigilant NGOs.” (Sikka, 2010). For example, Wagner *et al.* (2009) analyzed

customers' opinions and found that firms that adopt an active role in communicating their CSR initiatives tend to be seen as more hypocritical (due to overdramatization) than organizations that adopt a reactive communication strategy (firms that exclusively communicate their positions on CSR in order to protect their image against accusations of irresponsibility), which could ultimately lead to the questioning that hypocrisy was supposed to avoid.

Specifically, employees are privileged audiences that can more easily perceive hypocrisy, and will develop negative orientations towards it. In their analysis of labor contracts negotiations, Rodriguez and Rios (2007) found that employees are usually in a position to perceive hypocrisy through antagonistic talk, decisions, and actions, which will raise questioning. Thus, hypocrisy with internal audiences will also eventually become counterproductive. Similarly, Boiral (2007) showed that employees of organizations that are ritualistically adopting ISO 14001 rarely feel genuinely involved in the implementation process. Such hypocrisy undermines the credibility of the certification in the eyes of organizational members. Accordingly, Greenbaum et al. (2015) analyzed perceived leader hypocrisy and linked it to an increase in employee turnover. This is why employees "try to make sense of their leaders' values and behaviors, presumably to [...] predict and control their future fate under the leader" (p. 930). When subordinates perceive hypocrisy (e.g. word-deed misalignment), leaders also become unpredictable. Uncertainty will give way to discomfort that employees will try to reduce by generating psychological distance, leading eventually to an increase in subordinate turnovers. Accordingly, Phillippe and Koehler (2005) found that when organizational members perceive management's hypocritical behavior, they experience the urge to abandon the organization.

According to Finnemore (2009), "The price paid by a hypocrite will thus vary as well. It could range from public criticism and difficult-to-measure reductions in respect and deference to more concrete withdrawal of support, such as refusal to an actor's proposed policy" (Finnemore, 2009:75-76). Consequently, hypocritical organizations will deter or even despoil judgmental elements (Caiden and Caiden, 1977). This also suggests how resourceful hypocrisy can be to spread systemic corruption.

Other authors inquired on the link between hypocrisy and efficiency. In his case study on how the United Nations copes with multiple pressures through the adoption of hypocrisy, Lipson (2007) analyzed the relation between organizational hypocrisy and organizational efficiency. He found that while the objective of the organization was peacekeeping, these demands can only be met symbolically (through talk or promises of reform) that will not be taken into account during decision-making processes. While demands will decrease, promises will not actually promote

peacekeeping. Accordingly, Eero Vaara (2003) showed how, in the ambiguity and confusion that characterizes corporate acquisition, “loosely coupling” between the integration rhetoric and the actual, concrete routine of decision-making may cause slow progress in post-acquisition integration. For these authors, hypocrisy does not make organizations or organizational processes more efficient. Table 7 presents a summary of the literature in organizational hypocrisy.

Table 7 Literature on organizational hypocrisy.

Topic description	Exemplary references	Main ideas on legitimacy and legitimation
<p><i>Seminal contributions in organizational hypocrisy:</i></p> <ul style="list-style-type: none"> Original framework of organizational hypocrisy, blending neoinstitutionalism and Scandinavian institutionalism Organizational hypocrisy as a way to understand public management reforms Hypocrisy as a means to deal with conflicting public issues 	<p>Brunsson (2002); Brunsson (1986); Brunsson (1993a); Brunsson (1993b); Pollit and Bouckaert (2004); Christiansen and Læg Reid (1997); Christiansen and Læg Reid (2007); Brown and Jones (2005)</p>	<ul style="list-style-type: none"> Heterogeneous/plural environments compromise legitimacy Audiences as contradictory sources of legitimation and as source of irreconcilable demands Inconsistent outputs as a means to avoid delegitimation Hypocrisy as a means to sustain a symbolic public policy that does not evolve into practice
<ul style="list-style-type: none"> Organizational hypocrisy as decoupling 	<p>Boxenbaum and Jonsson (2013); Vaara (2013); Land <i>et al.</i> (2014); Demers (2007); Demers <i>et al.</i> (2003)</p>	<ul style="list-style-type: none"> Legitimacy is reached through decoupled outcomes
<ul style="list-style-type: none"> Audiences' perceptions on hypocrisy 	<p>Rodriguez and Rios (2007); Wagner <i>et al.</i> (2009); Phillipe and Koehler (2005); Caiden and Caiden (1977)</p>	<ul style="list-style-type: none"> Hypocrisy causes delegitimation when perceived
<ul style="list-style-type: none"> Audiences' perceptions on decoupling 	<p>Meyer and Rowan (1977); Boxenbaum and Jonsson (2013); Watson and Sheik (2008); Westphal and Zajac (2001); Fiss and Zajac (2004)</p>	<ul style="list-style-type: none"> Decoupling may lead to questioning and delegitimation
<ul style="list-style-type: none"> Tension between hypocrisy and efficiency 	<p>Lipson (2007); Vaara (2003)</p>	<ul style="list-style-type: none"> Hypocrisy leads to legitimation but not to organizational efficiency
<ul style="list-style-type: none"> CSR and Hypocrisy 	<p>Christensen <i>et al.</i> (2010); Christensen <i>et al.</i> (2013), Surroca <i>et al.</i> (2013), Cho <i>et al.</i> (2015)</p>	<ul style="list-style-type: none"> Hypocrisy as a response to the tension between soft values (social responsibility) and hard values (profit) Addressing demands discursively but not in practice CSR as aspirational talk, where discourse is used symbolically

Up to this point, we have discussed how institutional theorists currently conceive the concepts of legitimacy and legitimation. We have also reviewed the concept of organizational hypocrisy, as described by Brunsson (2002), and later contributions to the subject. So far, we know that hypocrisy is a useful resource employed by organizations that are forced to operate in plural environments, and therefore, have to manage and respond to inconsistent pressures. However, while hypocrisy may lead to legitimation, it will not necessarily lead to organizational efficiency. Moreover, when hypocrisy is perceived, it is counterproductive, because it leads to delegitimation and questioning from audiences who will likely withdraw.

It is also important how institutional theorists also present hypocrisy as a unilateral strategy implemented by organizations facing plural and irreconcilable demands. In their understanding, the role that stakeholders of the hypocritical organization may play in hypocrisy is limited to that of the audiences. Audiences are not only relevant because they pose demands that are contradictory in nature. Audiences are important because decoupled talk and actions will affect them: whether audiences buy such talking as a faithful representation of the reality, taking for granted that consistent actions will follow which will in turn reduce scrutiny (Brunsson, 2003), or whether they perceive it, reject it and withdraw the conflict or force the hypocritical firm into recoupling (Haack et al., 2012). Extant research does not question how audiences could purposefully decide to actively become involved in such hypocrisy or how stakeholders can simultaneously adopt hypocrisy on their own. When stakeholders purposefully introduce hypocritical tactics into a controversy with the purpose of competing for moral legitimacy, they may be affecting as well the way in which the controversy unfolds.

In the following section, we will summarize the conclusions of our literature review and we will explain how extant literature has motivated our research question.

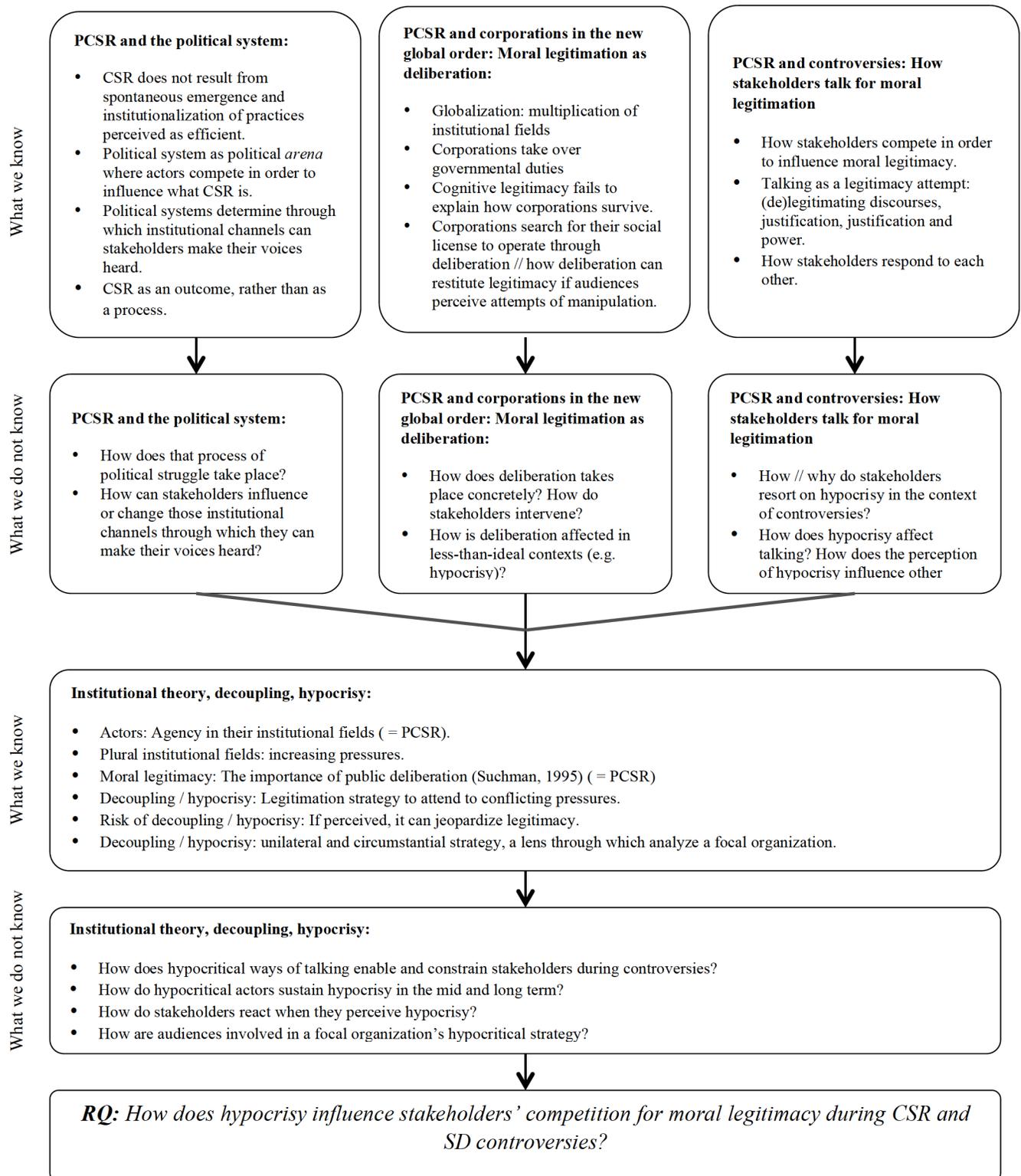
1.3. Summary of the literature review: What we know and what we still do not know about moral legitimation during CSR and SD controversies

In our literature review, we have discussed diverse bodies of literature that contribute to our understanding of the role of hypocrisy in sustainable development controversies. These groups of contributions are connected due to their focus on legitimacy and legitimation (Scherer et al., 2016). We have also discussed how these contributions share assumptions that have evolved following similar trends. The next figure shows how each group of work has contributed to our understanding of how stakeholders talk in order to compete within controversies, but also shows why our understanding of how hypocrisy influences the outcome of the controversy remains limited.

Organizational institutionalism shows a clear evolution from the idea of passive to more active organizations that could assist our understanding of how stakeholders deploy legitimation attempts. Specifically, this literature has evolved from the neoinstitutional idea of organizations as passive respondents of institutional pressures exercised within structured organizational fields (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) to the concept of organizations as actively involved in legitimation (Greenwood *et al.*, 2013; Kostova *et al.*, 2008; Kostova and Zahreer, 1999). The attribution of agency to organizations coincides with the idea that environments are not seen as homogeneous anymore (Hardy and Maguire, 2013) and that organizations increasingly face plural and conflicting demands (Jarzabkowski *et al.*, 2010), as it is the case of stakeholders who engage in controversies.

Figure 1 maps the structure of our literature review.

Figure 1 Map of the literature review



PCSR has been informed by organizational institutionalism (among other theories, Stephen and Frynas, 2015) and echoes the shift from passive adaptation to active involvement. We have reviewed a first group of contributions informed mainly by neoinstitutionalism and by other deterministic institutional frameworks in political science. In these, the debate focuses on how organizations struggle for legitimacy in the context of conflicting *arenas* (Matten and Moon, 2008; Kang and Moon, 2012). While they outline how the rules of the political system constrain organizations, they have increasingly adopted a less deterministic framework and acknowledged the role of institutional entrepreneurs in the ‘translation’ of foreign CSR practices so that these will fit local logics in order to eventually change them (Boxenbaum and Battilana, 2005; Matten and Moon, 2008; Gond et al., 2011). Accordingly, a second group of PCSR articles outlines how globalization has multiplied the legitimating environments in which firms operate. Pressures are not local anymore and the decline of the Westphalian nation-state has forced firms to provide goods and services that were once seen as governmental duties (Scherer and Palazzo, 2007 and 2011). When facing plural environments, conforming to taken-for-granted imperatives in order to search for ‘cognitive’ legitimacy (Suchman, 1995) does not necessarily guarantee organizational survival. As a matter of fact, these pressures may become so conflicting that firms require increasingly complex strategies if they want to maintain their social license to operate (Scherer *et al.*, 2013).

Both strands within PCSR contribute to our research question in different and fruitful ways. For example, by suggesting that there is a multiplicity of stakeholders (that is, not exclusively firms) operating at the level of the political system in order to promote their interests. Authors have also shed light on how local institutional rules affect the ways in which stakeholders can make their claims visible, which, in turn, can explain why some stakeholders are able to push their interests forward in certain political systems while they are not successful in others (e.g. Doh and Guay, 2006). Different from traditional CSR approaches on legitimacy, where we analyze the strategies of firms in order to acquire legitimacy through the adoption of certain management practices, PCSR scholars provide a “...politically embedded account of CSR” (Vallentin and Murillo, 2012:829). In this highly complex scenario crowded with competing stakeholders, CSR is a political phenomena resulting from struggle instead of a purely managerial concept (Jousenvirta and Vaara, 2015). This is not to say that former analysis of CSR and legitimation has neglected the role of stakeholders. **But PCSR is a promising framework to analyze how stakeholders compete in the context of controversies because it shows us how CSR (as any other management practice) is not the result of spontaneous emergence and institutionalization of practices simply because these are seen as efficient, advantageous, or**

useful. CSR is the outcome of a process of (not always amicable) negotiation and bargaining among diverse stakeholders. Struggle and conflict characterize what CSR is, rather than purely managerial criteria (Campbell, 2006 ad 2007). What this group of contributions have left unanswered is how that process of negotiation and bargaining takes place through deliberation.

A third group of contributions within PCSR has adopted a multistakeholder perspective that helps us analyze **how a conflict is constructed and orchestrated over time through the participation of multiple stakeholders who compete against each other.** Echoing the business ethics literature that analyzes legitimacy issues in industries that face a higher level of questioning and scrutiny due to the controversial nature of their products or their practices (Reast *et al.*, 2013; Parguel *et al.*, 2011), these authors approach the episodes during which such institutional arrangements are set under scrutiny. Stakeholders of a firm are not seen anymore as merely ‘audiences’ that ‘accept’ or ‘question’ and ‘reject’ what firms have to offer. Stakeholders are actively involved in the struggle, since they attempt to promote their interests with the ultimate objective to see these reflected in the public domain (Patriota *et al.*, 2011; Gond *et al.*, 2016). **This approach suggests that MNCs practices or projects are not the exclusive source of controversy: stakeholders and their positions could be also seen as controversial, and stakeholders may themselves face legitimacy challenges.**

This leads us to the inquiry of how stakeholders promote their interests. If they want to impose them over their contenders, they are forced to compete against each other in order to shape the moral legitimacy of public issues. This struggle takes place at the discursive level (Rojo and Van Dijk, 1997) because moral legitimacy, different from cognitive legitimacy predominant in neoinstitutional theory, rests on discursive evaluation: “Audiences arrive at [...] ethical judgments largely through explicit public discussion, and organizations can often win [...] moral legitimacy by participating vigorously in such dialogues; in contrast, cognitive legitimation implicates unspoken orienting assumptions” (Suchman, 1995:585). Interestingly, PCSR scholars have echoed this idea when analyzing how stakeholders compete through argumentation, justification and ‘talk’ (Palazzo and Scherer, 2006; Joutsenvirta and Vaara, 2009). **Concretely, the third body of PCSR literature that we have analyzed has shown, for example, how stakeholders use legitimating discourses whether to legitimize or delegitimize a given project (Joutsenvirta and Vaara, 2015) or how they undergo argumentative struggles to construct ‘senses of legitimacy’ (Joutsenvirta and Vaara, 2009) or how stakeholders talk in order to ground their justifications on moral orders (Patriota *et al.*, 2011), or how they**

talk with the purpose of mobilizing modes of justification along with forms of power in order to compete for moral legitimacy (Gond et al., 2016).

Stakeholders compete and challenge each other; the way in which they talk and answer is undoubtedly contingent to the answers that they receive, and affected by their calculations on how they believe that their counterparts will respond. This approach (especially Gond et al., 2016) has provided a dynamic account on how the controversy is an episode that evolves after stakeholders talk with the purpose of promoting their interests. **In this sense, contributions that focus on how stakeholders competing during controversies (e.g. Joutsenvirta and Vaara, 2009 and 2015; Patriotta et al., 2011; Gond et al., 2015) go beyond initial accounts on PCSR that present CSR as an outcome or as a given circumstance rather than examining how these definitions result from a process of struggle in which stakeholders are forced into permanent and intensive compromise and negotiation.** When PCSR scholars underscore the role of deliberation, they accordingly emphasize how dialogue may lead to consensus among stakeholders on which is acceptable and which is not: “Processes of deliberation lead to better and broader accepted political decisions and a deeper mutual understanding of the involved stakeholders and thus contribute to sustaining moral legitimacy” (Palazzo and Scherer, 2006:80-81). However, what would happen if stakeholders do not believe that such consensus-making process is legitimate? Scherer et al. (2016) have suggested that, in their sensemaking processes, managers may not consider new corporative responsibilities as legitimate and, consequently, may resort to hypocrisy.

Within controversies, this leads to a new array of inquiries. **Because this literature does not question that stakeholders may talk in a way that is inconsistent to their actions, the PCSR framework is not able to explain how the evolution of a given controversy could be also influenced by specific ways of talking that are associated to stakeholders’ attempts to distract audiences from their ‘unmentionable’ actions. Neither it is able to explain how other stakeholders may react when they perceive such inconsistency, and how these reactions can also propitiate turns in the events, therefore impacting the way in which the episode unfolds and its ultimate outcomes.** Consequently, we do not know how hypocrisy can affect joint communication processes through which stakeholders (may) deliberate and reach consensus on which should be considered as governmental responsibilities (as Scherer and Palazzo, 2007, indicate).

In the second section of our literature review, and with the objective to enhance our understanding of how stakeholders talk during controversies, we analyze contributions from

organizational institutionalism. Conversely to PCSR scholars, institutional theorists have in fact paid attention to how actors can purposefully talk in order to ‘mask’ specific actions or intentions that they prefer to keep hidden (mostly because they could be deemed as questionable in the eyes of their audiences). For example, institutional theorists have suggested that organizations facing irreconcilable demands are not able to provide equally satisfying answers to relevant audiences and that answering with a coherent and visible tactic can be problematic since it would imply the satisfaction of one claim at the expense of the others (Brunsson, 2003). Circumstantially, an organization facing such dilemma can strategically provide diverse (or, even, contradictory) responses: each of them tailored to the needs of the requests posed by different stakeholders (Cho *et al.*, 2015). By decoupling their talk and their actions, organizations can talk as if they were to meet one group of demands while acting in a way that is only consistent to another group of requests. Through the provision of inconsistent products, actors attempt to alleviate diverse pressures. This, in turn, should prevent controversies from escalating (Boxenbaum and Jonsson, 2013). This specific type of decoupling was labeled ‘organizational hypocrisy’ (Brunsson, 2003) and has helped business ethicists to analyze how and why firms can actively talk about their commitment to CSR and SD, while keeping covert actions and practices that would be questionable in social and environmental terms (Haack et al, 2012; Christensen et al., 2013; Fassin and Buelens, 2011). As a means to illustrate this, a hypocritical firm could attempt to appeal to the public opinion by talking about its commitment to SD and by announcing the elimination of its contaminating practices, and exclusively act on behalf of shareholders’ interests by finally locating such practices in areas where pressures for SD are lower and where constituencies cannot detect them (Surroca *et al.*, 2013). Similarly, a government can include some public opinion’s preoccupation in its agenda with no intention to fulfill it in the long term (Cobb and Elder, 1995; Pollit and Bouckaert, 2004; Christiansen and Lægreid, 1998).

We have said that PCSR scholars analyzing how actors talk during controversies to promote their interests do not necessarily analyze how such talk may be decoupled from what they actually do. The idea of hypocrisy suggests new avenues of research to complement how talk can affect the development of controversies around CSR and SD. Rather than only using talking for the purpose of justification, stakeholders can develop specific ways of talking when mobilizing hypocrisy, and these may in turn affect the evolution of the controversy. This remains unexplored.

We also know that in the process of deliberation that takes place during controversies, each stakeholder's talk is contingent to what other stakeholders said (or how they think that they will answer). Consequently, we could expect that when a stakeholder perceives hypocrisy from their contenders, their behavior may be affected as well. This is an additional way in which hypocrisy can influence the evolution of the controversy that has not yet been analyzed. Institutional scholars studying hypocrisy have suggested ways in which the perception of hypocrisy can affect audiences (Brunsson, 2003; Boxenbaum and Jonsson, 2013; Haack et al., 2012). Unfortunately, our understanding of what is the role of audiences in hypocrisy is limited: whether audiences 'buy' the hypocritical talk (for example, by taking for granted that actions consistent with the talk will follow, Brunsson, 2003) and demands decrease; or whether they acknowledge it and become angry or disappointed to the point of withdrawing (Rodriguez and Rios, 2007; Wagner et al., 2009; Phillippe and Koehler, 2005) or forcing the hypocritical actor into recoupling (Haack et al., 2012; Christensen et al., 2013). Consequently, while it unveils how stakeholders talk in a way that is inconsistent with their actions, the contribution of organizational institutionalism to PCSR is still limited, since the concept of hypocrisy is built on a static and unilateral assumption that there is a focal organization that circumstantially can use hypocrisy with the purpose of legitimation, and it does not inquire on how these strategies could evolve over time or could be affected by other stakeholders' hypocritical attempts. **The framework of organizational hypocrisy does not suggest how the mobilization of tactics that consist of the decoupling of talking and action may enable or constrain the possibilities that stakeholders competing in controversies may have in the long term.** Thus, we still lack an understanding of how specific ways of talking that stakeholders mobilize can affect the evolution of the controversy, nor how the perception of such hypocrisy can affect stakeholders' behavior.

Therefore, we pose the following research question: *How does hypocrisy influence stakeholders' competition for moral legitimacy during CSR and SD controversies?*

Chapter 2

Theoretical Framework

“Everyone sees what you seem, but few know what you are”

Niccoló Machiavelli, *The Prince*, Ch. XVIII

In the previous section, we have posed a research question that derives from the gap that we have identified in the literature, namely: *How does hypocrisy influence stakeholders’ competition for moral legitimacy during CSR and SD controversies?*

In this section, we present the conceptual and the contextual assumptions (Rivard, 2014) that underpin our research question and we define our core constructs.

2.1. Contextual assumptions: Controversies as the arena for stakeholders’ competition

The set of contextual assumptions that support any research question refers to: “...the conditions that circumscribe the explanation proposed by the theory [...] Contextual assumptions pertain to when, where, and for whom the theory is assumed to hold” (Rivard, 2014:vii). Our research question alludes to stakeholders involved in public controversies; these are the *arenas* or scenarios in which they compete for moral legitimacy, with the ultimate objective of advancing their agendas.

Controversies are episodes of dispute orchestrated by contending stakeholders around conflicting issues. An ‘issue’ is a socially problematized demand (Oszlak and O’Donnell, 1982) that leads to “...conflict between two or more identifiable groups over procedural or substantive matters relating to the distribution of positions or resources” (Cobb and Elder, 1996:96). In institutional terms, controversies could be understood as ‘issue fields’. Echoing Powell and DiMaggio, Zietsma et al. (2017) differentiate the latter from exchange fields, which are those that: “...contain a focal population of actors and their interaction or exchange partners (suppliers, customers, etc.)” (p. 396). Conversely, issue fields (and, specifically, competitive issue fields) are:

“...fields that form around issues rather than exchange relationships, and that fields can be analytically identified by the set of actors that interact and take one another into account on particular issues [...] the purpose or focus of orchestration of issue fields is to negotiate, govern, and/or *compete* over meanings and practices that affect multiple fields. [...] *Competitive* issue fields [arise] when one field of group of actors attempts to change the meanings and practices in an existing exchange field” (Zietsma et al., 2017:400[emphasis added]).

Controversial episodes reunite diverse stakeholders who take each other into account because they compete for dominance in the field. But, conversely from exchange fields, each of them have: “...distinct identities and their own commitments to their own institutional infrastructure that may be located in different exchange fields” (Zietsma et al., 2017:400). Contending stakeholders work to legitimize their interests (Jarzabkowski *et al.*, 2010; Gond et al., 2016), because legitimation is closely related to power (Vaara *et al.*, 2006) and, above all, legitimacy grants stakeholders with: “...unquestioned freedom to pursue its activities...” (Deephouse and Suchman, 2013:51).

Particularly to the study of hypocrisy, controversies are very interesting settings to study how contending stakeholders compete for moral legitimacy for at least three reasons:

Stakeholders could be prone to exploit hypocrisy due to the plural and intense demands that they face. The first reason why controversial episodes are interesting settings to analyze legitimacy and legitimation through hypocrisy is that these are essentially “legitimacy tests”: conflicts where institutional arrangements are set under scrutiny because the *status quo* has been challenged (Patriota *et al.*, 2011); therefore, political power and legitimacy are at risk (Rojo and Van Dijk, 1997). While current accounts of hypocrisy focus on how a particular organization mobilizes hypocrisy, controversies are settings in which multiple actors struggle for legitimation; firms under questioning are not the exclusive agents competing for legitimation. Controversies are crowded with a multiplicity of actors working to secure the legitimacy of their claims. It allows us to analyze how hypocrisy may influence the way in which stakeholders of

diverse natures may coordinate their actions in order to see their interests reflected in the public agenda.

A processual focus rather than static analysis. The second reason is that approaching a controversy as an episode of conflict (instead of focusing solely on a controversial industry) gives way to the analysis of how the issue is constructed by the simultaneous intervention of stakeholders competing for moral legitimacy. Specifically, the interaction of three particular stakeholder networks: industrial⁸, social, and governmental (Gond et al., 2016; Mutti et al., 2010). This processual focus on the evolution of the controversy rather than just focusing on a single industry or organization allows the study of the role stakeholders could play in the persistence of hypocrisy. Moreover, focusing on the controversy allows us to see the episode as a ‘dialectical battle’ (Laine and Vaara, 2010) in which mostly takes place at the discursive level (Rojo and Van Dijk, 1999). It is during this deliberation processes that firms participate in public discussion in order to convince their audiences by means of reasonable arguments (Palazzo and Scherer, 2006).

Increasing pressures for responsible behavior. Thirdly, we can expect controversies to include actors of different nature to go *in crescendo* in the next years, because firms increasingly become involved in controversial undertakings, and social movements are progressively contesting these initiatives (Joutsenvirta and Vaara, 2009); especially when conditions of intense informational flow propitiates scrutiny (Surroca et al., 2013). Accordingly, accusations of hypocrisy towards such firms have increased, together with denunciation of governmental complicity (Reed, 2002; Byrne, 2007).

When controversies around public issues spiral and reach the political stream, competition increases and consensus-making mechanisms have a limited scope. Stakeholders are forced to bargain (Kingdon, 1984) or to create a negotiated order through “... partisan mutual adjustment...” (Jarzabkowski *et al.*, 2010: 285). One way in which such bargaining takes place in the political sphere is through the creation of situational alliances. Sabatier (1987) coined the term ‘advocacy coalition’ to explain how actors of diverse nature coordinate their efforts and actions in the long term to advocate for and to impose a shared interest in the public domain. Advocacy coalitions emerge from dissatisfaction with the treatment that a particular public issue has received in so far, and can be formalized (e.g. a political party coalition competing in a

⁸ Vaara et al. (2006) suggest that analysts, experts, or consultants, even when they are not visibly related to the firm in question, are not seen as neutral. As members of the industry, they also collaborate to the purpose of the legitimization of industrial ventures due to their own interests.

political campaign, thus declared to the public opinion) or can also remain informal by sharing common resources in a covert fashion. A coalition is conformed when actors that share such interest decide to coordinate their efforts, actions, and resources so that their advocacy will be more influential. What keeps a coalition together are not axiomatic beliefs (e.g. definitions of what is justice, or what is ethical, or what is welfare), but a particular interest to see a determined outcome in a given domain of public policy (e.g. the eradication of the pulp mill that could be motivated in deeper political, environmental legal, etc., reasons) (Sabatier and Jenkins Smith, 1999).

The idea of advocacy coalitions contributes to the study of controversies, in that allows the analysis of how actors formally (declared) or informally (undeclared) coordinate efforts to accomplish a particular purpose. Gond et al. (2016), for example, have suggested that actors of diverse nature can make their justifications efforts converge within environmental controversies. However, we still know little about how covert situational alliances may purposefully talk to affect the outcome of a controversy. By unpacking the dynamics around informal alliances, the concept of advocacy coalition sheds light on how stakeholders of diverse natures coordinate their hypocritical tactics to promote their interests.

2.2. Conceptual assumptions: Why stakeholders mobilize hypocrisy to compete for moral legitimacy

After presenting our contextual assumptions, we will proceed to analyze the ‘conceptual assumptions’ (Rivard, 2014) underpinning our research question and define our theoretical constructs. Stakeholders compete to legitimize their interests in contexts in which they face plural demands (Gond et al., 2016; Jarzabkowski *et al.*, 2010). Legitimacy, understood as a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995:574), has been one of the most relevant concepts in institutional theory, because it is a requisite for organizational survival (Greenwood *et al.*, 2013; Jarzabkowski *et al.*, 2010; Joutsenvirta and Vaara, 2009). Moreover, legitimacy is closely related to institutionalization and, because legitimacy provides actors with freedom (Deephouse and Suchman, 2013:51), it is directly linked to the position of such actors within any controversy (Vaara et al., 2006). Of particular interest to PCSR scholars is the concept of ‘moral legitimacy’ (Gond et al., 2016) or the evaluation of the organization and its activities that is based on audiences’ perceptions of rightness (Suchman, 1995). Audiences arrive at ethical judgments that

constitute moral legitimacy through explicit public discussion involving organizations under scrutiny (Suchman, 1995).

While neoinstitutional scholars understood legitimation as a process of passive adaptation to isomorphic pressures that was expected to lead to homogeneity, we currently know that actors have the ability to acquire and manage legitimacy (Greenwood *et al.*, 2013). Nevertheless, this is a challenging task given that organizations operate in conditions of institutional pluralism; that is, multiple institutional spheres where they face plural and contradictory demands (Jarzabkowski *et al.*, 2010). In this situation, actors find themselves facing numerous and contradictory roles and rules, or no rules at all (Krasner, 1999), which leads to complex legitimation strategies (Scherer *et al.*, 2013).

According to Krasner (1999) political and social environments are characterized by logics of appropriateness (the understanding that political action should be the product of rules, roles, and identities that stipulate appropriate behavior in given situations) and logics of consequences (the understanding that political action derives from rational calculating behavior on how to maximize self-interest). When the two logics collide, stakeholders face the dilemma of acting whether to maximize their interests or whether to comply with the expectations related to how should they act (given who they are) with the purpose of maintaining moral legitimacy (Suchman, 1995). But as conflict intensifies, so will the scrutiny, or the: "...careful examination from audiences that, because it increases visibility, may lead to organizational damage" (Gan, 2006), and therefore stakeholders may not always be able to openly pursue their self-interests; especially, if these collide with the expectations of their closer observers and their bystanders. Bystanders are attentive audiences not directly involved in the conflict (Kriesi, 2004) but that also constitute an ultimate source of legitimacy (Deephouse and Suchman, 2013). Pursuing their self-interests openly would be even riskier if it involves an opportunistic behavior (for example, by taking profits from vulnerable partners, Carson *et al.*, 2006).

When addressing plural (or contradictory) demands, providing equally satisfying answers may be impossible and responding to one demand at the expense of the others may trigger questioning from those who feel neglected, risking illegitimacy (Brunsson, 2003; Fiss and Zajac, 2004). Moreover, when stakeholders face expectations that do not match their interests, they are forced to find solutions that will allow them to avoid conforming to normative pressures without risking moral legitimacy. Hypocrisy provides stakeholders with a solution to this dilemma (Krasner, 1999).

2.2.1. Unveiling hypocrisy

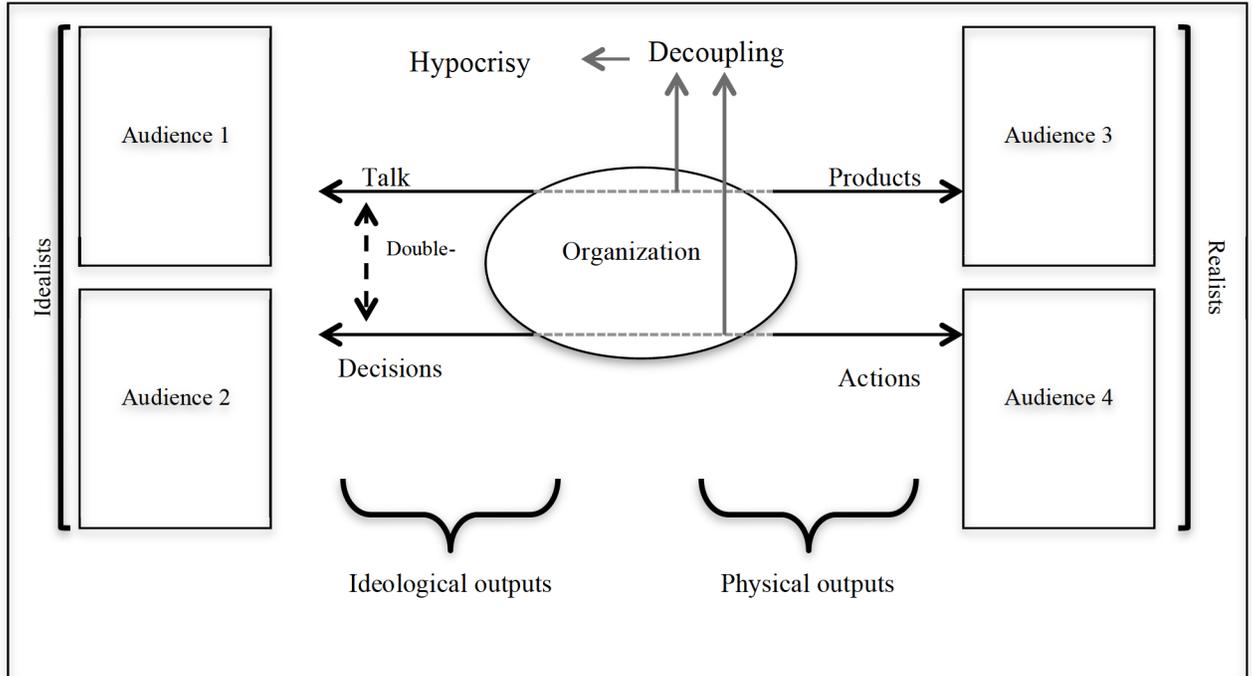
Hypocrisy allows actors to develop responses that at least will generate a minimal level of acceptance within audiences (Brunsson, 2002 and 2003; Cho et al., 2015). Hypocrisy can be defined as an ‘avoidance’ strategy: “...the organizational attempt to preclude the necessity of conformity...” (Oliver, 1991:54). In that sense, hypocrisy is a particular type of decoupling (Meyer and Rowan, 1977). Coupling is related to the degree: “to which organizational components are associated with and/or dependent upon one another” (Bussigel et al., 1986:427). But through decoupling their outputs, organizations:

“...can meet some demands through talk, other through decisions, and yet others through action- and thus to some extent satisfy three conflicting demands [...] *talk and decisions in one direction can compensate for actions in the opposite direction and vice versa*” (Brunsson, 2003:205[emphasis added]).

As a strategy in the context of a controversy, hypocrisy is resourceful because it allows to provide tailor made responses to answer to those demands that would be irreconcilable in nature (Brunsson, 2002 and 2003), or to conceal other behaviors that are culturally sanctioned or considered to be nonconforming (Watson ad Sheikh, 2008). This would allow organizations under scrutiny to get involved in public discussions when searching for moral legitimacy (Suchman, 1995) exclusively through talking, keeping their actions away from scrutiny. We show in the next figure how organizations face inconsistent pressures from their audiences, and how they attempt to satisfy them by generating different outcomes.

Figure 2 depicts how organizations can decouple ideological and physical outcomes to satisfy demands from diverse audiences.

Figure 2 Ideological and physical organizational outcomes used for legitimation purposes through hypocrisy



Furthermore, hypocritical talk entails overdramatization of doing something, which is useful to compensate for the lack of concrete action: for example, actors may fervently proclaim doing something, with the purpose of distracting attention from the fact that they are concretely not doing anything (Fiss and Zajac, 2004).

At this point, we have to put distance from other definitions of hypocrisy in which talk is used to inspire a shared dream within the organization. For example, Christensen et al. (2013) refer to hypocrisy as inspirational talk: actors talk about a symbolic and inspiring commitment to slowly reduce a gap, even if the destination is, essentially, impossible to reach. We also see hypocrisy as different from the decoupling between talk and actions perceived over time, that occurs when announced initiatives ‘get lost’ because circumstances change in time (Vaara, 2003). We focus on hypocrisy when the decoupling results from a deliberate attempt to make audiences erroneously assume that the content of talking will predict actions in one direction, and that it is done purely with the will to reduce the intensity of claims. In such cases, hypocrisy will help actors to appease their audiences and prevent controversies from escalating (Boxenbaum and Jonsson, 2013). Once stakeholders have gained the legitimating benefits of decoupling, questioning and scrutiny is reduced and their levels of freedom to pursue their actions increase (Deephouse and Suchman, 2013; Cole, 2012; Hafner-Burton and Tsutsui, 2005).

By explaining hypocrisy as a strategy, Brunsson resumed the line of political realism depicted by Niccolò Machiavelli. To further understand the role of management as embodied in political leadership: “Machiavelli claimed that a prince –that is, a manager- must be able to create illusions and be ‘a great liar and a hypocrite’” (Christensen et al., 2010:5). For example, when producing physical products is especially expensive or time consuming, the hypocritical actor “...can be expected to rely even more than usual on inconsistencies in talk and decisions...” (Brunsson, 2002:26). However, hypocrisy is not equivalent to immorality or to irresponsibility. Some audiences may pose immoral or ridiculous requests (Scherer et al., 2013), for example, that cannot be fulfilled but neither can be ignored (Brunsson, 2002). The absence of hypocrisy, that is, sincerity, is neither related to how ethical an organization is, but to how true that organization is to its declarations. For example, to avoid questioning on how hypocritical it is, a firm could avoid getting involved in any CSR activity at all (Fassin and Buelens, 2011). That would lead to a scenario of sincerity, although contrary to social responsibility.

2.3. The role of audiences in hypocrisy: perception biases, ambiguity and audiences’ reactions

Organizations acknowledge that audiences have perception biases and the manipulation of these is essential for the success of hypocrisy. While closer audiences (those directly impacted by actions, e.g. local governments, a community closer to a factory, shareholders, etc.) may be able to contrast talk and actions, distant audiences or bystanders (e.g. public opinion, international community, bystanders or less attentive audiences) may confuse discourse with concrete actions because they may not be able to scrutinize or not be able to discern which stakeholder is responsible for hypocrisy. Distant audiences may experience ambiguity; this is the degree of uncertainty inherent in perceptions of the context that observers may suffer from, for example, when they lack clear information (Carson et al., 2006). Ambiguity also explains why audiences located in the same environment but with access to differential information may differ in their perceptions about a subject (Batson et al., 2006; Carson et al., 2006). Ambiguity will be more intense when stakeholders purposefully deliver messages in an equivocal way to foster multiple and conflicting interpretations (Daft and Macintosh, 1981). Specifically, the use of vague and metaphorical language can generate ambiguity useful to disguise hypocrisy (Vaara, 2003; Sillince and Brown, 2009). In situations of ambiguity and equivocal messages, some audiences may misleadingly feel more certain about talk and decisions, because it is easier to know what it

is said than what it is actually being done (Brunsson, 1993; Brown and Jones, 2000). In Table 8, we present the main constructs related to hypocrisy.

Table 8 Constructs related to hypocrisy

Construct	Relation to hypocrisy
Ambiguity	Ambiguity refers to the "...degree of uncertainty inherent in perceptions of the environmental stat..." (Carson et al., 2006). Ambiguity provides 'wiggle room' that stakeholders may exploit in order to take advantage of acting in hypocritical ways (Batson et al., 2006) since it may generate confusion in audiences, who will therefore tend to interpret diverse things (Vaara, 2003). Audiences facing ambiguity can take for granted that stakeholders' talk will advance consistent actions and thus facilitate hypocritical tactics. Ambiguity can be experienced in the individual or organizational level (Carson et al., 2006; Ashforth et al., 2014).
Univalent orientation / Ambivalence	While an univalent orientation is a clear orientation towards an object (e.g. negative), ambivalence refers to simultaneous positive and negative orientation towards an object. It can be an output of hypocrisy, generated by the perception of the latter. Univalent orientation and ambivalence can be experienced at the individual or organizational level (Ashforth et al., 2014)
Emotional Dissonance	Emotional dissonance is the discrepancy between emotions felt and those required by the job role (Diestel and Schmidt, 2011). It is an outcome of hypocrisy. For example, when organizational members experience dissonance in the job places, they may want to abandon the organization. Or, conversely, they may want to get over the dissonance and start working in a way that reflects the organizational talk, therefore recoupling (Haack et al., 2012). Emotional dissonance is experienced at the individual level (Ashforth et al., 2014).
Cognitive dissonance	Cognitive dissonance takes place when an individual has two beliefs or two items of knowledge that are inconsistent (Kantola et al., 1984). Because cognitive dissonance generates a situation of psychological discomfort, individuals may make efforts to reduce such dissonance (Elliot and Devine, 1994); by reducing the gap between what they know and organizational talk, may push organizations into recoupling (Haack et al., 2012). Cognitive dissonance is experienced at the individual level (Ashforth et al., 2014).
Equivocality	Different from information that is delivered in a clear, specific way and that leads to a single and uniform interpretation, equivocal messages can lead to multiple and conflicting interpretations. Ambiguity can also facilitate equivocality (Daft and Macintosh, 1981). Equivocality is experienced at the individual level (Ashforth et al., 2014) and may be purposefully generated by hypocritical stakeholders in order to exploit audiences' perception biases.

Likewise, talk and decisions are ideological outputs (expressed through talking), and actions and products are physical outcomes. All outcomes are extremely relevant in terms of legitimation because audiences are neither equally sensitive to organizational outcomes nor do they pay attention to the same things. Consequently, some audiences will tend to pay attention to organizational “talk”, both through spoken and written word, or decisions (idealists). Conversely, other audiences will attribute more importance to concrete, actual products (realists) (Brunsson, 2003). While talking and decisions can be oriented to those audiences that tend to attribute more importance to ideological outputs (“idealist” audiences), products and actions are oriented to “realist” audiences that tend to focus on physical outcomes, rather than those of ideological nature.

Audiences may ‘buy’ hypocrisy by assuming that talking in one direction will advance consistent actions (Brunsson, 2003). Given that hypocrisy is such to the extent that it is perceived and labeled by an observer (Ashfort et al., 2014; Fassin and Buelens, 2011), there is no risk as long as audiences are not able to perceive it. Even if perceived, we should differentiate between scenarios in which hypocrisy is assumed as circumstantial from those where audiences take-for-granted such hypocrisy. In the latter, all sincere efforts will be paradoxically questioned, on the suspicion that they are not genuine (Fassin and Buelens, 2011).

The literature has discussed diverse reactions that result from the perception of hypocrisy (Rodriguez and Rios, 2007; Wagner et al., 2009; Phillippe and Koehler; 2005; Haack et al., 2012; Chistensen et al., 2013). So far, our knowledge of how hypocrisy can affect audiences is limited. Reactions to hypocrisy are exclusively negative (Ashfort et al., 2014), such as disillusionment, rejection, disgust. We also know that organizational members perceiving inconsistencies between organizational beliefs and actions may find certain initiatives difficult to understand or inappropriate for their organizations (Ravasi and Phillips, 2011). This feeling can lead to emotional dissonance or the: “...the discrepancy between emotions felt and those required by the job role...” (Diestel and Schmidt, 2011:643). They can also experience such dissonance but in cognitive terms (inconsistency between beliefs or items of knowledge, Kantola et al., 1984).

Whether the origin of the dissonance is cognitive or emotional, dissonance generates discomfort and individuals will probably make efforts to reduce it (Elliot and Devine, 1994). This will stimulate certain behaviors that could have an ulterior impact, which would not take place otherwise. For example, individuals facing dissonance may try to reduce that discomfort, for example by abandoning the organization or the controversy, given that they feel resignation (Rodriguez and Rios, 2007; Wagner et al., 2009; Phillippe and Koehler; 2005). Dissonance may

also generate other behaviors such as an active involvement in reducing hypocrisy. Organizational members may acknowledge the distance between organizational talk and their concrete actions by reframing their actions in a way that gets progressively similar to the content of the talk. This will eventually lead to recoupling (Haack et al., 2012; Christensen et al., 2013, Tilsik, 2010). However, we still do not know how the controversy could evolve if audiences, instead of experiencing disappointment or anger and forcing stakeholders to recouple, develop simultaneous positive orientations towards hypocrisy (for example, they reject the hypocritical position but they still share another stakeholders' ultimate self-interests).

Our understanding of how hypocrisy can influence stakeholders' competition and, ultimately, the outcome of a given episode, is still limited. We do not know either how would competition be affected if stakeholders decided to coordinate efforts with those they share specific interest in contexts where the perception of hypocrisy is generalized and pervasive. Hence, our research question: *How does hypocrisy influence stakeholders' competition for moral legitimacy during CSR and SD controversies?*

In the following section, we will present our methodological approach.

Chapter 3

Methodology

3.1. Research design

In order to understand the dynamics that develop in our chosen setting (Eisenhardt, 1989), that is, the controversy that developed in Argentina and Uruguay during 2005-2010, we decided to approach our object of study as a longitudinal, single-case study (Yin, 2003). Our position is close to that of constructivist research, assuming: "...that realities are apprehended in the form of multiple, intangible mental constructions, socially and experientially based, local and specific in nature..." (Guba and Lincoln, 1994:110). Hence, we adopt a qualitative design oriented to "...in-depth understanding rather than empirical generalizations" (Patton, 2002:230). Our research design is close to what Patton (2002) describes as a "pure qualitative strategy" (p. 250), since as researchers we do not intend to manipulate the setting in which the phenomenon under study takes place (naturalistic inquiry), and we mainly rely on qualitative data and in content analysis.

Our unit of analysis is the controversy, understood as a competitive issue field in which actors compete to change the meanings and practices (Zietsma et al., 2017). In the controversy (or competitive issue field) diverse stakeholders interact and compete with each other: the Argentine government (or, simply, Argentina), the Uruguayan government (or, simply, Uruguay), the social movement (the 'Assembly'), and the Finnish firm Botnia, whose pulp mill was located in Fray Bentos, Uruguay.

In order to answer our research question, we also approached our case as a process, in which tactics developed by hypocritical actors influence the way in which the episode evolves through different phases that are causally influenced by such mechanisms (Cornelissen, 2017). Process studies are consistent to our constructivist positioning (Langley 1999) and also allow to "...address questions about how and why things emerge, develop, grow, or terminate over time [...] process research focus empirically on evolving phenomena, and it draws on theorizing that explicitly incorporates temporal progressions of activities as elements of explanation and understanding..." (Langley et al., 2013:1). Moreover, process research underscores the centrality of time, which allows us to explain how the controversy evolves due to the development and implementation of hypocritical tactics.

3.2. Sampling the case

As we were aiming at theory building, it was a challenge to find a case “particularly suitable for illuminating...” (Eisenhardt and Graebner, 2007) our theoretical motivations. We chose an environmental controversy that developed around the establishment of a Finnish pulp mill in Uruguay. This generated the emergence of an environmental and social movement in Argentina, supported as well by the Argentinean government. The conflict ignited an intense public debate involving actors from the industrial, social, and governmental spheres leading to an extreme case (Yin, 2003) during which a severe level of confrontation between two sister nations extended for five years (2005-2010) and only concluded with the unusual intervention of the ICJ. Additionally, the episode was well documented in the national and international press. Given that the conflict developed in Argentina, our country of origin, and the bordering Uruguay, we were deeply familiarized with the site and the language in which the episode took place.

When searching for a fertile context to answer our research question, we followed certain criteria. Firstly, we searched for a controversy involving actors that, due to their diverse nature (industrial, governmental, social), had opposing interests and -consequently- struggled to legitimize their own. Specifically, we were aiming at an episode involving a controversial industry: because of the high level of scrutiny that these industries undergo, they tend to be questioned and challenged more (Tata and Prasad, 2014). Furthermore, if a controversy takes place in a plural environment where stakeholders pose heterogeneous and irreconcilable demands, we could expect them to be more inclined to mobilize hypocrisy. Additionally, we searched for a controversy that extended for almost eight years (2002-2010). While the most intense episode, initiated in 2005 with the involvement of the Argentinian government, lasted for five years until the trial at the ICJ (in 2010), the social mobilization in Uruguay and Argentina started in 2002, when rumours about the settlement spread on both sides of the river, and were then confirmed when Uruguay signed an agreement with Finland, requested by Botnia to locate in Uruguay (Pakkasvirta, 2010). This presents advantages to analyze how stakeholders mobilized hypocrisy (the decoupling of talk and actions) during the extended time of the controversy. It also allows us to appreciate in more detail how hypocritical tactics evolve along the controversy, and how they can influence the outcome of the controversy.

Secondly, we followed Phillips and Hardy (2002) and Rojo ad Van Dijk (1997) in that during controversies, much of the legitimation takes place through talking. We framed the issue as a ‘moment of crisis’ triggered by unexpected events that generate chaos (Philips and Hardy,

2002). The controversy becomes a legitimacy test, during which stakeholders talk in order to compete, forcing institutional arrangements into reconsideration and questioning (Patriota *et al.*, 2011; Gond et al., 2016). In our search for a “dialectical battle” (Laine and Vaara, 2010), we aimed at a case characterized by an enduring struggle comprised of competing stakeholders, in which there was also a generalized perception that those stakeholders were hypocritical. That is, that the way in which they talked was perceived as inconsistent with their concrete actions (Brunsson, 2003).

Thirdly, we attempted to find a case in which a feasible data collection was possible. We searched for a controversy that took place in a site and in a language with which we are familiarized (Phillips and Hardy, 2002). For our case, access to informants was possible; enhancing feasibility of the research. The case was also widely covered by the press. This provided us with the access to relevant media material for the construction of our narrative and for the analysis of hypocrisy. As we will explain in more detail in the data analysis section (cf. *Stage III - Reconstructing how the stakeholders mobilized hypocrisy during the controversy*), the access to multiple sources allowed us to ground perceptions in the testimonies of at least one informant belonging to each of the three stakeholders’ groups involved (governmental, civil society, industrial). The wide press coverage of the case and our access to informants from each of the three stakeholders’ groups involved allowed triangulation between multiple sources. This triangulation was essential to go beyond those accusations that can take place with the pure objective of delegitimizing contenders in the midst of a public conflict.

3.3. Case Context

We analyze the bi-national controversy (2005-2010) between Argentina and Uruguay, triggered when the Finnish pulp mill Mētsa-Botnia (henceforth, Botnia)⁹ received permission to establish in the town of Fray Bentos, Uruguay, close to the River Uruguay, the main geographic boundary between the two mentioned countries (see Figure 3 for a map of the region). Given the fast growth rate of Eucalyptus and its forestry policy, the low cost of labour in comparison to Finland, and its political stability (Pakkasvirta, 2010; Joutsenvirta and Vaara, 2009), Botnia perceived Uruguay’s potential in the beginning of the 2000s. As well, Uruguay lacked indigenous population, which dramatically reduced the risk land-owning disputes that had characterized

⁹ In 2003, the Uruguayan government announced the settlement of another pulp mill in Fray Bentos, Uruguay that belonged to the Spanish firm ENCE. However, ENCE withdrew due to social pressure in 2006, and re-located. While the threat of ENCE also contributed to the generation of social resistance, it was Botnia the source of conflict during the years of the controversy.

other similar investments in Latin America. The use of pesticides and herbicides was as well less controlled than in the Nordic countries (Pakkasvirta, 2008). As a condition to proceed with the investment, Botnia requested the signing of an investment promotion and protection agreement between Finland and Uruguay. This was finally signed in March 2002, during the presidency of Jorge Batlle. The Congress passed the bill with the support of all parties except the *Frente Amplio*, the left-oriented political party in Uruguay that would access the presidency in 2005 (Página12, March 5th 2006). Its candidate Tabaré Vázquez criticized the agreement and referred to MNCs during his presidential campaign as contaminants sent by the prosperous North (Pakkasvirta, 2010). In 2003, Botnia founded Botnia S.A. in Uruguay, responsible for the construction of the pulp mill. Because Botnia owned 82.1% of Botnia S.A. (while UPM owned 12.4% and Metsälito 5.5%), the name of the Finnish company became symbolic and representative of the conflict (Pakkasvirta, 2008).

The Argentinian president Néstor Kirchner supported Vázquez's candidacy due to their ideological affinity (they were both leftist Latin American leaders). Kirchner even confronted that moment's Uruguayan president (Jorge Batlle) and granted voting facilities to Uruguayan living in Argentina (Malamud, 2006). Tabaré Vázquez assumed the presidency in March 2005. While he had criticised the project, he confirmed the permission granted by the former president Jorge Batlle two weeks before leaving the position, arguing that the pulp mill met Uruguayan national regulations. Being the largest foreign investment in the history of Uruguay (Mastaglia and Negro, 2010), Uruguay referred to the project as an incomparable opportunity for employment creation and economic development. The country conceded the firm the status of "free zone"¹⁰. The settlement of the pulp mill was expected to counterbalance the local economic depression after the shutdown of the slaughterhouse Anglo in 1979, once the main job source in the area of Fray Bentos, Uruguay. It was also portrayed as the symbol of the new 'industrial' profile for Uruguay. What made the project more attractive to Uruguay is that Botnia received financial support from the International Finance Corporation (IFC)¹¹.

The settlement of a pulp mill was not surprising giving Uruguayan's forestry policy since 1987 and the relevance of the pulp and paper industry in the region. Forestry policy has played a major role in Southern American countries (Pakkasvirta, 2006). By 2006, Brazil had planted 5 million hectares of managed forest, Chile 2.1 million hectares, Argentina 1.5 million hectares,

¹⁰ A zone where tax laws are relaxed in order to encourage economic activity; therefore Finland does not pay taxes in Uruguay, nor customs duty for any technology or supply imported to Uruguay

¹¹ The International Finance Corporation derives from the World Bank Group and its purpose is to assist private sector development through investment and advice and poverty reduction.

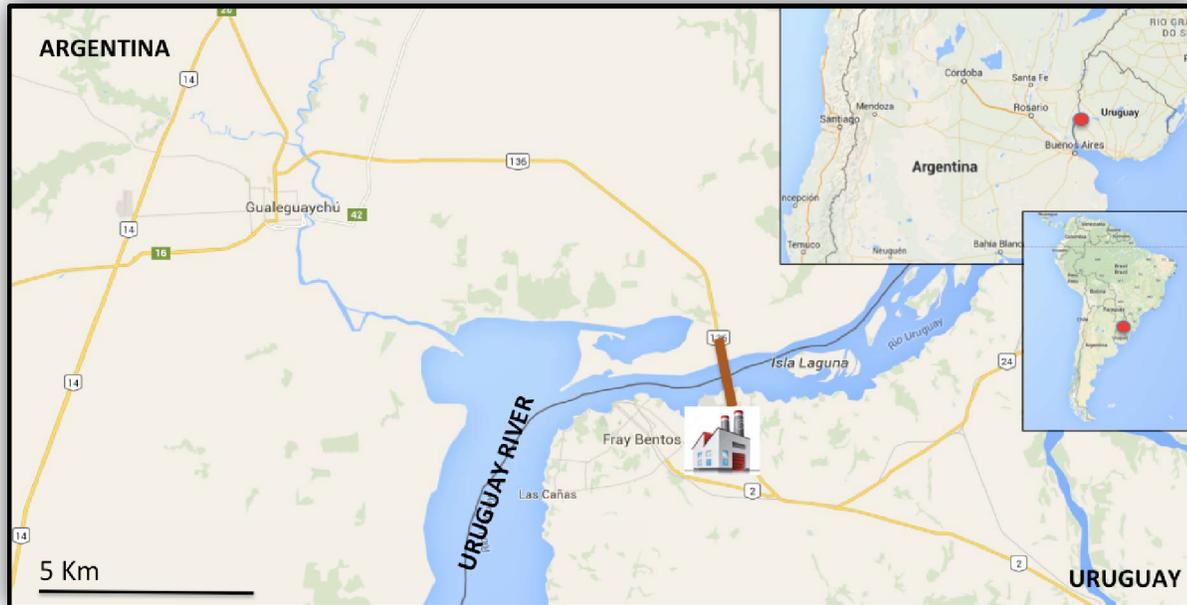
and Uruguay 800 000 hectares. By the same year, Brazil had settled 241 pulp and paper mills, Chile had 13, Argentina had 10, and Uruguay had none (Malamud, 2006). However, when the Uruguayan elected president Vázquez confirmed the permission, the Argentinian government abruptly got involved, and the most confrontational episode in the modern history of both countries initiated.

Opinions around the subject in the civil society were polarized. By 2005, 62% of the Uruguayan public opinion supported the pulp mill, while 11% remained highly critical of it. Also, 50% of Uruguayan surveyed population considered that the issue had emerged as the result of a competition between both countries for foreign investments (Malamud, 2006). While Uruguayans that were openly against the pulp mill were less numerous, the composition of this group generated a challenge for Vázquez's government: the critical group consisted mostly of environmentalists and leftist voters that also constituted the electorate traditionally supporting the *Frente Amplio* (Malamud, 2006).

Conversely, Argentinian civil society became highly critical of the project. Social mobilization started as early as 2002, but the announcement of the investment in 2005 prompted the formalization of the emergent social movement into the "*Asamblea Ciudadana Ambiental de Gualeguaychú*" (henceforth, the Assembly) in the closest Argentine city to Botnia's location: Gualeguaychú (Province of Entre Ríos). The Assembly became well known, and its reputation and support rested on the spontaneous, "self-summoned" nature of a social movement whose members had no political affiliation and claimed to be genuinely and exclusively mobilized due to their fear for environmental deterioration (Toller, 2009). As a means of protest, the Assembly would obstruct the international bridge between Fray Bentos and Gualeguaychú for three years. The blockade was a radical measure that symbolized the collision of two constitutional rights: Environmental protection vs. freedom of movement on an international route vital for commercial exchange within the sub-regional bloc MERCOSUR¹².

¹² MERCOSUR (the acronym for *Mercado Común del Sur*) is sub-regional trading bloc created in 1991 that comprises many countries in South America, including Uruguay and Argentina. One of the main objectives of MERCOSUR aims at the promotion of free trade and the fluid movements of merchandise.

Figure 3 Map of the conflict



Source: Google maps

As social unrest became a major issue in the political agenda, the Argentine government decided to take the matter into its own hands, invoking the Statute of the Uruguay River signed by both countries in 1975. The Statute dictated the conditions for the administration of the river and Argentina threatened to take the case to international instances of justice on the basis that Uruguay had failed to address the procedure of plebiscite (popular consultations) requested by the Statute in relation to economic exploitation of conjoint resources. The government also requested new impact studies, arguing that pulp-mills are highly contaminating industries (Mastaglia and Negro, 2010). The essence of the argument was that human and environmental rights are more important than other rights such as freedom of movement and free trade, which Uruguay and Botnia defended (Bertoni, 2010). The dispute escalated to the point of risking the continuance of the MERCOSUR (Pakkasvirta, 2008).

By publicly referring to the conflict as a “national cause”, the Argentine Executive Power politically supported the position of the Assembly, financing some of its actions (La Nación, 06 November 2007 and 02 December 2007). The blockade lasted for three years (even when Botnia started operating in 2007), under the protection of the Argentinian President Nestor Kirchner and its successor, Cristina Fernández de Kirchner (Pakkasvirta, 2008; Joutsenvirta and Vaara,

2015). Uruguay offered Argentina to jointly monitor the plants, but Argentina persistently rejected this offer and remained intransigent (Malamud, 2006). This intense support for an environmental cause was unexpected given the erratic environmental policy that Argentina historically had and the intense accusations the government was facing from social movements in other regions for granting permission to industries socially seen as environmentally hazardous to operate (e.g. oil and mining MNCs) (Yakovleva and Vazquez Brust, 2010).

When Brazilian diplomacy failed to mediate in the conflict (Pakkasvirta, 2008), the Argentine government challenged Uruguay and presented a legal petition to the International Court of Justice (ICJ)¹³ requesting the eradication of the mill, on the basis that Uruguay had not completed the steps indicated in the Statute to request permission from Argentina in an activity that implied the exploitation of shared natural resources. This was an unprecedented episode given that Argentina had never gone before to this court to settle any dispute (Mastaglia and Negro, 2010). As well, Argentina neglected to consider the political, economic, and legal costs of assisting to the ICJ (Malamud, 2006). In spite of the Argentinian efforts, a pulp mill (equivalent to) twice the size of the pulp mills in Finland (the sixth biggest in the world at that moment, Pakkasvirta, 2008) started its operation in November 2007.

The ICJ delivered its final sentence during April 2010. The Court sanctioned Uruguay for the noncompliance of procedural steps; however, they allowed the permanence of the pulp mill. The sentence meant a setback for Argentina and for the Assembly. In 2010, with the blockade dispersed, the conflict disappeared from the governmental agenda and from the media (Reboratti, 2010).

Table 9 presents the most relevant events during the controversy.

¹³ The International Court of Justice, located in The Hague, Netherlands, constitutes the primary judicial branch of United Nations (UN).

Table 9 Relevant events during the evolution of the conflict

Year	Event
2002	<ul style="list-style-type: none"> • March: Signature of the investment promotion and protection agreement between Uruguay and Finland
2003	<ul style="list-style-type: none"> • May: Nestor Kirchner assumes the presidency in Argentina with 23% of votes. • September: Rumours about the settlement of two pulp mills (Ence from Spain and Botnia from Finland) spread, generating social reaction in Gualaguaychú, Argentina, the closest Argentine city to the potential site of the mills in Uruguay. • October: The Uruguayan government authorizes ENCE to initiate the construction of the pulp mill in Fray Bentos, Uruguay.
2004	<ul style="list-style-type: none"> • June: Tabaré Vázquez – Discourse in Minas de Corrales on contaminators from the prosperous North • October: Uruguayan government concedes Botnia the status of Free Zone
2005	<ul style="list-style-type: none"> • February: The Uruguayan government authorizes Botnia to initiate the construction of the pulp mill in Fray Bentos, Uruguay. • March: Tabaré Vázquez assumes the presidency (Frente Amplio) • April: Botnia initiates the construction of the pulp mill in Fray Bentos, Uruguay. // Creation of the Assembly
2006	<ul style="list-style-type: none"> • January: The Assembly takes over the international bridge; the blockade lasts for 45 days. • May: Argentina interposes a demand against Uruguay to the ICJ, accusing the Uruguayan government of the violation of the Statute of the Uruguay River. Simultaneously, the Uruguayan government denounces Argentina in the MERCOSUR tribunal for violating the freedom of movement due to the blockade of an international bridge. • June: the assembly lawyer Romina Picolotti is appointed Secretary of the State for Environmental Affairs. • July: The ICJ rejects the demand from Argentina. • September: ENCE abandons its project in Fray Bentos • November: The assembly decides to take over the bridge permanently (the blockade lasts for three years). • December: Due to social questioning, ENCE announces the relocation of its pulp mill in a farther site.
2007	<ul style="list-style-type: none"> • April: Demonstration over the Bridge (100000 people) • October: Elections in Argentina, Cristina Fernandez de Kirchner elected president and successor of her husband. • November: Botnia starts its production.
2008	<ul style="list-style-type: none"> • April: Demonstration over the bridge (80000 people)
2009	<ul style="list-style-type: none"> • The blockade and social conflict persists • October: UPM (United Paper Mills) acquires the pulp mill
2010	<ul style="list-style-type: none"> • April: The ICJ delivers its final sentence, sanctioning Uruguay in relation to procedural noncompliance, however, allowing the permanence of the pulp mill. • The government is forced by the sentence to remove the people from the bridge and allow free circulation

3.4. Data collection

In order to uncover how hypocrisy shaped the outcome of this sustainable development controversy, we gathered press articles from Uruguay and Argentina. Then, we complemented this source of data with 37 interviews and a set of documents also related to the controversy. Because the theoretical needs of the research were in permanent evolution, a theoretical sampling strategy was suitable, and it allowed us to iterate between data collection and analysis as new questions arise (Strauss and Corbin, 1999). Our sampling strategy comprised of both primary and secondary data sources. **Table 10** summarizes the data sources of the study.

Secondary sources. Process studies feature longitudinal data in order to observe how a process unfolds over time (Langley et al., 2013). Therefore, we used two main sources to longitudinally reconstruct our controversy. Firstly, we focused on **newspapers articles** that were available in electronic format. We collected initially over 400 articles related to the controversy (from the years 2004-2011). The main sources were the Argentinian *La Nación* (moderate-right) and the Uruguayan *El País* (moderate-left). In order to make a chronological reading of each newspaper (while we constructed the narrative, see ‘Data analysis’ section), each newspaper was revised day by day through their websites. Although as the research advanced, we also searched for specific articles in other local newspapers, such as *Clarín*, *Infobae* and *Página 12* (Argentina) and *El Observador de Uruguay*. From the initial 400 articles gathered, we finally selected 310 articles that were more directly related to the research question given that they quoted verbatim excerpts of the actors involved, thus allowing our analysis to see how they talked along the controversy. Secondly, we gathered other 33 documents also created by the protagonists of this controversy. This included the Assembly *manifestos* (18), Botnia and UPM corporative CSR reports (3), governmental bills and other governmental press releases (6), political speeches (3) and other documents produced by international or bi-national organizations (3). There are also four books written on the controversy, extremely important for the analysis of the controversy (Pakkasvirta, 2010; Toller, 2009; Palermo and Reboratti, 2007; Bertoni, 2010). While these did not necessarily provided insights on how actors used hypocrisy, they were useful to chronologically reconstruct the temporal development of a controversy that extended over five years.

Appendix 1 displays the list of documents produced by stakeholders and other actors involved in the controversy. Appendix 2 presents the journal articles gathered and analyzed for the case.

Interviews. While media material provides an interesting account of the development of the controversy, interviews also provide access to "...those things we cannot directly observe [since] we cannot observe how people organize the world and the meanings they attach to what goes on in the world" (Patton, 2002:341). Thus, we complemented our data collection with 37 semi-structured retrospective interviews to 36 key informants from the three countries (Argentina, Uruguay, Finland). Fieldwork took place in two sessions. The first one was during September 2014-February 2015 (20 interviews). After defending the Dissertation Proposal during September 2015, we conducted a second phase of fieldwork, which extended between January 2016-December 2016 (17 interviews). We used a semi-structured interview guide to ensure that equal basic guidelines were applied to all interviews, while providing interviewees the possibility to express themselves freely (Patton, 2002; Daunais, 1992). The guide covered issues such as the informants' role in the controversy, their identification of the main actors who were relevant in the controversy, informants' perception of inconsistencies between talking and action for each of the involved actors, main shifts in the actors' talking and actions, and also informants' perceptions of how each inconsistency constrained the stakeholders along the episode. With only one exception that was done in English, all interviews were carried out in Spanish (the researcher's native tongue), either in person or through Skype or telephone, at the request of the informant. We taped 35 interviews and transcribed them immediately. In two opportunities, interviewees requested the interview not to be taped due to political sensitivity, but allowed us to take extensive and complete notes of their testimonies. Three governmental informants refused to answer specific questions and requested to narrate their own experience working with their respective governments. On average, interviews lasted for 45 minutes.

Sampling informants. Due to the inductive nature of qualitative research, sampling procedures for key informants evolved during fieldwork. We did not initiate fieldwork with a pre-specified population of study (Miles and Huberman, 2003), but as a general criterion, we considered key informants those individuals belonging to one of the three groups of stakeholders analyzed in both countries (government, firm, civil society and social movements) that directly witnessed and participated in the development of the conflict. We also considered key informants those individuals who did not necessarily belong to one of these three groups, but had a privileged position that allowed them to directly witness the development of the controversy. For example, this is the case of three journalists interviewed that covered the case for their newspapers in Argentina and Uruguay, or of the three representatives of the NGO *Diálogo Argentino* that participated as mediators and 'consensus brokers' especially during the period 2005-2007 in Gualeguaychú. In order to identify interviewees, we proceeded by adopting purposeful

sampling, which means that we searched for a particular type of informant that meet our theoretical needs. Initially, we relied on “snowball sampling” by choosing potential informants that responded to the previously indicated criteria among personal contacts, and asked such informants for other possible interviewees (Patton, 2002). As the research advanced, we proceeded to use ‘theoretical sampling’; in order to more clearly identify informants according to the theoretical needs that emerge (as we simultaneously collect and analyze our data) (Strauss and Corbin, 1999; Patton, 2002). The identification of potential informants from the Assembly was particularly challenging. The Assembly was a numerous organization. It was also extremely reluctant to formal hierarchies. In order to identify potential informants, we used media material to look for recurrent ‘spokespersons’ along the years of the controversy. Another challenge in the interview process were the informants that despite our commitment to keep their participation confidential and their testimony anonymous, and despite the fact that the interviewed focused on their perceptions rather than on information that could be confidential, they anyway refused to participate because they considered that even though almost five years have passed, it could be still a highly politically sensitive issue. This was especially the case for members of the Argentinean government and Assembly members.

Appendix 3 presents the profile of the informants.

Table 10 Summary of data collection.

Data sources	<ol style="list-style-type: none"> 1) Secondary sources such as media material, corporative reports, Assembly manifestos, bills. These helped to chronologically build the narrative and to reconstruct the discursive strand of each stakeholder. 2) Primary sources: 37 semi-structured retrospective interviews to actors that had witnessed the controversy.
Informants’ Sampling	<ol style="list-style-type: none"> 1) Purposeful sampling: Snowball sampling and theoretical sampling responding to the theoretical needs of the research question (Patton, 2002; Strauss and Corbin, 1999).

3.5. Data Analysis and codification

Data analysis initiated simultaneously with data collection, adopting an ‘abductive’ approach to bridge theory and data (Gioia et al., 2013).

Stage I: The construction of a narrative. During the first stage in our analysis, in order to initiate the exploration of the controversy and make sense of the data, we followed Langley

(1999) and we used all the raw data we had collected (media material, documents, and the data emerging from the interviews) to construct a detailed narrative account of our controversy. This narrative followed a chronological order and allowed us to reconstruct how such an extended and disruptive conflict between two sister nations evolved throughout the years, to identify who were the relevant stakeholders involved, when did they become involved in the conflict and their main declared motivations to do so. It also allowed us to identify the main turning points in the episode. Even when we were highly familiarized with it, constructing the narrative also facilitated a deeper comprehension of the social context in which the controversy took place. Once the narrative was constructed, we proceeded to adopt a temporal bracketing strategy (Langley, 1999).

Stage II – Identifying how stakeholders talked. After identifying the main phases of the controversy, we proceeded to reconstruct how each stakeholder involved built its own discursive strand¹⁴ along the conflict, whether to legitimize their own position, or whether to delegitimize the position of their contenders. With the assistance of AtlasTi, we analyzed the media material and open coded (using *in vivo* coding when possible) in order to make sense of how the diverse stakeholders talked. This also helped us to make sense of how each discursive strand evolved throughout the years under analysis but, very importantly, in this phase we started to unveil the intertextual relations (understood as the linkage between different discursive strands, Vaara and Tienari, 2004). Especially because during controversies most of the struggling takes place through talking (Rojo and Van Dijk, 1997) it was essential to reconstruct how stakeholders answered to each other, given that discursive strands only make sense while they are interconnected with other discourses (Phillips and Hardy, 2002).

Also, by reconstructing discursive strands of the stakeholders, we were able to complement our chronological narrative by illustrating how, as events took place, diverse stakeholders talked and answered to each other. However, it could not be assumed that every time that a stakeholder talked, they were being hypocritical. Therefore, we conducted a new step of analysis in which we specifically attempted to identify when and how stakeholders specifically mobilized hypocrisy during the controversy.

Appendix 4 presents the list of stakeholders involved in the controversy and its main spokespersons.

¹⁴ For analytical clarity, we distinguished between discourses (*énoncés*) as an abstract concept at the level of statements from “discourse strands” (*énonciations*), which are the concrete utterances and performances located in what is the surface of texts (Jäger and Maier, 2014). Each discursive strands consist of texts that can deal with a wide array of subjects: “a discourse fragment therefore refers to a text or part of a text that deals with a particular topic [...] various discourse fragments on the same topic for a discourse strand” (Jäger and Maier, 2014:47).

Stage III – Reconstructing how the stakeholders mobilized hypocrisy during the controversy.

During the analysis of the discursive strands (stage II), we perceived that stakeholders permanently accused each other publicly of having secret agendas or of deliberately talking in a way that was inconsistent with their concrete actions. Undoubtedly, the analysis of the media material helped us to identify potential occasions in which stakeholders mobilized hypocritical tactics. Because hypocrisy is perceived and labelled by an observer (Ashfort et al., 2014; Fassin and Buelens, 2011), the insights provided by our informants were extremely valuable to uncover how and when during the controversy stakeholders mobilized hypocrisy. In order to do so, we conducted a content analysis of the interviews, coding every passage in which any informant manifested that it had perceived hypocrisy in a stakeholder, or that there was a generalized perception that a given stakeholder was mobilizing hypocrisy. Along the verbatim transcriptions of the 37 interviews, we identified a total of 208 perceptions, each of them being a sentence or group of sentences. Table 11 presents perceptions per stakeholder and includes illustrative quotations.

Perceptions were expressed usually in relation to particular events or in relation to specific actions of stakeholders. We tried to find, for each perception of hypocrisy identified the testimony of at least one informant belonging to each of the three stakeholders' groups involved (governmental, social, industrial). This triangulation was essential to go beyond those accusations that can take place with the pure objective of delegitimizing contenders in the midst of a public conflict. Moreover, in some cases, informants provided their insights on why the stakeholder group to whom they belonged mobilized hypocrisy. This was extremely interesting given that after that through this 'self-acknowledgement', informants offered justifications of why they did it. These insights were also extremely valuable to understand the underlying motivations that each stakeholder had to develop hypocritical tactics.

Table 11 Perceptions of hypocrisy per stakeholder and illustrative quotations.

Stakeholders	Mentions in which informants perceived hypocrisy in the given stakeholder (total = 208)	Illustrative quotations
Assembly	39	“The Assembly didn’t act on the basis of what they said was their motivation. They used to say that their motivation was environmental, but in fact it was economic. The pulp mill may have not contaminated but were a horrible thing to see from the bank of the Uruguay River in Gualaguaychú” (Inf. 2)
Argentinian government	85	“Undoubtedly, the Argentine government would have never cared about pulp mills. On the contrary, it would have competed to bring one or more investments to the Argentinian side. The Argentinian government never really cared about the environmental issue, never.” (Inf. 22)
Uruguayan government	37	“[The Uruguayan government] agreed to dialogue but on the other side you could see that Botnia was not stopping! [Uruguay] would say to the Argentinian government ‘let’s dialogue, let’s have a conversation’ but at the same time Botnia was making more and more advances. Then, the Assembly members were really angry, they would say ‘[Uruguay] dialogues in order to buy time, Uruguay is lying to us!’ ” (Inf. 1)
Botnia	47	“They have a double standard in relation to this issue [...] How they handle the forest here and in Finland, and how they handle the industrial plantation here. In central issues, there are big differences. In that, you get clearly the double moral standard [...] they come here, to take those opportunities that they cannot take in Finland. And then, they are forced to develop that double standard in their discourse. And, then, to lie, because they say that they don’t contaminate, while they do” (Inf. 30)

Because stakeholders usually expressed their perceptions in relation to specific events, it was possible for us to link them to the chronological narrative that we had developed during stage I and stage II. This allowed us to rewrite our narrative. From a purely chronological narrative, we could evolve to a second narrative focused on how stakeholders mobilized hypocrisy throughout the controversy. The output of this stage of analysis is presented in the first section of the Findings chapter. While we had identified potential turning points in the previous stages, it is not until this stage that we were able to validate the ‘discontinuities in the temporal flow’ that delimited the temporal brackets (Langley et al., 2013). This led to a narrative of three phases,

delimited by two turning points. The trigger of the controversy and both turning points led to radical changes in stakeholders' positions during the controversy. Interestingly, the three are caused by the exhaustion of a hypocritical tactic. Once a stakeholder cannot sustain a tactic, it becomes exposed, and a radical realignment of stakeholders' positions takes place during the following phase. Table 12 summarizes the output of this stage and its final version constitutes the first section of the Findings chapter.

Table 12 Phases and shifts during the controversy.

Phase	
Trigger February 2005	After being elected, the <i>Frente Amplio</i> in Uruguay radically shifts in the position taken during the political campaign and concedes Botnia the permission to operate in the bank of the Uruguay River.
Phase I (February 2005 – March 2006)	Social mobilization explodes. The Argentinean government, a government under severe criticism for environmental negligence, actively involves in order deterring advances and request more studies to be conducted.
Shift from phase I to phase II	Uruguay concedes to the interruption of the construction but has to take it back when pressured by the firm.
Phase II (April 2006-October 2007)	Uruguay is exposed generating an opportunity for its contenders to advance their own agendas. This phase is characterized by the creation of a 'national cause' on the Argentine side. Argentina presents a formal lawsuit at the ICJ and allows the Assembly to blockade an international bridge for three years.
Shift from phase II to phase III	Due to an internal political crisis caused by the Argentinian radical position in the previous phase, the government attempts to withdraw the conflict.
Phase III (October 2008 – July 2010)	Argentinian effort to placate the controversy and to deactivate the social movement fail and the country is forced to face the trial at the ICJ.

Stage IV – Inducing the tactics used to mobilize hypocrisy and how these tactics enabled and constrained stakeholders. While we were reformulating our narrative in order to show how the perception of hypocrisy evolved throughout the controversy, we also observed that different stakeholders mobilized hypocrisy through different tactics; that is to say, not every stakeholder that deliberately decoupled its talk and actions did it in the same way during the controversy. In order to induce the different tactics, we open coded our data. With the assistance of Atlas.Ti, and since we were exploring, our objective with this round was to remain as close to the raw data as possible, using what Gioia et al. (2013) labelled informant-centric; therefore, we used *in vivo* codes every time we could. This exploratory, open coding round led to 161 codes.

While we were coding, we started to search for ‘similarities and differences’ (Gioia et al., 2013) in order to group the codes. This led to 30 groups of codes or categories. We made an effort to retain informants’ terms as much as possible.

We then proceeded to the 2nd order analysis. After having grouped the 1st order codes, we asked ourselves which emerging concepts would help us unveil the different tactics that stakeholders developed in order to mobilize hypocrisy. The outcome of this stage is the second section of the Findings chapter (see Figure 4 for the data structure), and comprises three emergent tactics that stakeholders use to mobilize hypocrisy in order to compete during the controversy; namely, *creating a pseudo-agenda*, *exiting the controversy*, and *showing autonomy*.

Moreover, as we advanced in our coding, we perceived that the mobilization of certain hypocritical tactics would enable certain possibilities for stakeholders; these possibilities would not have existed had stakeholders not mobilized hypocrisy. We also perceived during our analysis that, simultaneously to such enabling potential, specific mobilizations of hypocrisy also constrained stakeholders; these constraints would never have existed if stakeholders had not mobilized hypocrisy. This suggested a promising avenue for research, related to how specific hypocritical tactics can influence the evolution and outcome of the controversy. Consequently, for each tactic that we induced, we also identified enabling (‘the potential of talking’) and constraining (‘the trap of talking’) that influenced the possibilities of stakeholders during the controversy. The outcome of this analysis is also presented in the second section of the Findings chapter.

Figure 4 Data structure and emerging hypocritical tactics.



Stage V – Reconstructing how the tactics influenced the outcome of the controversy. While our initial motivation for this research was related to unveiling the hypocritical tactics mobilized by stakeholders, as we pointed out in the previous paragraphs, it emerged from our data analysis that every tactic had enabling and constraining effects over stakeholders. Our last stage in the analysis was devoted to unveiling how each concrete mobilization of the tactics directly influenced the evolution and outcome of the controversy; whether by enabling possibilities that stakeholders would have not had if they had not mobilized hypocrisy, or constraints that stakeholders would have not faced if they had not mobilized hypocrisy. The outcome of this analysis is presented in the third section of the Findings chapter.

Table 13 presents a summary of the analysis.

Table 13 Summary of the stages of the data analysis.

Stage	Data	Analysis	Output
1) The construction of the narrative	Media material, Assembly manifestos, governmental releases, industrial reports, interview transcripts.	Narrative approach, identification of stakeholders, identification of potential turning points	Narration of the controversy (chronological).
2) Identifying how stakeholders talked	Media material, Assembly manifestos, governmental releases, industrial reports.	Reconstruction of discursive strands per each stakeholder.	Narration of the controversy (chronological) with illustration of how stakeholders talked.
3) Reconstructing how stakeholders mobilized hypocrisy during the controversy	Interview transcripts, Media material, Assembly manifestos, governmental releases, industrial reports.	Interview transcripts content analysis	Narrative of the controversy, focus on mobilization of hypocrisy
4) Inducing the tactics used to mobilize hypocrisy and how these tactics enabled and constrained stakeholders	Interview transcripts	1st order analysis, 2 nd order analysis, and the construction of data structure to link 2 nd order themes.	Three emergent tactics with enabling and constraining conditions
5) Reconstructing how the tactics influenced the outcome of the controversy	Interview transcripts	Interview transcripts content analysis	Analysis of how the tactics influenced the evolution and outcome of the controversy.

3.6. Quality criteria

As we have adopted a qualitative research design (Guba and Lincoln, 1994), we have also adopted procedures to enhance quality, as defined by Lincoln and Guba (1985). We present a summary of these criteria in Table 14.

Credibility. In order to enhance credibility in our research, we applied the following activities and techniques.

- a. Prolonged engagement:** It is impossible to understand any phenomenon without considering the context in which it takes place. Our prolonged engagement with the setting (Argentina, Uruguay) has helped us to understand the evolution of the controversy (Lincoln and Guba, 1985).
- b. Sources of triangulation:** Triangulation reduces systematic bias and distortions (Patton, 2002). As Lincoln and Guba (1985) mentioned, we used as many multiple sources as possible in order to increase credibility. During data collection and analysis, we applied triangulation both to interviewees and to different sources (interviews and existing literature, documents, and media). During the analysis, we verified if we could trace the perceptions of hypocrisy in informants belonging to diverse stakeholders groups and in other sources (such as the media). Triangulation also helps us perceive multiple perspectives in opposition to a singular truth (Patton, 2002) and to warrant a voice to those actors traditionally silenced (Phillips and Hardy, 2002).
- c. Peer-debriefing:** Following Lincoln and Guba's (1985) advice, we discussed emerging patterns with experienced researchers that were not directly involved in the study, in order to decrease possible bias and to keep the process of inquiry "honest" (p. 308). We also presented our work in conferences and workshops in order to receive feedback.
- d. Member checks:** we stayed in contact with some of the interviewees, and involved them in dialogue in which we discussed emerging findings. We used this to correct possible errors, to gain additional information, and to challenge emerging explanations on the phenomenon that we studied.
- e. Data:** Langley (2009) has indicated that the inclusion of large amounts of empirical data increases credibility, since readers can corroborate our conceptualizations. We followed this recommendation and included quotations supporting our arguments in the text, as well as tables presenting extra data to support our research process. We aimed to use

quotations from informants belonging to different stakeholders group, in order to alleviate possible bias. Other tables depict data coding procedures.

Transferability: The context of our research was described in detail. Thick descriptions allow future researchers to evaluate if findings can be applied to different contexts (Lincoln and Guba, 1985). Additionally, due to our use of well-documented media material and other public sources, other researchers will be able to replicate our analysis, enhancing the trustworthiness of our research process (Langley, 2009).

Confirmability: We kept a detailed track of all methodological decisions taken in the reflexive journal. The construction of a narrative was also a method to ensure to future readers that the findings are legitimate (Phillips and Hardy, 2002). We used triangulation as much as possible (Lincoln and Guba, 1985). The use of qualitative software (Atlas.Ti) to manage data helped to keep detailed track in *memos*.

Table 14 Summary of quality criteria.

Credibility	<ul style="list-style-type: none"> a) Prolonged engagement with the research site b) Triangulation of data and sources c) Peer-debriefing d) Member checks with informants e) Inclusion of data (supporting quotations)
Transferability	<ul style="list-style-type: none"> a) Thick description of the context of research
Confirmability	<ul style="list-style-type: none"> a) Track of methodological decisions b) Construction of narrative c) Triangulation d) Methodological memos in Atlas.ti
Completeness	<ul style="list-style-type: none"> a) Theoretical saturation

Sources: Patton (2002), Lincoln and Guba (1985), Jäger and Maier (2014), Phillips and Hardy (2002), Wodak and Meyer (2014)

3.7. Ethical considerations

Ethical considerations are extremely relevant since "Research does involve collecting data from people, about people" (Cresswell, 2009:87). This research does not deal with confidential issues that may compromise participants. The population being studied does not fall under the category of a vulnerable population. Moreover, the fact that a great deal of data emerges from public sources reduces the problem of confidentiality (Vaara and Tienari, 2004). Nevertheless, appropriate ethical considerations were put into practice in this research in order to protect

participants. Participants were informed that their contribution was voluntary and that they may freely choose to stop participating at any given time during the interview (Glesne, 1992). Interviewees were also properly informed of the objective and nature of the research project through a consent form, and they freely decided if they wanted to take part or not.

Identities remained confidential. Participants were offered to consult the transcript of their interviews and were advised that they could request the destruction of their evidence if they did not feel comfortable with their contributions to this research.

The Statement of Ethical Responsibility was submitted to the Committee of Ethics of HEC Montréal, which assessed the project and the corresponding certificate has been granted.

Chapter 4

Findings

4.1. The mobilization of hypocrisy during the controversy

4.1.1. Context: Triggering the spiral of hypocrisy

For the first time in the history of Uruguay, the *Frente Amplio* won on October 2004 a presidential election. Candidate Tabaré Vázquez centred its campaign in the aspects that had defined the party since its foundation in 1971: a social justice, progressivist, democratic, anti-oligarchic and anti-imperialist conception¹⁵. In one of its most important campaign discourses, Vázquez said in the city of Minas de Corrales, Uruguay, that the developed world was responsible for the destruction of the environment because it took advantage of: "...the poorest countries, that have poor people. They bring us here their investments, through factories that destroy our environment, because they don't want to destroy theirs" (June 04th, 2004). Coming from the candidate of the left-wing political party who publicly repudiated the investment promotion and protection agreement signed with Finland in 2002, it was taken for granted that he was alluding to the controversial pulp investment soon to take place in Uruguay. Part of the Uruguayan and Argentinian public opinion had reservations related to that investment (Int. 17, environmentalist activist).

Jorge Batlle, the salient Uruguayan president, hardly reached 10% of the votes for his re-election. Two weeks before being replaced by the *Frente Amplio* candidate Vázquez (February 2005), Batlle granted Botnia the official permission to operate. Argentine president Néstor Kirchner had supported Vázquez's candidacy. He was confident that the *frenteamplista* would revoke the authorization to those firms he had severely criticized during the campaign and that the issue would be over. But Vázquez shifted dramatically in his position and devoted his efforts to establish the moral legitimacy of the new pulp mill to come: " 'These projects are highly important for our country and our people', said Vázquez ..." (EPU, October 12th 2005). According to a member of the Uruguayan Executive Power:

"...The Argentinian government, when they heard [Vázquez's] speech at Minas de Corrales, when they saw that the *Frente Amplio* voted against the [investment promotion and protection] agreement

¹⁵ As defined in the *Frente Amplio* website: <http://www.frenteamplio.org.uy/>. Access: 09/01/2016.

with Finland in the Parliament, embraced the hypothesis that the *Frente* was going to void the project [...] and that Botnia was not going to settle. They also took for granted, let's say, the story that the *Frente* was against this investment. But that wasn't true. [It was the *Frente Amplio*] that brought the investment. It was a big scheme, to many Uruguayans [who voted the *Frente Amplio*] and to the Argentinian government" (Int. 32, Uruguayan government).

The shift was unexpected and generated the suspicion that the *Frente Amplio* had already decided to welcome foreign investments in case of winning the election but the party only revealed it once the campaign finished. Promoting MNCs investments could have been questioned by left-wing voters and could have been seen as an abdication of the party's principles, leading to missed votes (Int. 10, 27 and 32). As well, Vázquez may have probably wanted to avoid any friction with Argentina that could jeopardize Kirchner's support. However, attentive observers in Uruguay were not surprised. To them, the shift was premeditated, given that *frenteampelistas* had been working since 2003 to placate any internal opposition to the project, in case they won the election of 2004:

"...That was the political reality [in 2003], this it's not going to be said openly, and that you'll never hear from anyone in Uruguay. [I asked environmental activists in 2003] 'how can you know that Botnia is coming?' 'Because the people of the SNT¹⁶ are already travelling to Finland to visit the pulp mills that Botnia has there'. In Uruguay, everyone knows that this union is so close to the deep core of the *Frente Amplio*. They travelled because they had to convince [the unionists close to the *Frente Amplio*] that the arrival of the pulp industry and the arrival of Finland to Uruguay [was desirable]" (Int. 32, Uruguayan government)

In both countries, demonstrations repudiating the future settlement of the pulp mill initiated approximately in 2003. In Gualeguaychú, the closest Argentine city to the project location, a large social movement (that later would become the Assembly) emerged. The Assembly was critical to the project and to Uruguay, and managed to get moderate support from the local and the provincial authorities. The Argentinian national government had been unofficially informed about the project during 2002 (a common practice given the closeness and familiarity of both countries and of their foreign affairs officials, Int. 37, Argentinian government), but the government saw no relevance in the issue:

"Argentina neglected the issue. In 2005, Environmental Affairs depended from the Minister of Health [of Argentina], Ginés González García, who believed that the Assembly's claim was ridiculous. He despised the Assembly [...] When it was the appropriate moment from the Argentine government to do some type of effort to solve the problem with Uruguay -that is, during 2004, maybe 2005-, they were not even paying attention. The same was true for the Ministry of Foreign Affairs, Rafael Bielsa" (Int. 27, mediator)

However, as Vázquez's shift took place and as social unrest became more visible, Argentina jumped into the conflict to deter Uruguay from making any advancement. In order to claim that

¹⁶ The Spanish acronym for *Sindicato Nacional de Trabajadores* (National Workers Union).

it was able intervene in Uruguayan affairs, Argentina resorted to the Statute of the Uruguay River, for the first time since it was signed in 1975. It was under these conditions that the most dramatic episode in the modern history of these sister nations initiated. Table 15 presents stakeholders' perceptions on Uruguay.

Table 15 Perceptions of hypocrisy during the controversy (beginning of the controversy)

Stakeholder	Claimed position / stake / interest	Perception in the context of the controversy
Uruguay	Political campaign centered in traditional <i>frenteampartista</i> values such social justice, progressivism, democratic, anti-oligarchy and anti-imperialism.	Talk deliberatively in the context of the political campaign so as to retain electoral and Argentinian support and reveal support for the mill only after the presidency was won.

4.1.2. Phase I: The 'invention' of a crisis (February 2005 – March 2006)

On the Uruguayan bank of the river. After the shift took place, the newly elected government portrayed the pulp mill as the crowning moment of the forestry project initiated in 1987. Uruguay could now be seen as an industrialized economy, able to attract major investments (as their other South American counterparts) and, consequently, less dependent on its traditional commercial partners, such as Argentina (EPU, October 12th 2005). The MNC would bring economic benefits: “ ‘...investments of US\$ 2000 million, more than 10% of our GDP and our foreign debt...’ said [the Vice-Minister for Environmental Affairs Jaime] Igorra” (EPU, March 5th 2005). The pulp mill would create employment and social wellbeing (EPU, August 30th and November 09th 2005), restoring its former dignity to the area: “[the pulp mill will] ‘resurrect’ the area of [Fray Bentos, that has] 23000 inhabitants [and is] lost in time due to unemployment” (EPU, August 24th 2005). However, Uruguay made sure that it would bring a project that brought the: “...latest technology” (EPU, November 19th 2005). And, importantly, Uruguay was ready to rise to the occasion:

“[‘We are] aware of the importance of these ventures and of the challenges that these represent’ indicates [Tabaré Vázquez] ‘Uruguay has worked to strengthen its well-developed institutional capabilities in the areas of control and preservation of the environment’ ” (EPU, October 04th 2005)

The firm accompanied governmental efforts to increase the moral legitimacy of the project: "...an investment of 'more than US\$ 1000 million' which will 'bring important economic benefits for the region, through the industrialization of the forestry activity and the acquisition of goods and services' " (LN, March 10th 2006). By 'region', Botnia also meant Argentina: "...the investment will also impact in the development of the Argentinian shore where, according to Carlos Faroppa from the Finnish firm, in four years 'they will have to settle a new pulp mill'. 10% of the wood that Botnia will use will come from Argentina" (EPU, July 30th 2005). This was very welcome by the Argentinian forestry industry, where the Eucalyptus was intensively cultured.

Botnia declared its intention to generate up to 8000 direct and indirect job positions (EPU, August 24th 2005; LN, February 01st 2006) to be filled with local workforce (EPU, March 04th 2006). Botnia emphasized the effort to protect the environment through the best technologies available: " 'In Uruguay, we will use the same technology than we use in our country, but with a higher level of evolution' insisted [Botnia's spokesperson Anniki] Rintala, that added that Botnia was expecting to allocate '25% to 30% of its investment to environmental care' " (LN, February 1st 2006). Botnia's high technology should offer: "guarantees to Argentinians and Uruguayans" (LN, February 02nd 2006). Accordingly, the firm suggested that Finland's environmental reputation and commitment constituted a guarantee:

"[Botnia's spokesperson Carlos] Faroppa [...] insisted in that [Botnia's] technical aspects are based on the exigent regulations used in the European Union to prevent negative impacts in the environment. 'In relation to this, Botnia is a firm with an impeccable behaviour, we must not forget that Finland is a modern country in relation to technology implemented for the environmental development' he said" (EOU, January 25th 2005).

But after the unexpected Uruguayan shift took place, Uruguay would find it hard to recover from the hostile atmosphere that took over the project. Stakeholders who questioned the moral legitimacy of the project (namely, Argentina and the Assembly) severely challenged Uruguay's and Botnia's arguments. For example, when picturing the pulp mill as a source of employment: "[The governor of Entre Ríos, Argentina] Jorge Busti affirmed that 'these plants generate employment while they are built, during the first year. In the second, it will provide half of that. Then, they will become automatic and work 24 hours round with no personnel at all' (EPU, May 03rd 2005). According to them, Botnia and Uruguay pictured a 'bright' but deceptive future for the area of Fray Bentos:

“...cunningly, intelligently [they gave life to] the phantom of the slaughterhouse of Fray Bentos¹⁷, the lost Eden of *fraybentinos* [...] playing with the idea of the phoenix, the idea that employment would come back, even in a larger extent than with the slaughterhouse. Which ended up being an absolute farce” (Int. 8, field expert)

To critics of the project, Uruguayan arguments could be easily ‘sold’ to the public opinion, because these generated misleading but impressive impacts in the state’s public finances (e.g. in the gross domestic product, henceforth GDP). Notably, these arguments were useful to distract attention from the generous concessions made in order to attract a foreign investment (e.g. granting the pulp mill the status of free zone) that would, in fact, leave nothing for the country. The allegation of complicity between Botnia and Uruguay started to take shape:

“I’d say that if there was a lie, it was a co-governed lie. A lie that had the active and enthusiastic participation of [Uruguayan] national authorities; they saw Botnia and applauded the project. No matter their political sign. In this case, it was a left-wing political party [in the presidency]. But if would have the same been the same in the case of the *Partido Blanco* or the *Partido Colorado*¹⁸. Botnia’s arrival was seen as a gift from the Heavens and as an investment with no antecedents; an investment that would increase extraordinarily the GDP from one day to the other. In this sense, I think the environmentalists were right. Botnia actually left nothing to this country. Botnia managed to get huge concessions. They imported more than 80% of its infrastructure from Finland and Europe, and brought most of its know how from Finland and Europe, and managed not to pay taxes and to locate it in a free zone¹⁹. Botnia was literally in a free zone, so practically left nothing in this country [Uruguay]. But the citizens were astonished by the amounts invested! Because even operating on a free zone, Botnia is visible in the public finances as GDP. It represented 3 or 4% of the GDP, something extremely unusual for only one firm.” (Int. 8, field expert).

Specifically, the Assembly became very vocal against Botnia’s potential impact on the environment, such as: “contamination of the Uruguay River and of the air and the soil; acid rain, disappearance of the beaches and the destruction of the regional tourism [...] Botnia [is] lying” (LN, June 18th 2005). As well, they questioned Botnia for its efforts to misrepresent the environmental impacts of the pulp industry:

“They would send pamphlets to Uruguayan schools ‘The benefits of forestry’ [...] it was indoctrination, they would teach what was convenient to them [...]. As if my kids received a beautiful book describing all the good things that mining can offer [and not the bad consequences]. They were slicing the reality [in that pamphlet]. It’s how they do it, how [they] construct reality. There’s not only one reality” (Int. 36, Assembly).

While Uruguay portrayed itself as an autonomous country, in control of the project and the forestry policy, one of the most crucial criticisms against the investment emerged. The

¹⁷ The Anglo Slaughterhouse was the main employer in the area until it close in 1979, and the town was never able to recover from stagnation and unemployment.

¹⁸ These are the two other relevant political parties within the Uruguayan political system.

¹⁹ A free zone is a designated area in which companies are neither taxed nor they have to pay customs duties to the country in which they are located for imports or exports.

Argentinian government questioned the nature of the: "...rigorous studies carried out by the National Direction for the Environment (DINAMA)..." (EPU, May 15th 2005) on which Uruguay had relied to approve such a major project. Gradually, these studies became the center of the dispute; for example, because they have been conducted under the direction of institutions that also happened to be involved in the project as donors (for example, the IFC from the World Bank). Argentina started to request an interruption in the construction, so that institutions with no issues at stake in the project would conduct complementary analysis. The government claimed to support Uruguayan's industrialization plans, but simultaneously questioned the moral legitimacy of the technology that this pulp mill was supposed to use:

" 'Why is it a problem to conduct an environmental study that will take two months?' said the Minister for Foreign Affairs Rafael Bielsa] if as the Uruguayan government the pulp mills will have no negative environmental impact. 'Then, I believe there is another reason' he added. Bielsa reassured that Argentina is not against 'the largest investment in the history of Uruguay' but objects 'the technology that the pulp mills will use' [...] the systematic denial from Uruguay to make a bilateral evaluation of the impact [...] is making things complex..." (EPU, July 15th 2005)

Uruguay refused, so the tone of Argentinian demands aggravated. The level of confrontation went *in crescendo* and Argentina threatened Uruguay with recurring to the ICJ on the basis that the latter had failed to comply with the steps indicated in the Statute of the Uruguay River to properly inform Argentina. Such official threat could not be ignored. Some attempts to reinstate diplomatic dialogue would take place but Argentina alleged that Uruguay was, in fact, 'buying time' with no real intention to conduct more studies:

"[The Uruguayan government] agreed to dialogue [with Argentine] but at the same time you could tell that Botnia wasn't stopping at all. [Uruguay] dialogued with Argentina, but at the same time that they were saying 'let's talk [to find a solution]', Botnia was advancing and advancing. This made the environmentalists [from the Assembly] more and more annoyed. They would say 'Uruguay dialogues to buy time but the Uruguayan government is tricking us' " (Int. 1, mediator)

As months went by, stakeholders were unable to negotiate, let alone reach any consensual solution. As diplomatic efforts failed, the level of confrontation spiralled. Interestingly, the more the Assembly and the Argentinian government claimed their environmental concerns, the more these stakeholders became the target of severe criticism themselves, as we will discuss next.

On the Argentinian bank of the river. The Argentinian government only got involved in the issue when Vázquez confirmed the settlement of the pulp mill in February 2005. At that moment, Argentina decided to support the Assembly's claim arguing that environmental studies were insufficient and purposively partial. But Argentina had a notorious reputation for environmental negligence, as well as a controversial pulp industry (Int. 2, 19, and 26). Why would the country be entitled to interfere in Uruguayan affairs alleging potential environmental

consequences that this government had directly chosen to ignore in their own homeland? Uruguay became defensive, and questioned Argentina as a legitimate stakeholder with a say in the issue:

“The Minister of Finance from Uruguay, Danilo Astori, said [...] ‘It’s really a matter of concern’ that some members of the Kirchnerite administration are ‘carried away by electoral passions and seriously attacking the interests of a country that supposedly with Argentina should be sisters nations’ ” (LN, September 30th 2005)

“ ‘[Instead of protesting against Uruguay] why don’t you protest against [the government of] Argentina, where there are 30 millions of hectares contaminated by agrottoxics?’ asked the Secretary of State [for the environment] of Uruguay [José Mujica]” (LN, January 18th 2006)

In addition to its deficient environmental policy and weak enforcement mechanisms, it was public knowledge that Argentina had actively sought international investments; many of them belonging to very controversial industries, such as mining and oil, severely questioned by the public opinion (Int. 15, Argentinian government). The sudden concern for environmental protection raised suspicion as to the sincerity of the motivations to become involved in the episode. For example, some informants manifested Argentina’s will for retaliation against Uruguay as a possible motivation: “The [Argentinean government’s] talk didn’t coincide with neither their reality nor their intentions. They would say ‘We care about the environment’ but in the end they just wanted to ruin Tabaré Vázquez for his disobedience and his treason [for authorizing the pulp mill in February 2005]’ ” (Int. 1, mediator).

Other informants pointed out that, as the controversy evolved, the Argentinian president Néstor Kirchner perceived that the issue was becoming popular within the public opinion: “Argentina exploited it in political terms [...] these are causes usually seen as noble and therefore bring votes” (Int. 2, Argentinian government). Elections were coming later in 2005 and Néstor Kirchner was challenged by the voting intention:

“...a political calculus. This was about popularity. You should have in mind that [Néstor Kirchner] didn’t win the 2003 election; he lost it [but the winner president resigned]. So he assumed the presidency with a support of the 23% of the voters. Then, his policy was to increase his popularity. Wherever he saw any potential [source of] popularity, he would support it. In the end, it went bad because it was damaging for us, as a country” (Int. 19, industry)

“Néstor Kirchner saw a [social] movement [...] Don’t forget that he became president with 22% of voters, [in 2003]. That means that in all circumstance in which he saw that he could bring people onto his movement, he would do it. He was in a weak situation, with 22% of the votes. Then, he involved in all the conflicts in which he saw that the conflicts were popular” (Int. 6, Argentinian government).

Additionally, the fact that Argentina had a thriving industry and that the country was competing against other South American countries to attract this type of investments (int. 14, int. 18) made

the claim less credible, and the perception that there was political interest in exploiting the controversy more probable:

“Ultimately, the Argentine government had a similar position to the Uruguayan government [in relation to the forestry policy]. But it was a political game. When the government saw the 50 000 Argentiniens mobilized, they went to Gualeguaychú and exhibited themselves. It was about the people. They couldn’t afford not being a part of it, supporting the people” (Int. 35, journalist).

Furthermore, the ‘enemy’ (namely, the pulp mill) was abroad. If Argentina pushed enough so as to force Uruguay to relocate or eradicate the pulp mill, it would be able to claim an ‘environmental victory’ without paying for any consequence. It also allowed the government to distract attention from the highly contaminating local firms:

“[It was attractive] because you could turn your eyes into a foreign enemy, instead of dealing with the local problem. If we are going to transform into a ‘national cause’ the mining conflict [that is taking place in Argentina] that means that the [Argentine] government has to go against the mining firms [located in the country]. With some of these firms, both the federal and provincial governments have important agreements. Consequently, they have no interest at all in doing that. The issue around the mill positioned the enemy abroad [...] I think that the external conflict against the pulp mill was a means to compensate the impossibility or lack of willingness to deal with the national environmental conflict. Since they can’t or they don’t want to deal with the local conflict, they over-dramatize the conflict with the pulp mill” (Int. 3, field expert).

The perception that the Argentinian government was jumping into the conflict with not genuine motivations gradually spread. Unfortunately, this would increase the sense of confrontation and misunderstanding among the stakeholders. Not even the Assembly (who shared with the Argentinian government its interest in the immediate eradication of Botnia) perceived a genuine concern in this actor, given that governmental talking notoriously contrasted with its actions: “The Assembly of Gualeguaychú always perceived that the [Argentinian] government didn’t care about the environment. In [Argentina], we had highly contaminating pulp mills” (Int. 27, mediator). As a matter of fact, such scepticism had always characterized the position of the Assembly –main initiator of the environmental claim against Uruguay-. According to one of its spokespersons, this was the reason why Assembly members mobilized pre-emptively. The Assembly took for granted from the beginning that Uruguay would never be capable of controlling the environmental deterioration no matter how much the government claimed its commitment to control:

“Think of the first demonstration in the bridge [...] In Gualeguaychú, a town of 70 000 or 80 000, there were 100 000 people over the bridge that is 40 km away. These people mobilized on their own means, in order to protest an event that hadn’t even took place yet. I believe that has no precedents in the world, there’s nothing comparable to that. It was a town that mobilized its people due to the suspicion that [the pulp mill] would become a threat. No one was destroying anything at that specific moment, as it usually happens in environmental conflicts, where protest take place *ex post*” (Int. 30, Assembly)

“The particularity is that we believe in nothing. I mean, in Finland, Botnia may say ‘I’ll settle a pulp mill but I won’t contaminate’ and people will buy it [...] But we’re so used to hear lies, we’re so used to hear things that end up being the opposite that we believe in nothing. Then, if they say that they’re bringing industries that won’t contaminate, the first thing we think is that ‘they will contaminate’. We’re like this for everything. We’re so used to hear lies from politicians, from managers, from business, that we end up thinking that everyone is lying” (Int. 16, industry)

The pervasive suspicion stimulated the atmosphere of anxiety that characterized Gualeguaychú from 2003: “[the people of] Gualeguaychú lost self-control. The issue of the pulp mill became a psychosis” (Int. 9, mediator). The Assembly questioned MNCs and their accomplices (governments in developing countries). These ‘ecocides’ were: “...environmental terrorist[s] and looter[s]” (LN, July 23rd 2005) that take: “... [contaminating activities] out of the rich world and bring them here” (EPU, January 20th 2006). Assembly members openly challenged the moral legitimacy of the project: “...we will not accept pirates, states or firms that plunder, we will never grant them the social license to operate” (EPU, March 13th 2006).

The public opinion saw the Assembly as a group of citizens politically unattached: ‘the grassroots were genuine’ (Int. 1). But such reputation did not exempt the social movement from criticism. Its detractors outlined what they deemed as tensions and inconsistencies: “...Gualeguaychú is not such a transparent community. They were confronting [Botnia] when they had a highly contaminated industrial area [in their city]” (Int. 11, industry). Their focus in Botnia purposively ignored other local environmental issues over which they had direct responsibility, as this Assembly member indicates: “Most of us were there based on our interest to force Botnia to leave. Somehow, we were slicing the reality. Gualeguaychú was incoherent, we weren’t that ecological ourselves” (Int. 36, Assembly). This led to the perception that the Assembly talked about their environmental concerns as a *façade* to protect other economic interests, because:

“Who would ever say anything against environmental protection?” (Int. 10, field expert).

“The problem is that no one was going to be able to push this conflict forward, exclusively on the basis of the visual [disruption that the pulp mill generated]. They had to generate fear so that the people would adhere to the conflict. Without fear, people won’t pay attention to the conflict” (Int. 11, industry)

According to an Assembly member, the fact that many of the people participating in the Assembly had an economic motivation (rather than an environmental one; int. 2 and 6) gave way to such perception. On such basis, other stakeholders would reject the intervention of the Assembly, as Argentinians they were not entitled to have a say in Uruguayan issues due to their deceptive environmental concern:

“The Assembly consisted of many different people [...]. Alfredo De Angeli, that is now a widely known person who became a Senator and almost won the election as a governor for Entre Rios in 2015, built his political capital as a member of the Assembly. But he comes from the Agrarian Federation²⁰, that is one of groups causing the most damage to the environment through the industrial agriculture and the use of agro-toxics. This was a contradiction that the *Fraybentinos*²¹ were permanently outlining ‘Why can’t we have a pulp mill? Why are these guys in Gualeguaychú fighting against us, while they belong to highly contaminating activities such as the [industrial] agriculture? What moral authority do they have to object to this?’ As a matter of fact, the Assembly of Gualeguaychú was a multi-sectorial alliance against the settlement of Botnia. I’m being sincere. There were environmentalists and I belonged to that group. We were objectively against this type of industries. But there were also a lot of people who saw an economic threat. These would say ‘If Botnia settles there [right in front of the beach of Gualeguaychú] or contaminates the river, and people won’t visit Gualeguaychú, I’ll lose my waiter job, I won’t be able to sublet my home anymore to tourists...’ All those people would come to the Assembly. It was a coalition against the settlement of Botnia...” (Int. 30, Assembly).

The turn of the events. Tension was *in crescendo* and accusations went back and forth when in early March 2006, challenging the declarations of the Uruguayan government and the Finnish firm about the inexistent risk for the environment, the Argentine government formally requested a 90-days-stop of the construction of the pulp mill in order for a third party to conduct new studies. Botnia openly rejected this position from the beginning:

“Botnia will continue the building of the paper mill in Uruguay because it has all ‘the required authorizations [...]’ indicated Annikki Rintala, spokesperson of the Finnish firm in dialogue with *La Nación*. ‘At this moment, it is the only thing that matters. The firm has no intention to go to the Judiciary. It is the role of the states to solve this issue’ ” (LN, February 1st 2006)

But the dialogue between both presidents advanced through the formal channels, and when these two met in Chile by early March 2006, they agreed to make a pause in the construction. Three days later, the Uruguayan president unexpectedly rejected the agreement after returning to his country. This was not welcome by neither Argentina nor the Assembly, where the government assumed that Botnia threatened Uruguay to recur to the conditions established in the investment promotion and protection agreement signed in 2003 with Finland: “... they made sure they had an agreement to protect their investment [...] the agreement has clauses that are absolutely ridiculous and that leave Uruguay immobilized” (Int. 17, environmentalist). Later, Botnia announced its decision: “...not [to] stop the construction of its pulp mill in Uruguay” (LN, March 03rd 2006), on the basis that “Neither Vázquez nor his Argentine counterpart Néstor Kirchner ‘have legal grounds’ that allow them to initiate any action of this type [as requesting an interruption of the construction] said Anniki Rintala” (EPU, March 03rd 2006).

²⁰ The *Federación Agraria de Argentina* is a private organization that reunites small and medium agricultural owners and agricultural entrepreneurs in Argentina.

²¹ The people from the town of Fray Bentos, Uruguay, where the pulp mill was to be built.

Botnia was able to avoid the 90-day interruption of the construction and to circumvent the Argentine request for more independent environmental studies to be conducted. However, the incident exposed Uruguay as coactively immobilized by the firm and Botnia as a firm that did not take seriously its preached commitment towards local communities:

“[Botnia] forced a situation that we believed to be solved. Kirchner arranged with Vazquez the temporary suspension of the construction [...] that was an agreement between two presidents [...] when Tabaré arrives to Uruguay he is extorted by Botnia and turns back on the agreement [...] you see there the coercive behaviour of the firm, that threatens to take a multimillionaire demand to the ICSID against Uruguay for not complying with the agreement. Again, that attitude of not giving just a break in the situation, so that we could find a friendly solution to this conflict [...] From my point of view, when we talk about socially responsible enterprises, it's not only in relation to the environment. It's also about the commitment of these firms with the communities in which they are inserting in, or in which they pretend to insert. You can see there, how the discourse that Botnia has in Finland and through which Botnia addresses its shareholders, how that discourse absolutely clashes with the way in which Botnia has behaved. Because it is public and notorious what they have done in reality” (Int. 21, Argentinian government)

As an attempt to counteract this impression, Uruguay publicly committed to strengthening control mechanisms over Botnia, but at that moment, such control was seen as a ‘patch policy’. To the stakeholders involved in the controversy, the firm had managed to impose its will onto Uruguay:

“Juan Veronesi, from the Assembly of Gualaguaychú [said that] ‘the announcement [of more comprehensive control measures] is good, but in Uruguay firms are the masters, and we're afraid that they are coming to us with the control story and many more other excuses so as to dissimulate [that they can't control Botnia]’ he confessed...” (LN, March 12th 2006)

The vicious cycle of confrontation was becoming more and more detrimental to any consensual solution. An unprecedented level of hostility between the sister nations would characterize the following years of the relationship between Argentina and Uruguay.

Table 16 presents how stakeholders were perceived to mobilize hypocrisy during the phase I of the controversy and the transition to phase II.

Table 16 Perceptions of hypocrisy during the controversy (phase I and transition to phase II)

Actor	Claimed position / stake / interest	Perception in the context of the controversy
Uruguay	<ul style="list-style-type: none"> • Portray the pulp mill as opportunity for technological and economic development of the area • Present the pulp mill as source of employment. • Present the pulp mill as the culmination of long term policies to develop an industrial profile of Uruguay. • Picture Botnia as social and environmentally responsible against Argentina as environmentally irresponsible. • Able to monitor the environmental impact and enforce control mechanisms. 	<ul style="list-style-type: none"> • Uruguay as using biased environmental studies to allow the persistence of the pulp mill. • Uruguay as not taking genuine measures for securing employment. Uruguay as concealing the concessions made to secure the investment and as manipulating perceptions of Uruguayan public opinion to ‘sell’ the project • Uruguay as incapable of controlling the interests that it should control. • Uruguay as hostage of foreign investments and MNCs conditions. •
Botnia	<ul style="list-style-type: none"> • Claim clean and reliable technologies • Portray the mill as opportunity for regional development • Generate sources of employment to revitalize the region. • Interest in local communities. 	<ul style="list-style-type: none"> • Botnia as manipulating perceptions around the clean technology through indoctrination. • Botnia as looting and depleting Latin American natural resources. • Botnia as neglecting local communities.
Argentina	<ul style="list-style-type: none"> • Posing environmental concerns for the impacts of the pulp mill in both banks of the river. • Attacking Uruguayan government as lacking tech & know how to control Botnia. 	<ul style="list-style-type: none"> • Argentina seen as an accomplice of highly contaminating firms in the country. • Argentina seen as taking political advantages of the episode, such as: <ul style="list-style-type: none"> ○ retaliating against Uruguay and Vázquez; ○ exploiting electorally the popularity of the environmental issue; ○ transferring its environmental conflict to other country; ○ generating an impression of commitment towards environmental policy.
Assembly	<ul style="list-style-type: none"> • Posing environmental concerns for the impacts of the pulp mill in both banks of the river. • Delegitimizing the technological, employment and economic gains that will favour developed countries and MNCs • Presenting Botnia as environmental destruction, no massive source of employment, Botnia as destruction of local economy 	<ul style="list-style-type: none"> • The Assembly seen as instrumentalizing environmental issues as a <i>façade</i> to make the claim look legitimate. • The Assembly seen as not eradicating local environmentally hazardous practices.

4.1.3. Phase II: How a local issue becomes an international conflict (April 2006-October 2007)

When Tabaré Vázquez retracted from the arrangement, the government was exposed and left in a weak position. The Uruguayan talk about the state autonomy and its control capability over Botnia or MNCs was exhausted and this country could not exploit it anymore when selling the potentialities of the project. In order to avoid more discredit, the government developed a justification about why the construction should not be interrupted:

“The secretary for the Presidency of the Republic [of Uruguay], Gonzalo Fernandez, said [...] that ‘the Presidency of the Republic deeply regrets that the firm (Botnia) has not understood the dimensions and the scope that this bi-national conflict has, and that was not more generous by granting a term’ to interrupt the construction of the mill [following the Argentine]. The Presidency is expecting the firm to reconsider its position. But also outlined that ‘the Uruguayan government won’t request anything else from the firms’ because it has already requested it to prove its good willing in order to facilitate an exit for this conflict” (EPU, April 04th 2006).

Unfortunately, no justification appeased the conflict, and the tone spiralled from confrontational to bellicose. Additionally, when Uruguay was exposed, the major realignment of strategies would allow stakeholders to remarkably antagonise during this phase.

On the Argentinian bank of the river. During the previous phase, Argentina found in the conflict an opportunity to question the moral legitimacy of the pulp mill for internal political purposes (whether to retaliate against Uruguay, to attract the electorate or to generate the impression of environmental policies to come). When Argentina exposed Uruguay as an agency captured by those interests that the country should control, it pursued its attack onto the moral legitimacy of the project on the basis of its environmental hazard. But the ‘green talk’ adopted a new sense: the pulp mill also symbolized asymmetric and abusive capitalistic relation between developing and developed countries, where the latter transfer their contaminating practices to the first ones.

In May 6th, 2006, Argentine President Nestor Kirchner travelled to Gualeguaychú to give a political speech in front of more than 200 000 people assisting to a demonstration against the pulp mill. In his speech, he manifested that the pulp mill was not anymore a local environmental issue but a ‘national cause’: the episode had evolved into a struggle that comprised the whole Argentinian nation. Capitalistic interests, embodied in MNCs and developed countries, found its southern victims in the governments of developing countries (namely, Uruguay). Néstor Kirchner had already referred publicly to this conflict as a ‘national cause’ (during 2005 in press statements), but this speech would become a milestone in the conflict. This was also how one of

the many local environmental issues ongoing in Argentina was about to be promoted into a national crusade against developed countries and MNCs that took advantage of the needs of poor nations:

“... as developing countries we have to question developed countries [that grew] at the expense of environmental degradation [...] international institutions and many of these countries, for many years, have encouraged contaminating industries to transfer to poorer countries because of lower costs [...] they impose on us the degradation of the immense environmental capital because of our relative delay, as a price for the creation of employment sources that our societies need” (Speech of the Argentine president Nestor Kirchner, Gualeguaychú, May 5th 2006)

To Kirchner’s observers, the fact that Argentina had a thriving forestry industry, and that Argentinian governors competed to bring international pulp investments to their provinces was absolutely inconsistent with the content of the president’s talk. This talk, however, was useful to the government to get close to the people in Gualeguaychú and secure their votes:

“When Nestor Kirchner was yelling ‘this is a national cause [against the pulp mills]’, there was a huge mobilization over the international bridge [that was blockaded], approximately 80 000 people, let’s say 50 000 potential voters. He went there with all the [Argentine] governors. These were well known for campaigning to bring investments for pulp mills to their own provinces as a means to increase the provincial gross domestic product. And with these governors by his side, this guy is shouting ‘This is a cause that entails the whole nation’. Who could ever believe that? You can clearly tell there that Nestor Kirchner was lying, that this was all a political campaign. But the guy labeled this a ‘national cause’ and I believe there were people in Gualeguaychú that bought it.” (Int. 17, environmentalist)

In addition to securing their votes, building closeness also allowed the government to take advantage of the popularity that the social movement had gained in the face of the public opinion. Opposite to the distrust that characterized the ‘politics as usual’, its members were seen as ‘self-summoned neighbours’: everyday citizens mobilized by their genuine preoccupation for environmental damage (Pakkasvirta, 2010):

“The Environmental Assembly of Gualeguaychu was very prestigious [...] and had a relevant presence in the media, conversely to other environmental conflicts [...] there was respect from the society, the environmental issue became an important point in the public agenda. Not in the political agenda, but in the public agenda. Then, the government attempted [to become closer]. They made an important speech in the *Corsódromo*, where they talked about the national cause” (Int. 27, mediator).

The government even passed two provincial laws “...oriented to preserve the right of the citizens to a healthy environment” and “due to the request of the Assembly” (LN, March 8th 2007). One declared that Entre Ríos would become a ‘province free of pulp mills’ and a second prohibited any local producer from selling wood to Botnia, even when Entre Ríos had plantations ready to be sold and had attempted in the past to attract investors for pulp production.

“[Without the emergence] of the assembly the conflict would have never existed. Undoubtedly, the Argentine government would have never cared about the pulp mills. On the contrary, they would have

competed [against Uruguay] to bring the investment to the Argentine shore. The Argentine government never cared about any environmental issue, ever” (Inf. 22, environmentalist)

The government portrayed the social movement as an environmental, self-summoned, anticapitalist ‘hero’. Endorsing the Assembly was, ultimately, a step into the anti-imperialist, emancipatory crusade against MNCs that developing countries should fight. Governmental endorsement would also translate into other concrete actions, being the most salient example, the support of the long blockade that would last from 2006 to 2009, in spite of the permanent diplomatic complaints posed by Uruguay, and the notorious impact on this country’s economy (loss of tourism, increasing costs of imports and exports):

“ ‘No lawyer could ever agree with the violation of a regulation. Except that the Assembly [of Gualeguaychú] gave so many lessons to my environmental conscience and has shown such a creativity, so I believe that they need the blockades [the Argentine government should do exactly] as it does, that is dialogue and no repression’ [Declared the Argentine Minister for Foreign Affairs]” (LN, March 20th 2007)

“The Secretary for Environmental Affairs, Romina Picolotti, said that the claim of the Assembly members of Gualeguaychú ‘is legitimate’ and that they ‘have their own way to complain’ and reject the settlement of the pulp mill...” (LN, February 03rd 2008)

Because their objective was to see Botnia eradicated, Assembly members believed that they needed access to as many resources as they could secure, even if these came from stakeholders perceived to be openly hypocritical:

“Gualeguaychú managed on its own to generate a lot of support from the whole people of the nation, mostly because this entailed an issue with another country. Kirchner perceived that and decided to support it to get some type of gain, to show actions, and to take advantage of the popularity that this cause have had. Of course, it wasn’t a comprehensive [environmental] plan, it was an isolated action [or a] reaction to the popularity that the cause had [...] We believed that it was better to [obtain anything we could from our contact with the government] than to have all the state apparatus against us. Yes, we decided to play with actors who were hypocritical. It was a decision. It was a matter of seeing if, in any negotiation, even when we have doubts of the real intentions that all the governmental level [national, provincial, local] may had, we tried to obtain as much as we could...” (Int. 33, Assembly)

The existence of the informal alliance (that is, not publicly declared) between the Assembly and the Argentinian government would extend during the whole phase. On the side of the Assembly, their members gained access to specific resources that were vital to keeping their cause alive. For example, financial support (LN, June 11th, 2007) to sustain the blockade: “the blockade was [...] financed by them. Without such financing, the blockade wouldn’t have lasted a day. I’m telling the truth.” (Int. 3, Argentinian government). But most importantly, the Assembly benefitted from the *laissez-faire* attitude of the Argentinian government that did not evict a protest measure that violated the constitutional right of freedom of movement. The position of tolerance to the protest evolved into open complicity when sometime later, Assembly members

developed its own control system to decide whom to allow trespassing the international border: they composed a list of names and distributed credentials that worked as *ad hoc* ‘Assembly’ passports (February 03rd 2008, La Nación). Ultimately, under such complicity, the Argentinian government would encourage a radical behaviour:

“[Kirchner] encouraged them [Assembly members] and gave them their strength. When he wanted to deactivate them, he wasn’t able to [...] He gave them the message that they had to get involved in the conflict, and this led to a blockade of the bridge that lasted months. [...] only for electoral purposes...” (Int. 6, Argentinian government)

“At a given point, they become so angry. They limited to say ‘No to Botnia’. There were even bomb threats! It became nerve-wracking. Uruguayans couldn’t use the bridge they would attack cars with Uruguayan license plates. It was hostility in a very peaceful area.” (Int. 1, mediator)

The culmination of the ‘national cause’ was the formalization of the lawsuit against Uruguay in the ICJ by the government of Néstor Kirchner. According to one of its collaborators, the attraction that the Argentinian government saw in the lawsuit was related to the exercise of short-term political pressure over Uruguay and to show proactivity to the public opinion:

“We told him [Néstor Kirchner] to postpone everything; our request [to the ICJ] was not solid yet. But he hurried us for political purposes. He wanted to stand in the Corsódromo and give his famous speech the same day we presented the [first request] to the ICJ” (Int. 37, Argentinian government).

The government was well aware that Argentina had no real possibilities to eradicate the pulp mill with the intervention of the ICJ:

“I don’t believe we had expectations that the ICJ was going to dismantle Botnia” (Int. 21, Argentinian government)

“Well, if you told me that there was just a possibility that the ICJ would order Botnia’s demolition, but we already know that that was impossible” (Int. 5, Argentinian government)

Interestingly, the Argentinian pulp industry did not raise its voice against the Argentinian government: “The [behaviour of] the Argentinian pulp industry was awful. I’m a member of it [...] I used to tell [my clients] ‘Your silence may work today, but it will endanger the future of the whole industry’. I think that this is exactly what happened” (Int. 18, industry).

On the Uruguayan bank of the river. After retracting from its arrangement with Argentina that exposed the ‘flexible’ attitude towards Botnia (shift phase I to II), Uruguay was left in a vulnerable position and Argentina took advantage by giving birth to the ‘national cause’. If during the previous phase, Uruguay had concentrated its efforts in showing that the country had the needed capabilities to control Botnia, during these years, all the energy would have concentrated in protecting the moral legitimacy of the project against the Argentinian attack: “‘We will not allow any outsider to come [...] As Uruguayans we solve our own problems, because we are a free, democratic, sovereign and independent country’ ” (LN, November 18th

2006). In that context, Uruguay portrayed the need to protect Botnia as a condition to offset Argentinian overwhelming intrusion in national affairs.

The bellicose tone of the controversy spiralled, increasing hostility: “The conflict was out of control, at least from the rhetoric point of view” (Int. 3, field expert). Uruguay deemed as almost impossible to reach a consensual arrangement with Argentina:

“Tabaré [Vázquez] decided ‘with people who behave in these political terms, how can I negotiate? They blocked all the bridges’. He was the president. He withdrew and decided ‘let’s take the issue to the ICJ, let’s leave the ICJ decide’. He had no other choice, because he was cornered [by Argentina], and couldn’t negotiate. It was impossible to negotiate.” (Int. 12, environmentalist).

The chances of reaching any consensual solution with Argentina were vanishing. The Argentinian government had turned the local environmental issue into a ‘national cause’. But, importantly, it had allowed the Assembly to maintain a blockade that would cause severe consequences in Uruguayan tourism and international trade. Uruguay, overwhelmed by the Argentinian attitude, would gradually give up the chances of creating any consensual solution. Vázquez decided to exploit one last possibility and take advantage of his contenders to increase the moral legitimacy of the firm locally. He did this by framing the Argentinian government and the Assembly as military ‘threats’ and announced that the country would send the armed forces to protect Botnia (LN, November 30th 2006). In addition to its economic, social, and environmental benefits, during this phase, Uruguay found an opportunity to link the moral legitimacy of the project to the defence of sovereignty:

“Tabaré sent the army to Fray Bentos. Why would he do that if he didn’t need to send it? [He used the opportunity] to set this entire charade, this scandal, make us believe it is a matter of defending Uruguayans [against Argentina], so that Uruguayans will discipline and march behind him in order to defend Botnia. It’s a shame that a government makes its people defend a multinational corporation that came here with the only intention of making money. It’s a shame! No one questioned that?” (Int. 17, environmentalist)

The nationalistic spirit did not do anything but magnify the conflict, by: “...mobilizing Uruguayans in a way that only the national soccer team is normally capable of...” (Malamud, 2006:3). But, ultimately, it proved useful to deactivate local criticism against the pulp mill and against the *Frente Amplio* (as a left-wing political party that had evolved into an open supporter of foreign investments and MNCs). The Argentinian president, who responded in a public letter to his Uruguayan counterpart, believed that involving the armed forces was exaggerated and unjustified, and that gave way to misunderstanding:

“I read today in the news something that was painful and broke my heart. I do not understand why the Uruguayan president has sent the Army to guard the paper mill from his Argentinian brothers and sisters. We did not deserve this humiliation. I hope he will rectify this mistake soon.” (LN, November 30th 2006).

On its side, Botnia had managed to avoid any interruption of the construction and to circumvent Argentinian requests for further environmental impact studies. But after the episode that took place during March 2006, and as the conflict advanced, the scenario was not promising for the firm, either. Botnia changed its strategy. If during the first phase, Botnia attempted to influence the moral legitimacy of the project by actively talking about its economic, social, and environmental advantages, during the second phase, the firm started to picture itself as a neutral actor that had no role in a conflict that was developing between states: “It is the role of the states to solve this issue’ ” (LN, February 1st 2006). Botnia avoided responding and taking any positioning or involvement every time that any other stakeholder summoned the firm to the discussion in order to keep distance from the episode.

Our informants suggest that this ‘non-intervention’ positioning notoriously contrasted with Botnia’s ‘covert’ mobilization of resources to influence as much as possible the evolution of the controversy and to deter potential opposition to the project. Interviewees who were involved directly in the controversy described diverse attempts ranging from less to more aggressive intervention. For example, Botnia approached and offered diverse types of compensations to public servants who were critical to the pulp mill: “Are you aware that, in any country, if they invite politicians [to these types of trips] it is called corruption?” (Int. 17, environmentalist). In the voice of this representative of the Argentinian government, Botnia attempted to bribe him in order to influence his perceptions on the subject:

“... [Botnia] invited me to travel, I didn’t want to go. I realized that it was bribery. [...] If they pay you, under those circumstances, when you are critical to the project, and you are also in the Committee that will go to The Hague [to confront them in the ICJ], and the people from the firm is paying you to go on a trip... that is bribery. [Additionally] You lose your impartiality. I preferred to decline [the invitation because] it’s a way to buy your will. Those who went received a preferred treatment, in wonderful hotels. But we know that these firms, when they take you they show what they want to show you.” (Int. 15, Argentinian government).

Representatives from the Assembly also outlined how Botnia, while publicly declaring that they would not interfere in the conflict, appealed to local communities by giving away gifts in order to gain popularity:

“An absolutely colonialist attitude, they were giving away football shirts as gifts [to the people] it’s totally hypocritical [...] they were giving away football shirts to a population that is less than 20000 people as is the case of Fray Bentos, with totally demagogic objectives and with the intention to convince them.” (Int. 29, Assembly).

Informants also revealed how Botnia, opposite to its ‘neutrality’ and its declarations that the firm was subjected to Uruguayan regulations, pressured Uruguay to adapt regulations to its needs. For example, when requesting for increases in production rates:

“The firm didn’t say this directly, but from the Uruguayan state, it was perceived that if the increase in the production rate wasn’t granted, the firm had the right to go to claim a mechanism of international arbitration, for example the ICSID or other tribunal” (Int. 32, Uruguayan government)

“Last year [Botnia] started to produce at a faster pace [and] by September they were almost reaching the production limit. [They said ‘If the increase in the production limit requested] is not approved soon, we won’t be able to resume the production until January. Consequently, personnel will be laid off’. That’s the way they have to exercise pressure over the Uruguayan government, clearly. No, they weren’t innocent. They always simulated that ‘[we are] not involved in the political conflict, we limit ourselves to comply[ing with] our contract’ ” (Int. 10, field expert).

During July 2006, the first round of presentations at the ICJ (preface for the definitive trial) took place. However, in spite the joint efforts made by Argentina and by the Assembly to attack the moral legitimacy of the project and to eradicate the pulp mill from its location, these stakeholders were unable to impede the inauguration of Botnia’s pulp mill in Fray Bentos in September 2007.

The turn of the events. The Kirchnerite political party was able to secure the presidency when Néstor Kirchner’s wife and his chosen successor, Cristina Fernández de Kirchner, won the presidential election of October 2007 with an overwhelming majority (45% against 23% of votes earned by the following political party). While achieving a clear majority based on popular vote had once been a motivation for Néstor Kirchner to become involved in causes (such as the one of the pulp mill) that could raise popularity (Int. 2, Int. 6) that problem seemed solved at that moment.

Due to unexpected events in internal politics, the year of 2008 would prove politically challenging for Argentina; this would, in turn, affect the position that the government had in relation to the ‘national cause’.

The first politically sensitive event took place when the Argentinian government decided to raise export taxes on grains in March 2008. In open protest, the four trade unions that represented the agricultural sector initiated a nation-wide lock out that lasted until June 2008. In a tight session, the Parliament nullified the tax raise. The magnitude of the political crisis compromised the incontestable majority that the president had over both chambers after the 2007 presidential election.

While this crisis with the agricultural sector was not directly related to the ‘national cause’, losing control of the Parliament would propitiate a noticeable turn of the events.

The second politically sensitive event took place months later. The Kirchnerite administration had enthusiastically embraced the ‘national cause’ since 2006, and intensively talked about its renewed interest in environmental protection with the objective of questioning the moral

legitimacy of the Uruguayan project. The pulp mill was, ultimately, a symbol of how MNCs and developed countries transferred their controversial practices to poorer countries. But such talking triggered events that would not be so easily controlled. In November 2008, Cristina Kirchner could not impede an undisciplined Congress from passing a bill for the protection of the glaciers (main reservoirs of Argentinian hydric resources). Symbolically, the bill looked like an appropriate step for a country embracing a new environmental paradigm and, therefore, raised unanimous support in Congress. But the president could not risk the enactment of a bill that affected the interests of the mining firms that her and her husband had so carefully protected. The president was left no other option than to apply a presidential veto:

“The government exploited. They were cornered, they didn’t realize what the bill for the protection of the glaciers meant until it was too late, and it was unanimously voted by the Parliament [...] When the Parliament passes the bill for the protection of the glaciers, [President] Cristina [Fernández de Kirchner] had to pay the political price of a presidential veto, because the representatives of the Provinces had passed the bill. But this bill conflicted with a big interest [the mining industry].” (Int. 22, environmentalist)

This “suspicious veto...” (LN, November 21st 2008) to a unanimously voted bill for environmental protection exposed the genuine lack of environmental interests of the Argentinian government. And, above all else, exposed the Argentinian government as pressured by the mining MNCs located in the country:

“If you go through the governments of Néstor Kirchner in Santa Cruz²² the environmental issue was never a concern. Quite the contrary, [Néstor Kirchner] was even an accomplice of mining firms. For example, the case of the Barrick Gold showed that [environmental] issues were even annoying for them. You shouldn’t forget that [...] President Cristina Fernández de Kirchner vetoed the bill for the protection of the glaciers, unanimously passed by the Congress, something that has no precedents. And we know that this was due to the great pressures exercised by the mining firms” (Int. 15, Argentinian government)

The veto also put in evidence the exhaustion of preaching an ‘environmental agenda’ both as a resource to exploit for popularity and as a resource to conceal environmental negligence. The government would never be able to ‘sell’ its environmental commitment to any other cause, much less to accuse Uruguay for being pressured by MNCs. From this moment on, it was a moment to forgo a crusade that was no longer of political use (int. 21, 26 and 29) in terms of popularity:

“[the government] used politically the votes [...] this becomes very clear now, because the problem [of raising votes] is over, and the government is not interested anymore in the [environmental] issue in order to improve the foreign relations with Uruguay, so [the conflict] was just left aside. At one moment, they were supporting the cause and from one day to the other, it wasn’t convenient anymore to support it so they just abandoned it! Bye, bye!” (Int. 14, paper and pulp industry representative)

²² Before reaching the presidency, Nestor Kirchner was a governor of the Province of Santa Cruz, Argentina.

Table 17 summarizes how stakeholders were perceived to mobilize hypocrisy during phase II and the transition to phase III.

Table 17 Perceptions of hypocrisy during the controversy (phase II and transition to phase III)

Actor	Claimed position / stake / interest	Perception in the context of the controversy
Uruguay	<ul style="list-style-type: none"> Uruguay claiming that Botnia subjected to national regulations and control. Uruguay claiming to be a sovereign, independent nation. Uruguay claiming that Argentina and the Assembly constituted a threat for the security of the homeland; justifying military intervention in Botnia's pulp mill. 	<ul style="list-style-type: none"> Uruguay as incapable of controlling the interests that it should control. Uruguay as hostage of foreign investments and MNCs conditions. Uruguay seen as using politically the controversy: <ul style="list-style-type: none"> to placate internal opposition; to distract attention from the Frente Amplio's shift towards defending MNCs.
Botnia	<ul style="list-style-type: none"> Botnia claiming that the conflict involved the states only. Botnia claiming a neutral position, not-to-influence. Botnia picturing its actions as subjected to the rule of law. 	<ul style="list-style-type: none"> Botnia perceived as actively engaged through illegitimate means to influence its critics. Botnia perceived as actively involved to shape the regulations to which the firm should be subjected. Botnia seen as exercising illegitimate pressures over Uruguay through the promotion and protection agreement signed with Finland.
Argentina	<ul style="list-style-type: none"> Attacking Uruguayan as accomplice of MNCs. Posing environmental concerns for the impacts of the pulp mill in both banks of the river. Presenting the lawsuit in the ICJ as if it was a solid possibility to eradicate the pulp mill. Claiming a 'national cause' that should emancipate developing countries from MNCs and developed countries willing to transfer contamination to capital-hungry countries. Positioning the Assembly as an emancipatory hero that should be supported. 	<ul style="list-style-type: none"> Argentina seen as an accomplice of highly contaminating firms in the country. Perceived as initiating a lawsuit for the exclusive purpose of deterring Uruguay and Botnia from continuing. Argentina seen as taking political advantages of the episode, such as: <ul style="list-style-type: none"> retaliating against Uruguay and Vázquez; generating an impression of commitment towards environmental policy. Argentina seen as coopting/controlling the Assembly with the objective of instrumentalizing the blockade against Uruguay.
Assembly	<ul style="list-style-type: none"> Claiming to be 'self-summoned' and not attached to traditional corrupted politics 	<ul style="list-style-type: none"> Perceived as leveraging with the Argentinian government in order to have access to privileged resources (financial, legal, political support).

4.1.4. *Phase III: Avoiding commitments (October 2008 – July 2010)*

On the Argentinian bank of the river. The veto exposed the lack of genuine interest in the environmental policy. However, the Argentinian government did not want to publicly admit that there was no more interest in pursuing what they have once called a ‘national cause’:

“...go[ing] public and just reveal[ing] that Botnia doesn’t contaminate. That would mean to go against a policy developed by Néstor Kirchner and endorsed by his wife [and successor to the presidency]. Go public and just admit that ‘with no technical support, we said that Botnia contaminates, that Botnia kills’, although we could never prove it” (Int. 19, industry).

The government looked for subtler ways to deactivate the conflict they ignited: “The governor of Entre Rios [Sergio Urribarri] exhorted [...] ‘what I propose is to isolate the conflict around Botnia as of today and to initiate an open and generous dialogue between Argentina and Uruguay in order to reconstruct the future in the region’ ” (Infobae, November 4th 2008). However, the consequences of the tactics that the government had mobilized were beyond control.

One clear and unavoidable obstacle was the imminent trial filed at the ICJ, as an attempt to deter Botnia and Uruguay from any advancement in the construction. As time passed, it became a trap. Argentina could not just simply ignore or withdraw from the trial, even if the *scenario* was not promising: “[Botnia] knew that it had the chances to win” (Int. 37, Argentinian government). Also, the lawsuit was limited to judge procedural aspects: “We were going to the ICJ to discuss a violation of the Statute for the Uruguay River, in relation to how the approval took place. It was more about the procedure than about an environmental cause” (Int. 18, industry). This meant that even if Argentina had a chance to win the trial, it would mean a Pyrrhic victory.

Moreover, the Argentinian government had failed to consider further negative consequences that involving the ICJ would bring. For example, the intransigent attitude: “...destroyed the future of the pulp and paper industry in Argentina” (Int. 11, industry). Having mobilized hypocrisy to attack the moral legitimacy of a foreign investment and to take a ‘fictional dispute’ to the ICJ, discouraged the investors that the Argentinian thriving industry needed to develop:

“They took a fictional dispute to the ICJ. We lost tons of money. We damaged [...] the pulp sector in Argentina, because the Uruguayan factory is still working and producing today. [...] When I talked to the presidents of the Brazilian pulp firms some years ago, about the potential that Argentina had [to receive investments in the pulp industry], one of the presidents who’s an old friend of mine, would tell me ‘Everything you say is right, but we aren’t planning to invest in Argentina for many years.’ I asked them ‘Is this because of the environmental issue and the environmental movement?’ He said ‘No [...] It’s about a country blockading an international bridge for four years and how this became a

governmental policy' [...] Our attitude against Botnia made the pulp industry to distrust Argentina and to cancel all the ongoing projects." (Inf. 19, industry)

The other visible encumbrance that persisted was the 3-year-old blockade that had become widely known due to governmental support. Such support granted to the Assembly would backfire:

"When we [as Assembly members] discussed the issue and the government told us to finalize the blockade, we used to tell them 'Don't even think of evicting the blockade, because we will resist, don't forget that we have mobilized more than 100 000 people'. This is how we threatened the government and we ended up negotiating with them" (Int. 30, Assembly)

The Argentinian government found itself in a compromising situation: "Néstor [Kirchner], at that moment, was trapped. He realized that he got himself in that trap and that he couldn't leave" (Int. 4, pulp and paper industry representative). The solution was to withdraw political support to the Assembly and let the Judiciary act against Assembly members who had illegally blocked the bridge for three years:

"It was a witch hunt. They [people from the Assembly] got scared and could never come back from that" (Int. 10, field expert).

"The government, when they decide to get rid of the problem –already in Cristina's administration-, changed totally its discourse and suddenly destructors of the Assembly of Gualaguaychú appeared. There are 12 assembly members right now that are criminally indicted. They used the Judiciary to criminalize the protest. [...] this is a 180° shift. From non intervention, from the respect to the right to protest, to the criminalization of the protest" (Int. 21, Argentinian government)

On the Uruguayan bank of the river. If during the initial years of the conflict, the Uruguayan government faced discredit and questioning from its local public opinion, surprisingly, pressures diminished during the last years. Uruguay found in the Argentinian overwhelming position an opportunity to consolidate the moral legitimacy of the forestry policy in Uruguay:

"I tell you, Argentina with such an offensive attitude so as to humiliate Uruguay, ended up giving them a political tool, a licit tool, they could say 'This big, big country [Argentina] wants to humiliate us, the only little firm we could attract...' Opposite to what they wanted, Uruguayans who were ignoring the subject suddenly became supporters of their government!" (Int. 5, Argentinian government)

The country managed to shift the debate from the environmental to the nationalistic dimension and silenced the opposition. Citizens or politicians questioning the moral legitimacy of the pulp mill were portrayed as seditious:

"... this situation of conflict was useful. In the case of the Uruguayan government [it] was useful to erode the internal resistance in Uruguay, to the settlement of the pulp mill. At that moment, the people of Uruguay that opposed to the settlement, were [accused of] colluding with Argentines. They were against patriotic interests because they shared a position with the Argentines who didn't want the pulp mill. In Uruguay, that [discourse] was effective in concrete terms to destroy any social resistance that may have emerged" (Int. 35, journalist)

An abrupt end to a long controversy. The ICJ sanctioned Uruguay for the noncompliance of procedural steps; however, the permanence of the pulp mill was not questioned:

“What finally happened is what a lot of people predicted. Botnia made the pulp mill as they wanted. Because if we go for all or nothing we lose. And we lost. And not only that, Argentina wasn’t even allowed to control as we could have controlled. We could’ve negotiated [with Uruguay] a systematic control process. But because we went for all or nothing, we were left outside [the control]” (Int. 23, Argentinian government)

Throughout the years of the controversy (and supported by the Argentine government) the Assembly had enhanced its autonomous and anticapitalist stance by maintaining a position in which negotiations were not feasible (they would only accept the eradication of the plant) and the sentence meant a setback:

“The Assembly took for granted that the ICJ was going to say that Botnia had to leave. That was just irrational for any informed individual. The Uruguayans had more chances that the Argentinians in the ICJ. That was the mistake, not being able to exit that extreme position. Their catastrophic view limited them to say ‘No to Botnia’ and that was stupid” (Int. 7, field expert).

When the conflict disappeared from the governmental agenda and the media, and after the ‘witch hunt’, the blockade eventually dispersed (Reboratti, 2010): “When the blockade was over, the Assembly lost its power” (Int. 6, Argentinian government). **Table 18** presents how stakeholders were perceived to mobilize hypocrisy during phase III.

While the processual focus of this section provides an idea of how stakeholders decoupled their talks and their actions, in the next section we will present specific mechanisms in order to more clearly show how hypocrisy has shaped the outcome of the controversy both through enabling and constraining stakeholders’ possibilities.

Table 18 Perceptions of hypocrisy during the controversy (phase III)

Actor	Claimed position / stake / interest	Perception in the context of the controversy
Uruguay	<ul style="list-style-type: none"> Uruguay portraying the issue around the pulp mill as a patriotic issue.. 	<ul style="list-style-type: none"> Uruguay seen as using politically the controversy to placate internal opposition;
Argentina	<ul style="list-style-type: none"> Argentina claiming not to have responsibility in activating the social movement. 	<ul style="list-style-type: none"> Argentina seen as criminalizing the protest that it had ignited and supported. Argentina perceived as not willing to accept the role it had portrayed in the development of the conflict. Argentina seen as having promoted a fictional trial in the ICJ in order to exercise pressures on Uruguay and Botnia.

4.2. The tactics of hypocrisy

Hypocrisy refers to how stakeholders deliberately talk in a way that is inconsistent with their actions or their intentions. The narrative account presented in the previous section suggests that stakeholders mobilized hypocrisy to compete during the controversy. In order to complement how these mobilizations influenced stakeholders' competition and, ultimately, shaped the progression of the episode, we have analytically induced three different hypocritical tactics that stakeholders deployed along the conflict. In this section, we briefly present each of them and we also provide illustrations of how stakeholders mobilized them in specific occasions.

4.2.1. *Creating a pseudo-agenda*

When audiences pose demands for concrete actions to a stakeholder who is unable or unwilling to fulfil them, hypocrisy can offer a solution to manage such expectations. A stakeholder may have no intention to act in the requested direction. However, they can intensively talk to their audiences about their commitment and interest to attend their claims; they can even communicate detailed plans of the actions to be pursued in the near future. In that sense, *creating a pseudo-agenda* refers to stakeholders' efforts to generate the impression of commitment to specific issues which are deemed as legitimate by targeted audiences. Stakeholders expect the audiences will take for granted that such talking will give a strong signal of the actions coming; hence, their demands will placate or fade away or, as time goes by, other issues may catch the general attention and just replace them in the public agenda. Consequently, this tactic is more effectively exploited when targeted to audiences who are ill-informed or prone to distraction, or who are not in a position to scrutinize whether consistent actions are finally implemented. Audiences not close enough to exercise scrutiny are forced to rely on stakeholders' talking.

Creating a pseudo agenda is a deliberate tactic, which means that the stakeholder has decided beforehand not to honour such actions, neither in the present nor in the future. Consequently, it should be differentiated from the variations in previously announced strategies that derive from the need to adapt to changing circumstances (Vaara, 2003). It is also different to the use of aspirational talk; this mobilization of hypocrisy is not meant to inspire or share a dream (Christensen et al., 2013).

While creating a pseudo-agenda is a tactic that any stakeholder could use when audiences insist on certain actions, both governments involved in the controversy provide clear illustrations of

how stakeholders talked tactically in order to generate in their electoral audiences the impression of commitment to specific issues and that consistent actions would follow.

In the case of Argentina, *creating a pseudo-agenda* was related to the intense governmental talking about its renovated interest in the area of environmental policy, a subject widely neglected in the country. During the years previous to the appearance on the scene of this controversy, public opinion and other social movements scattered along the country introduced the issue in the public agenda. The nascent controversy presented the Argentinian President Néstor Kirchner and its collaborators with an opportunity to show interests about these demands, but avoid taking concrete actions. By attacking the moral legitimacy of a pulp mill that was abroad, the Argentinian government portrayed itself in the eyes of its internal audiences as an environmentally responsible stakeholder. The government chose to manage audiences' expectations through intensively talking about the radical change to come in the nascent environmental policy paradigm:

“We have come to Gualeguaychú [...] in order to consolidate a growth policy based on fairness, strongly incorporating the environmental dimension to the actions of all levels of government [and] to commit to raise all current environmental standards so that our system will remain healthy...” (Nestor Kirchner, Gualeguaychú, May 5th 2006).

‘Pseudo-agendas’ are flexible tactics: if the stakeholder deploying them is not planning to fulfil its commitment in the future, the content of the pseudo-agenda does not even have to be realistic. Misinformed audiences may not be able to perceive unrealistic or unfeasible public policy objectives. For example, the Argentinian government was able to exploit misinformation about environmental policy in the public opinion: “...[The Argentinian government] showed no [intention] of environmental policy. An environmental policy consists of instruments which are rational, open to discussion, measurable, and that can be analyzed. But this was just about saying ‘no’ to the pulp mill” (Int. 23, Argentinian government).

Consequently, stakeholders can tailor their talk in order to respond exactly to what audiences demand, regardless if the government will be eventually able to live up to such expectations: “what [Kirchner] did, up to a certain point, was to cynically subordinate all his interpretational constructions to those demands for a specific discourse that the audiences which he was trying to appeal were requesting from him” (Int. 24, Journalist).

However: “...if you want to keep a lying discourse ongoing [...] it’s not enough to just utter it...” (Int. 21, Argentinian government). Stakeholders developing this tactic may attempt to underpin talking with other material practices. For example, preventing quantitative data from

becoming public is a way to avoid comparisons between quantitative indicators and the content of talk:

“At some point, they started monitoring [the water of the Uruguay River] but Argentina impeded its diffusion of the environmental control and of the samples they took. They had agreed that the binational team of the CARU was going to diffuse the controls [but] Argentina, systematically, refused to their diffusion [...] the truth is that as time goes by, only the people from Gualeguaychú still believe that Botnia contaminates” (Inf. 3, field expert).

Uruguay also mobilized the *creating a pseudo-agenda* tactic, during the political campaign that would give way to the initiation of the conflict. However, in a different fashion: while the Argentinian government mobilized this strategy to create the impression of different actions to come, the Uruguayan government used it to create the impression of stability (and dissimulate the imminent shift that would lead the government in a radically different direction). The *Frente Amplio* had decided to abandon its principles and support the project of the pulp mill before the election. Interestingly, by developing this tactic, the party managed to keep the discussion around the moral legitimacy of the project away from the presidential campaign. Should the *Frente Amplio* win the presidency there was no point in discussing the future of the pulp mill, given that the government would not pursue it. Hence, the political crisis when the government unmasked its intentions and supported the firm:

“This hypocritical, traitor, liar government, allied to the worst people in Uruguay. It’s the left. A left wing that sometimes claws its way up to the to power, but in the end, they behave as conservative [...] Vázquez claimed that he would never allow those dirty companies to take away all the natural resources and destroy Uruguay. Well, everything he did was quite the opposite” (Int. 34, Assembly)

4.2.2. *Exiting the controversy*

When controversies around public issues escalate into highly conflicting levels, they attract the attention of numerous observers (or ‘bystanders’). These observers may have no stake at play, or may have interests only indirectly connected to the controversy. But when audiences and observers multiply, so does the level of visibility that stakeholders have. Visibility can translate into increased pressures and expectations: multiple audiences may become involved in the discussion about which ought to be the role of a stakeholder. Demands may not always be rational (Brunsson, 2003; Scherer et al., 2013).

Stakeholders could be reluctant to assume these roles, or even if they are willing to, they may not have enough resources to do it. *Exiting the controversy* is a hypocritical tactic by which stakeholders may attempt to reduce scrutiny on their active involvement in a conflict, by claiming that they have in fact nothing to do with it. Stakeholders can even publicly underscore

the negative consequences that their potential involvement would bring. This tactic could refer to contemporaneous or past involvement. In the latter case, a stakeholder may use the tactic to deny their responsibility or participation in a given situation. Talking about being neutral in a conflict is not inherently hypocritical (even if contenders believe that a given stakeholder has a responsibility in the conflict). It is a hypocritical tactic when stakeholders preach their non-intervention so as to keep their involvement covert or unnoticed. Interestingly, while *creating a pseudo-agenda* consists of the tactical use of public talking to conceal concrete inaction, *exiting the controversy* consists of the tactical use of public talking to conceal concrete action.

Botnia illustrates how a stakeholder used this strategy with the ultimate objective of protecting moral legitimacy. Especially during Phase II, Botnia permanently talked about its disconnection to a conflict in which the firm had simply no role and, hence, no responsibility. Botnia should not be positioned at the center of any conflict or discussion that, in fact, did not exist given that the firm had fulfilled its responsibilities: comply with Uruguayan regulations. Moreover, Botnia alleged that its intervention and involvement in a conflict in which the only protagonists were the governments, would make reaching any solution more complex. By claiming to take a sidestep, Botnia's attempt was to protect the moral legitimacy of the project by moving it away from the center of the public discussion, while still acting in order to placate opposition for the project.

Botnia mobilized hypocrisy during this phase with the objective to keep the pulp mill as far away as possible from the core of the conflict. Our interviews with key informants who witnessed the evolution of the controversy revealed that this notoriously contrasted with its covert efforts to intervene in order to protect its interests. Concretely, informants narrated that the suspicion that Botnia attempted to secretly control its critics through illegitimate means such as bribery became widely spread. Botnia was forced to publicly deny bribery accusations: "The Finnish firm [...] reiterated that does neither pay for bribes nor accepts blackmail, answering to a Uruguayan environmentalist that denounced having received a bribe from a top manager in the Firm." (LN, March 10th 2006). Additionally, it became generalized the perception that Botnia used legal resources (e.g. the agreement between Finland and Uruguay) to exercise pressures and compel Uruguay to confront Argentina.

However, despite the stakeholders' efforts to claim that they did not belong in the controversy, these were not enough to be exempted from their role in the eyes of their contenders. Paradoxically, Botnia had to get involved to justify the construction of a position of disconnection and non-intervention. Botnia used extant regulations to justify its restricted role in

the controversy. Interestingly, those legal standards over which Botnia claimed its license to continue operating, were the product of previous negotiations between Uruguay and Finland, that Botnia had requested as a requisite before arriving to Uruguay (P12, March 5th 2006): “[Botnia] made sure that it had an promotion and protection agreement [before they came]. The issue is that this agreement has clauses that are practically ridiculous; they would leave Uruguay cornered” (Int. 17, environmentalist). Consequently, adapting local legislation was a material practice that reinforced the tactic of *exiting the controversy*, because these regulations were designed so that a stakeholder could justify a restricted role in the controversy (and, therefore, restricted responsibilities towards its contenders) and exercise pressures covertly.

Furthermore, the tactic would have been hardly sustained over time without the active endorsement and the collaboration of the Uruguayan government, that co-constructed Botnia’s exit from the controversy: Uruguay reaffirmed Botnia’s position when the country conceded the permission to continue with the construction and announce that it would protect the investment, arguing that the firm obeyed national regulations and that consequently it should not take into account Argentinian requests.

4.2.3. Showing autonomy

In the context of a controversy, *showing autonomy* is a tactic that stakeholders can use to generate the impression that they exclusively serve their genuine, declared interests (or those of the constituency that they are supposed to protect, as it would be the case of governments). This image of transparency enhances stakeholders’ credibility, opposite to those stakeholders perceived as being covertly captured or instrumentalized by someone else’s interests. The showing autonomy tactic also allows stakeholders to create informal alliances and to keep them covert, since making them public would lead to questioning.

Probably, the most striking illustration of how a stakeholder mobilized this tactic during the controversy is the Assembly. To its members, Botnia would mean the destruction of their ecosystem. The ‘Finnish pirates...’ (AM, May 27th 2007) were just another example of how MNCs depleted and damaged natural resources. But the Assembly did not only distrust MNCs. The state had also failed to protect the people of Argentina. Then, the Assembly members portrayed themselves as ‘self-summoned’: given the negligence that had traditionally characterized the Argentinian government, they were the everyday citizens who rejected traditional politics and who become involved in the public sphere to exercise pressures over the state:

“[it was about] showing that the Assembly was a group freed from all type of interests. It was a group of neighbours, only that. A group of self-summoned neighbours that made their positions public and that were worried [...] As a group of neighbours that was trying to initiate a discussion that public authorities were avoiding [...] What does it mean to be self-summoned? Initially, it means that you’re not leaded, directed or represented by any structure, by any institution, by any political party” (Int. 30, Assembly)

The Assembly pictured itself as independent and politically unattached, unwilling to play by the rules of a political apparatus captured by corrupted interests. They declared the environmental damage as their main preoccupation and motivation to mobilize in defence of their city:

“This assembly is apolitical. It has one objective: ‘NOT TO THE PAPER MILLS’. It has always worked in a horizontal, open, and democratic way” (AM, September 27th 2006).

“The Citizen Environmental Assembly of Gualeguaychú declares that its own objective is not to campaign whether in favour or against any political candidate or party” (AM, February 3rd 2007)

“ ‘In Gualeguaychú, this assembly will not discuss party politics, what we care about is the blockade and the demonstrations so as to make our claims heard’ said Jorge Fritzler, one of the radicals of this conflict” (LN, March 19th 2007)

By preaching its autonomy, the Assembly became popular and gained a reputation in the Argentinian public opinion (Toller, 2009). Such reputation and popularity were central to calling the attention of the public opinion, but also attracted the attention of the Argentinian government: the Assembly would perfectly fit the role of protagonist in the governmental emancipatory crusade against MNCs: the ‘national cause’.

As the government got closer, the Assembly faced a dilemma. On the one hand, its reputation rested on that they were a group of citizens who mobilized due to their manifested distrust in political institutions. On the other hand, they could not ignore that a privileged access to governmental resources could increase their possibilities against Botnia. A pragmatic decision had to be made. Hypocrisy offered a solution for the dilemma. The *showing autonomy* tactic consisted of continue talking about the Assembly’s independence and distrust to traditional politics and protect its reputation in front of the public opinion, while also maintaining a covert alliance with the Argentinian government. As a way to emphasize its autonomy, the Assembly developed a non-negotiable positioning: they would never accept the pulp mill. This led to a conception of the controversy, as a ‘zero-sum’ situation:

“If it’s a zero-sum issue, if it’s all or nothing, it’s all or nothing. The eradication of the pulp mill, I believe, was unattainable. Unless anyone was willing to invade Uruguay and bomb and destroy the pulp mill. Which would have been ridiculous. But if you know that you objective is unattainable, the thing to do is to look for a minor objective. [...] [there were intermediate solutions]. Between allowing [Botnia] do what they wanted and eradicating it, you had many possibilities to discuss and many solutions that were rational [to avoid environmental damage]. The problem is that you [as a government] have to work to create interests around [finding a solution].” (Int. 23, Argentinian government)

4.3. How tactics influenced stakeholders' competition for moral legitimacy

Our narrative account has suggested how stakeholders mobilized hypocrisy in order to compete during the controversy. Because hypocrisy can be adopted in different ways, in the previous section, we have presented the three tactics that we induced from the data analysis to show how stakeholders compete for moral legitimacy, ultimately to shape the progression of the episode. However, such analysis does not take into account how, when attempting to influence the moral legitimacy of the project, the specifics of each tactic enabled subsequent possibilities that stakeholders would not have had if they had not mobilized hypocrisy in a particular way. As well, each tactic led to subsequent constraints, which stakeholders would not have faced should they have not mobilized specific tactics of hypocrisy. In this section, we will discuss how, through different enabling and constraining aspects, each tactic mobilized so as to influence the moral legitimacy of the pulp mill have in turn shaped differently the progression of the episode; ultimately, affecting its outcome.

4.3.1. Context: Triggering the spiral of hypocrisy (February 2005)

4.3.1.1. Creating a pseudo-agenda

Uruguay. Open support to MNCs during the presidential campaign could notoriously clash with the *Frente Amplio's* electorate expectations (Int. 32, Uruguayan government). During 2004, the tactic of *creating a pseudo agenda* enabled the *Frente Amplio* to promote a political platform consistent to the party's traditional values (such as the condemnation of MNCs as looters of developing countries' natural resources) in order to attack the moral legitimacy of the project, of the forestry industry, and of MNCs, while covertly supporting the investment and negotiating the conditions required to placate local opposition to the project, in the case that Tabaré Vázquez won the election (Int. 17 and Int. 32). Furthermore, the *Frente Amplio's* political platform enabled the party to gain the Argentinian president's support, who felt ideologically closer to Vázquez's presidential project in comparison to his political adversaries (Int. 1, mediator) and who trusted the *Frente Amplio's* political platform against MNCs: "Back then, Kirchner said that Vázquez told him that he would stop the project. Not only Vázquez moved forward with the pulp mill, he also became a defender of the investment." (Int. 10, field expert).

But the content of the *pseudo-agenda* was inconsistent with Vázquez's intentions to abandon the party's principles once the election was won: "It became public that, before winning the

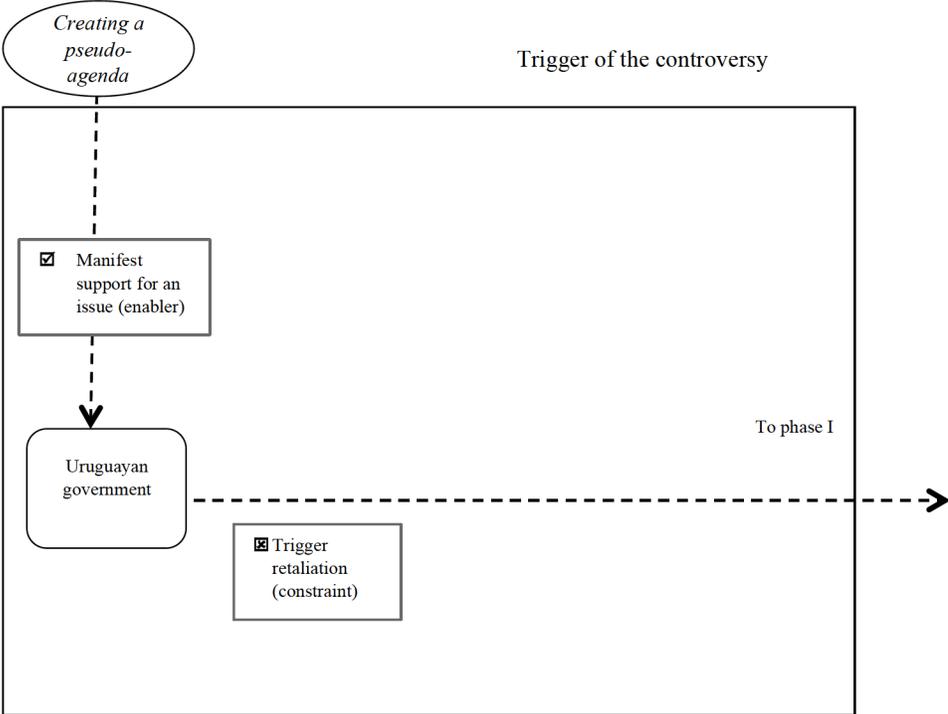
elections, Tabaré Vázquez received Botnia’s top management in the offices of the *Frente Amplio*. The fact that a left wing political party is receiving a multinational corporation in their offices is a major issue!” (Int. 17, environmentalist). As to presidential talking, the pulp mill became an opportunity for economic, technological, and social development. The Uruguayan public opinion and the Argentinian government questioned this shift. Especially for the latter, the shift was a letdown. If up to that moment Argentina had not paid much attention to the project, the country decided to aggressively become involved in the conflict so as to challenge the moral legitimacy of the pulp mill. The fiercest level of confrontation that resulted from the Argentinian involvement after the *Frente Amplio’s* tactic was exposed would remarkably constrain for years any possible attempts of the Uruguayan government to consolidate its forestry project.

Table 19 presents the enabling and constraining aspects of hypocrisy during the initial phase of the controversy, and Figure 5 displays the enabling and constraining aspects of hypocritical tactics (trigger of the controversy) and how these generated the transition into phase I.

Table 19 Enabling and constraining aspects of hypocritical tactics during the trigger of the controversy.

Actor	Enabling aspects of the tactic	Constraining aspects of the tactic
Tactic		
Uruguay	<p>Enabler #1: Use the traditional agenda to target specific audiences (electorate)</p> <p>Enabler #2: Obtain support of stakeholders sharing the same agenda (Argentina)</p>	<p>Constraint #1: Undergo questioning when it becomes clear that actions are inconsistent to the content of the pseudo-agenda</p> <p>Constraint #2: Generate unexpected contenders (e.g. Argentina).</p>

Figure 5 Enabling and constraining aspects of hypocritical tactics (trigger of the controversy) and how these generated the transition into phase I.



4.3.2. *Phase I: the ‘invention’ of the crisis (February 2005 – March 2006)*

4.3.2.1. **Creating a pseudo-agenda**

Argentina. Argentina’s intervention during this phase went beyond the denunciation of the Uruguayan shift. As well, it was not limited to trying to force Uruguay to recouple its actions with its former claims and promises during the political campaign. Argentina became highly active in the controversy and openly attacked the moral legitimacy of the pulp mill but this attack concealed an ultimate objective: that of politically using the controversy for purposes of internal politics

But involvement would prove challenging, given Argentina’s erratic and inconsistent environmental policy: “If you ask me if Argentina has an environmental policy, I will answer yes, because the absence of policy is a policy by itself” (Int. 2, Argentinian government). In order to contend against Uruguay and the project, the country had to provide a valid argument. The environmental preoccupation provided a legitimate reason: “Who would ever say anything against protection of the environment?” (Int. 10, field expert). But Argentina had highly contaminating pulp mills itself and had promoted other controversial industries such as mining, oil, etc. (Inf. 17): “Argentina, unfortunately, due to a terrible environmental behavior, had no moral authority to complain about Uruguay” (Int. 15, Argentinian government). This questionable reputation undermined Argentina’s position to claim against Uruguay a pulp mill that was not yet built and that was to be located abroad: “...if Argentina is to request a limit to environmental contamination in that new plant, it will have to raise the local level first. We can’t request Botnia [...] while our plants are so far away from those levels...” (Int. 19, industry). The country had to make an effort so as to look consistent with its claim; otherwise, these would be belittled. Because it was in the government’s interest to avoid the implementation of concrete measures, hypocrisy offered a solution.

During phase I, the *creating a pseudo-agenda* tactic gave the Argentinian government the opportunity to compete in the controversy by overdramatizing its environmental commitment. Constructing this position enabled the Argentinian government to tend to the increasing internal demands for environmental policies without implementing concrete actions but, interestingly, it also enabled the Argentinian government to become an ‘environmental hero’, that would grant it the right to speak in a discussion in which otherwise it would have not been entitled to participate:

“It’s about over-dramatization so as to be able to disguise the enormous complicity and the lack en environmental policies, and to transform themselves [the government] into heroes of environmental protection. They, to the extent that the people reveal in the public opinion surveys that this could be what people want, they will do the charade, they have no problem at all with that” (Int. 15, Argentinian government)

Moreover, attacking the moral legitimacy of the pulp mill enabled the Argentinian government to attract the public opinion in the proximity of elections: “Nestor [Kirchner] was super hypocritical with this Botnia issue. He just took advantage of it to call for unity, under the flag and the discourse of environmentalism. He just had political and electoral objectives” (Inf. 2, Argentinian government). And, importantly, it also enabled the Argentinian government to attract the attention and control the demands of ‘specific social groups’ (such as the Assembly):

“[the environmental discourse] was hypocritical in the same sense that their discourse on human rights. The Kirchners never cared about human rights, but because it was so attractive for some specific social groups [and] it helped to tone down the demands, they just adopted the discourse of human rights. The same happened with the environmental discourse” (Int. 29, Assembly).

During this phase, the tactic of *creating a pseudo-agenda* enabled the Argentinian government to appeal to its electorate for the elections to come, to tend to the Assembly’s demands, and to construct a voice in the controversy while avoiding taking concrete measures; it also gave way to obstacles that would constrain some possibilities in the near future. The intense governmental talking was positive because: “...the Argentinians heard about environmental issues. Then, they stopped listening to it [when the government withdrew] but the environmental conscience remained. It’s present” (Int. 7, field expert). But it also generated confusion in the bureaucracy that started proactively working on developing public policy consistent to what it looked like the new governmental trend. This forced governmental representatives to permanently deactivate such initiatives, exposing the lack of genuine interest in environmental issues. An illustrative example is the experience narrated by a consultant specialized in forestry industry, hired by the bureaucracy to develop a bill of law to improve the standards in the local pulp industry:

“In 2006, the Secretary of Environmental Affairs hires me, as a result of all these new things evolving. We started working on the Argentine industry. I told them from the beginning ‘...there is nothing we can do over a factory that is located in Uruguay, but let’s work on the Argentinian pulp mills’. We gathered systematic information on the state of the local pulp mills, and developed a bill called PRICEPA²³. Argentinian pulp mills were a complete disaster, how can you have such demands for firms abroad when you don’t do anything of that locally? It just didn’t make sense [...] That bill [that we developed in the Secretary for Environmental Affairs] was about the minimum standards that local firms should comply with. It was discussed in the Parliamentary commissions. When it was ready to

²³ PRICEPA is an acronym that stands for *Plan de Reversión Productiva de la Industria de Celulosa y Papel* (Plan for the Productive Restructuring of the Pulp and Paper Industry).

be presented as a formal bill in the Parliament, Kirchner made it disappear, he said ‘We can’t show to the ICJ that the Argentinian industry is contaminating. If we pass the bill, then it’s proof that the Argentine firms contaminate, and we’re in the middle of the issue with the ICJ’ ” (Int. 14, industry)

While in this opportunity, the government was able to control the situation (and avoid being exposed), similar situations would repeat along the controversy; some of them notoriously limiting the possibilities of the Argentinian government (e.g. shift from phase II to III).

4.3.2.2. Showing autonomy

Uruguay. The shift generated questioning in the public opinion: “Vázquez started to have trouble; they would remind him permanently that the *Frente Amplio* had been once against Botnia” (Int. 7, field expert). But, importantly, it gave way to the involvement of Argentina: During the presidential campaign, the Argentinian government had actively supported Vázquez, after the shift it became a contender. Among other arguments used to attack the moral legitimacy of the pulp mill, Argentina started to request a new round of studies conducted by independent organizations. In an attempt to avoid the claim, Uruguay developed a *showing autonomy* tactic that consisted of circumventing Argentina’s claim for a new round of studies by claiming that Uruguay was capable of controlling the firm and by portraying the country as sovereign and in control, not under the control of those interests that it was supposed to supervise:

“The major of the Uruguayan department of Río Negro, whose capital is Fray Bentos, Omar Lafluff [...] asseverated to the local press that ‘None of these paper firms came (to Uruguay) against to what the country wanted. These firms requested our permission and complied with all the conditions that were requested. This is why we support these ventures and why we align to the Uruguayan government’ of the left-wing president Tabaré Vázquez’ the major would answer explicitly in relation to the Argentinian opposition ” (EPU, August 24th 2005)

“Nin Novoa told El País de Uruguay that the complaints were ‘undoubtedly, an intromission’ in Uruguayan internal affairs, and that were ‘inappropriate’. He added that Uruguay is ‘strong enough’ to go on with the project but also to be a ‘careful and responsible protector of the environment’. He predicted that Argentinian claims ‘will not be taken into account’ and he announced that Uruguay will present to the donor organizations ‘a set of arguments that will compellingly show that Uruguay is an absolutely responsible country’ ” (LN, September 30, 2005)

“The firms did not received a blank check [...] they didn’t invade us” (EPU, May 20th 2006).

This tactic was not enough to overcome the discredit (in front of the public opinion) from the *Frente Amplio*’s shift, but it allowed Uruguay to temporarily offset increasing Argentinian claims:

“ ‘We won’t accept any outsider telling us what we have to do in order to preserve the health of our people and our environment’ outlined [Tabaré Vázquez] (LN, April 27th 2006).

“Former president Batlle [argued back] ‘the malicious Argentinian intervention in the Uruguayan industrial policy’ ” (EPU, July 24th 2005).

Table 20 Enabling and constraining aspects of hypocritical tactics during phase I

Actor	Enabling aspects of the tactic	Constraining aspects of the tactic
Tactic		
Uruguay	Enabler #1: Temporarily counteracting accusations and avoid involving in negotiations	
<i>Showing autonomy</i>		
Argentina	Enabler #1: Construct a voice in a controversy in which the stakeholder would be otherwise not entitled to participate. Enabler #2: Generate in audiences the impression of commitment to an agenda and thus be able to appease their demands // attract the electorate Enabler #3: Build closeness with specific audiences and thus be able to control their demands.	Constraint #1: Create an atmosphere of interest around an issue that triggers reactions that are beyond the scope of a stakeholder’s control
<i>Creating a pseudo-agenda</i>		

4.3.3. *Shift from phase I to phase II*

4.3.3.1. **Creating a pseudo-agenda**

Argentina. During phase I, Argentina “...invad[ed] the whole communicative space permanently...” (Int. 24, journalist) intensively talking about its new commitment to environmental protection. This tactic had enabled the country to become gradually involved and, more importantly, to progressively construct a voice in a conversation in which it was previously absent, while not necessarily taking concrete and impactful measures or implementing tangible public policy. Argentina constructed a position that allowed the country to compete against Uruguay and to exert intense pressures for new environmental studies:

“ ‘Maybe you’re right [about the environmental impact] (to Botnia and ENCE), if you’re right you’ll be welcome; with clarity and transparency to Argentines on this side [of the river] and Uruguayans as

well. [We] accumulate all the evidence, we conduct the studies, and if we see that the environmental impact doesn't exist, that would be great!' [President Kirchner added]" (LN, April 20th 2006).

The tactic proved useful because Uruguay could not ignore Argentinian claims and accepted the new round of studies.

4.3.3.2. Showing autonomy

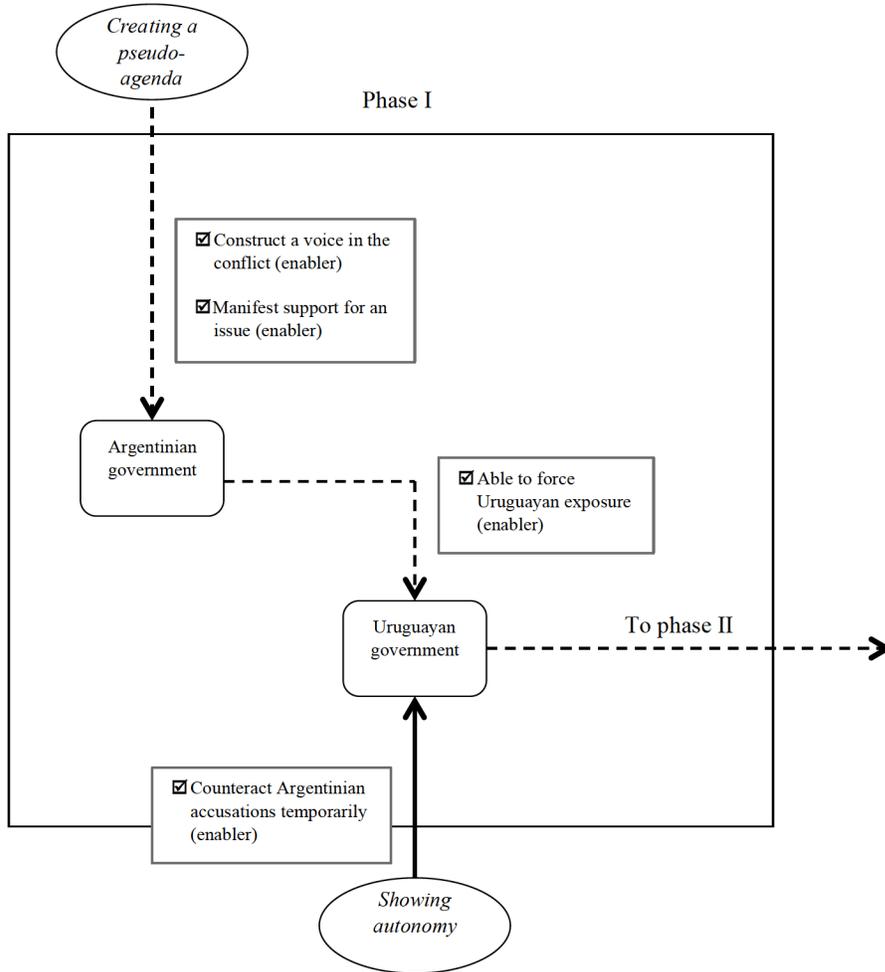
Uruguay. No matter how much Uruguay attempted to show that it could control Botnia, by the beginning of 2006, the country could no longer ignore the increasing pressures from Argentinian claim, and Tabaré Vázquez decided to interrupt the construction of the pulp mill to conduct new studies. However, when Botnia refused, Uruguay had to pay the political cost of publicly taking back its commitment to the Argentinian government. After the efforts that the country had made to *show autonomy* from the interests that it should control (phase I), it became evident that the country's decisions were subjected to Botnia's will. Even when Uruguay resorted to justification in order to defend the right of the firm to go on with the project, the country could not avoid the public discredit. But this was not the only negative outcome from the exhaustion of the *showing autonomy* tactic. A major consequence was that the Argentinian government perceived in Uruguay's exposed weakness an opportunity to double its bet, allege a 'national cause' and continue attacking the moral legitimacy of the pulp mill. This deeper involvement would limit the Uruguayan attempts to continue developing its forestry industry in the following years but, importantly, it would also lead to the formal filing of the lawsuit at the ICJ.

Table 21 presents the enabling and constraining aspects of hypocritical tactics during the shift from phase I to II, and **Figure 6** displays the enabling and constraining aspects of hypocritical tactics (Phase I) and how these generated the transition into phase II.

Table 21 Enabling and constraining aspects of hypocritical tactics during the shift from phase I to phase II.

Actor	Enabling aspects of the tactic	Constraining aspects of the tactic
Tactic		
Argentina	Enabler #1: Being able to exercise pressure over Uruguay and force its exposure.	
<i>Creating a pseudo agenda</i>		
Uruguay		Constraint #1: Being over-exposed as a governmental agency that has been captured by the private interests that it should control.
<i>Showing autonomy</i>		

Figure 6 Enabling and constraining aspects of hypocritical tactics (Phase I) and how these generated the transition into phase II.



4.3.4. Phase II: How a local issue becomes an international conflict (April 2006-October 2007)

4.3.4.1. Creating a pseudo-agenda

Argentina. After Uruguay was left exposed and weak, Argentina perceived an opportunity to radicalize its *creating a pseudo-agenda* tactic. Argentina kept portraying the country as deeply committed to environmental protection but the attack to the moral legitimacy of the pulp mill and the firm adopted also a political connotation. The ‘national cause’ emerged and was depicted as an emancipatory crusade against MNCs that, taking advantage of developing countries, transferred their contaminating practices and looted developing countries’ natural resources. After president Néstor Kirchner’s political speech in Gualeguaychú (May 2006), the ‘national cause’ obtained a hero: the Assembly. In the governmental talking, the Assembly became a symbol for an anticapitalist, anti MNC, ecological struggle. Endorsing the Assembly’s struggle was, ultimately, protecting the people of Argentina, and liberating the country from abusive MNCs: “ ‘Gualeguaychú’s struggle is exemplary,’ Kirchner said” (LN, February 10th, 2006). Creating the emancipatory *pseudo-agenda* enabled the Argentinian government to continue building its position and voice in a controversy in which it had neither been entitled to participate nor compete due to its irresponsible behaviour.

During phase I, *creating a pseudo-agenda* allowed the government to claim interest in the Assembly’s demands. During phase II, such closeness increased and enabled the government to exercise direct control over the blockade (and, consequently, over Uruguay). Alleging that the support was a matter of tolerance to social protest, the government financially and politically supported the measure that generated so many obstacles for Uruguay (such as the loss of tourism or the increased costs in international trade). Furthermore, the *creating a pseudo-agenda* tactic would enable other hostile attempts to assimilate or appropriate the Assembly and the blockade. For example, the creation of a Secretary of Environmental Affairs one week after the presidential speech in Gualeguaychú was portrayed as proof of the renewed interest in the policy: “ ‘For the first time [in Argentina], a president has decided to implement a consistent policy in the environmental area’ ” (LN, May 13th 2006). Importantly, it allowed the nomination of the former lawyer of the Assembly, Romina Picolotti, as the new minister of Environment in 2006: “Kirchner assigned [a member of the Assembly] to the Secretary [of Environmental Affairs] because she was originally the Assembly lawyer, and she knew how to

manipulate them. [...] That's an attempt to co-opt the movement." (Int. 2, Argentinian government).

Lastly, the *creating a pseudo-agenda* tactic around a stakeholder that had such social support and reputation allowed the government to take advantage of its popularity: "Kirchner's government decided to support the cause in order to take advantage of the situation, to show actions [in the environmental area] and to take advantage of the popularity that the cause had" (Int. 33, Assembly spokesperson). Invoking the Assembly as the symbolic hero to be protected, allowed the government to shape the 'national cause' and, ultimately, to build a case in which filing a formal lawsuit against Uruguay at the ICJ sounded as the only natural and possible alternative to do justice:

"'It's our duty to defend the citizens of Entre Ríos²⁴ against contamination, that will be not only in the water but also in the air, and that will unquestionably lead to health disease in human beings' [the governor of Entre Ríos Jorge] Busti manifested" (EPU, April 30th 2005).

"This controversy takes us today to the ICJ [...] We have come [to Gualeguaychú] to say that this is not an issue that concerns exclusively the province of Entre Ríos or the city of Gualeguaychú; it's an environmental cause that concerns the people of Uruguay and the people of Argentina and that the Argentine Republic assumes as its own cause. We are not talking about affecting any other country's sovereignty. We're talking about defending a healthy environment" (Speech of the Argentine president Nestor Kirchner, Gualeguaychú, May 5th 2006)

4.3.4.2. Exiting the controversy

Botnia and Uruguay. During phase I the firm was highly vocal of the benefits it would bring to the area; during phase II all its efforts were oriented to set a distance from the public discussion around the moral legitimacy of the project. By *exiting the controversy*, Botnia built this subject position of non-intervention: "[Botnia] always pretended 'We have nothing to do with this, this is a political conflict, we just limit to honour our contract'. They hardly talked about anything else" (Int. 10, field expert). The firm presented itself as a company operating in Uruguayan jurisdiction; consequently, not accountable to Argentina or to Argentinian protesters: "Botnia just said 'This is Uruguay'. Botnia had already attracted the population of Fray Bentos [who had always] been in favor of Botnia. Then, Botnia added 'why will I ask any permission from another country [other than Uruguay]?' " (Int. 7, field expert). Displacing the pulp mill from the core of the discussion was also an attempt to protect its moral legitimacy.

²⁴ The city where the Assembly emerged, Gualeguaychú, is located in the province of Entre Ríos.

Denying being part of the discussion enabled the firm to avoid providing any information or public answers about the mill or its operations, as requested by the Argentinian government: “The behaviour [of Botnia] was one of absolute reticence. They always refused to provide information [...] so that the inevitable [consequence] –that is, to confirm that a pulp mill contaminates- would remain hidden.” (Int. 29, Assembly). Furthermore, asserting that the firm had no role rather than regulatory compliance enabled Botnia to continue with the construction of the pulp mill, even when bilateral governmental agencies with an advisory role (such as the GTAN that consisted of experts from both countries and whose objective was to generate recommendations for consensus making) suggested the need for an interruption in order to foster agreement between both nations:

“ ‘Botnia will continue the construction of the paper mill in Uruguay because it has all ‘the required authorizations and because the *Grupo Técnico de Alto Nivel* (GTAN) conclusions are not compulsory’ indicated Annikki Rintala, spokesperson of the Finnish firm ... ‘At this moment, it is the only thing that matters. The firm has no intention to go to the Judiciary. It is the role of the states to solve this issue’ ” (LN, February 1st 2006)

But, importantly, limiting Botnia’s responsibilities to regulatory compliance was also a means to put moral legitimacy and legal compliance at the same level (avoiding the discussion on the social acceptability of the pulp mill). Limiting Botnia’s role to legal compliance enabled the firm to claim that this conflict exclusively compelled two sovereign states and, ultimately, to delegate conflict management to Uruguay. Because it was Uruguayan regulations that allowed Botnia to operate, Argentina’s natural conversant in this controversy should be Uruguay (the stakeholder responsible for passing the law), rather than a firm:

“Botnia said ‘This is an international conflict, it’s up to the Uruguayan government, I won’t get involved’. Botnia made no effort at all ... Since the beginning, they said ‘I don’t care about this conflict’ ... I believe that their shrewdness was to transfer the conflict to the Uruguayans. The government of Uruguay was so constrained by Botnia...” (Int. 7, field expert)

Ultimately, all this manoeuvring counted with the support of Uruguay and enabled Botnia to ‘buy time’: if the construction of the pulp mill was advanced enough so that it became a *fait accompli*, the chances that the ICJ would order the pulp mill’s demolition by the moment of the trial would be slimmer, even if the moral legitimacy of the pulp mill would be severely affected:

“The behaviour of the firm was crucial. The strategy of the firm was clear at that moment. It’s what we call the politics of the *faits accompli*; that is, something that has been accomplished. Therefore, when we finally reach the [ICJ] in The Hague, the firm was already constructed and operating [...] we knew that with the fact accomplished that was the firm already operational, the [ICJ] was never going to dismantle the pulp mill” (Int. 21, Argentinian government).

The tactic allowed Botnia to initiate its operations when expected, in November 2007, without delay. Additionally, Botnia speculated that Argentina had no chance to defeat Uruguay in the

lawsuit filed at the ICJ. Consequently, by simply delaying any response to Argentina, the firm avoided concessions that would have had to be made should a negotiation take place. However this attitude raised confrontation:

“Botnia made everything they could to make Argentina and Uruguay confront in the ICJ, given that the firm knew that it had the chances to win. Botnia always collaborated in the misunderstanding between Argentina and Uruguay, and increased the level of confrontation. From my professional point of view, confronting at the ICJ was not a requisite. Both countries shared history and were close to each other. They could have reached some type of agreement with the support of experts in the subject. This would have prevented such a major conflict. But Botnia collaborated so that agreement was never accomplished. If there is no agreement, there are no concessions. If they had to negotiate, there would have been concessions.” (Int. 37, Argentinian government)

While Botnia had a leading role in this tactic, it would have never been sustainable over time without the active involvement and endorsement of Uruguay that, as a sovereign state, had the ultimate formal and legal authority to allow Botnia’s operations. The country put its efforts into developing a justification as to why Botnia’s operations were not to be interrupted (in spite of the arrangement between the presidents that took place in March 2006, or Uruguayan noncompliance as to the Statute of the River Uruguay to notify Argentina). Uruguay argued they made the right decision, given that Botnia had complied with its legal obligations. However, if Botnia (or any MNC) failed to comply with the regulations, sanctions would take place: “We are not afraid to take measures against a firm if this does not fulfil its obligations [but] Botnia and ENCE will not be stopped because they are not violating any regulation” (Vice-minister of Environment of Uruguay, Jaime Igorria, LN, April 9th 2006).

But while this tactic enabled Botnia’s attempt to avoid being part of the controversy, it also came at a price. When *exiting the controversy*, Botnia chose to remain silent and delegated conflict management to Uruguay. This also meant that Botnia surrounded its voice in the episode. An immediate but unintended effect of their silence was, for example, that many myths around the forestry industry became popularized and taken for granted, undermining the moral legitimacy of the pulp mill through unsubstantiated information:

“Sometimes, their silence would even go against them [Botnia] In four years, so many things happened, how is it that they didn’t make clarifications [in relation to accusations]? There were things that we [as forestry experts] knew that were not correct, as everyone was saying. Why didn’t they clarify them? [...] One day I saw on the news how they said ridiculous things [about the effects that Botnia may cause]. And I thought ‘This is not true. Why aren’t these guys refuting this with real arguments?’ [...] They put no energy in their defence.” (Int. 10, field expert).

As the controversy evolved, the ‘loss’ of voice proved to be a major ‘side effect’ of this tactic (e.g. during phase III).

4.3.4.3. Showing autonomy

Assembly and the Argentinian government. The Assembly had always publicly expressed its distrust for traditional politics. It had also portrayed itself as an independent, autonomous stakeholder. Hence, the dilemma: should they join forces with the Argentinian government? On the one hand, the Assembly acknowledged that the governmental renewed interest in the environment was inconsistent with its real actions: “The Assembly always knew that the government didn’t care about the environmental issues, because in our country pulp mills were highly contaminating” (Int. 27, mediator). If their closeness to a stakeholder deemed as environmentally irresponsible and that represented corrupted and traditional politics happened to become public, the Assembly could have its reputation ruined. But, on the other hand, getting involved with the government could grant the Assembly access to many resources that could help push their cause forward.

The Assembly’s solution consisted of preaching their distrust in traditional politics and capitalistic relations (as they did during phase I). But such talking would become hypocritical: its ultimate objective was to maintain social reputation by masking the covert and informal alliance with the Argentinian government. For example, it enabled the Assembly members to have direct access to decision-making processes that otherwise they would have not had:

“Obviously, we decided to take advantage of the [governmental support], in the most cunning and possible way [...] Concretely, we took advantage by going to the government and claiming in the Ministry of Foreign Affairs. We sat in front of the Minister and told him [what we wanted].” (Int. 29, Assembly).

In addition to advocacy, after allowing such close contact with governmental representatives and bureaucrats, the *showing autonomy* tactic enabled the Assembly to use its social reputation as leverage in order to exert pressures against the government:

“During such private conversations, [the government] tried to exert [pressure on us]. We had discussions but they were forced to negotiate with us, given that confronting the Assembly was politically risky for them. It was equal to confronting with the people [...] it was about making the [Argentinian government] fear the conflict around the Assembly, because at that moment, the government thought that the Assembly represented a lot of people” (Inf. 30, Assembly).

The informal alliance between the Assembly and the Argentinian government (that the social movement was able to maintain due to its *showing autonomy* tactic) was vital to keep the attention on the environmental cause, due to the persistence of a radical protest measure: the blockade: “...most of us considered that as long as the blockade persisted, we would have attention from the governments, from the press. That once the blockade was gone, people would forget” (Int. 27, political mediator in the conflict). Therefore, even though governmental support

was hypocritical, it was indispensable: “They [the government] didn’t evict us. They supported us [in the blockade]” (Int. 36, Assembly member). Importantly, the persistence of the blockade was not due to a policy of *laissez faire* from the Argentine government (e.g. tolerance to the right to protest) but active political support. Otherwise, the Assembly would have never been able to keep the blockade for more than three years, as this Assembly member indicates:

“We were informally allied [to the Argentinean government, because that ensured you that] any initiative taken up by the Assembly, the government would answer [...]. We were able then to sustain the blockade, in spite of the enormous economic damage this brought to the people. [...] I’ll tell you something that was actually a well known secret in the assembly, while the conflict took place, I’d tell you that it was the government who maintained the blockade and not the Assembly. Once the blockade started, in the moments of conflict, thousands of people were blocking. After some months, it was just two or three of us. If people wanted to go and trespass the blockade, they would have been able to. But the blockade persisted because before arriving to that place, you found the police who informed that the route was blocked. They didn’t tell you ‘no trespassing’ but informed anyone coming that the route was blocked. Indirectly, it was like the government had maintained the blockade for many months ... We knew that in the assembly and discussed it many times, when people were tired and the moment had worn off, we said ‘how can we maintain the blockade? No one wants to be there during the night’, and then we said ‘it’s good the police is there’ ” (Int. 30, Assembly)

Furthermore, by keeping the blockade alive for three years, they were also able to retain media coverage, raising public opinion awareness. In the case that the Assembly had refused to ally with the government (remained consistent with their talk about avoiding political alliances and preserving their autonomy) their cause would have never gained national attention and the blockade would have never been sustained (for three years!) in political, legal, and economic terms by the government.

“[The Assembly member Alfredo] Deangelis, before becoming popular [...] everyone knew who he was because we turned on the radio [during the conflict with Uruguay and journalists were calling him to discuss. All Assembly leaders were popular, we saw them permanently in the news” (Int. 10, field expert)

While the *showing autonomy* tactic enabled the Assembly to maintain its reputation while also gaining covert access to governmental resources and endorsement, it would also generate constraints for the social movement. The Argentinian government played a major role in the sustainability of this tactic: by positioning the Assembly as an emancipatory hero, the government promoted a local environmental issue as a national cause that was worth initiating a trial at the ICJ. As well, the survival of the protest became highly contingent to governmental collaboration: “The blockade was supported by [the Argentine government of Néstor] Kirchner [...] Without such financing, the blockade wouldn’t have lasted a day.” (Int. 15, Argentinian government). The government also encouraged the radical ‘non-negotiable’ position of the Assembly. But, in exchange for support, the Assembly would progressively become restricted

by the Argentinian government, regardless of how many times the latter pictured the social movement as an emancipatory hero in a crusade against the domination of capital. Moreover, when developing a position that was non-negotiable, the Assembly would end up condemning itself, as this Assembly member evaluates presently:

“We ended up making everything easier for [the government] when we isolated ourselves [...] we ended up being a bunch of crazy people, we shut ourselves up, then we helped them to isolate us. [They could say] ‘these guys are not open to dialogue, they won’t negotiate...’ We isolated ourselves and we helped them to encapsulate the conflict [...] The Assembly trapped itself...” (Int. 28, Assembly)

The alliance between the Argentinian government and the Assembly was highly situational: both stakeholders shared the short-term interest of attacking Uruguay and occluding the project. However, the Assembly claimed to be motivated by a long-term interest of preserving the environment, while the government had political-electoral motivations to appeal to future electors by distracting them from environmental deterioration. The *showing autonomy* tactic remarkably influenced the evolution of the controversy. The blockade was an essential piece in the conflict. Had this alliance not taken place, the blockade would have not survived and attracted so much attention from the press, it would not have helped the Assembly to become well-known nationally and internationally (reinforcing the social reputation of their cause). Importantly, it would not have exerted pressures over Uruguay, who had one of its main commercial arteries inoperative.

Table 22 presents the enabling and constraining aspects of hypocrisy during phase II.

Table 22 Enabling and constraining aspects of hypocritical tactics during phase II

Actor	Enabling aspects of the tactic	Constraining aspects of the tactic
Tactic		
Argentinian government	<p>Enabler #1: Keep the position of an environmentally committed actor that granted a position in the controversy</p> <p>Enabler #2: Control a stakeholder (the Assembly) and instrumentalize it for political purposes (use the blockade to put pressure on Uruguay)</p> <p>Enabler #3: Build a case to take the national cause to the ICJ</p>	<p>Constrain #1: compromise the development of the local forestry industry.</p>
<i>Creating a pseudo-agenda</i>		
Botnia and Uruguayan government	<p>Enabler #1: Displace the stakeholder (Botnia) and its social legitimacy from the center of the discussion</p> <p>Enabler #2: Limit the stakeholders' role (Botnia) in the controversy to regulatory compliance.</p> <p>Enabler #3: Locate the conflict in a different level (international level) and therefore transfer conflict management to other stakeholder (Uruguay).</p> <p>Enabler #4: Circumvent any claim (e.g. provide information to Argentina) and buy time while advancing with the construction.</p> <p>Enabler #5: Avoid negotiations (with Argentina) and therefore the risk for making any concession.</p>	<p>Constraint #1: Raise confrontation with stakeholders who manifest their will to involve in a dialogue.</p> <p>Constraint #2: Lose the voice in a controversy and allow 'myths' to spread.</p>
<i>Exiting the controversy</i>		
Assembly and Argentinian government	<p>Enabler #1: Get covert access to resources of other stakeholders (e.g. Argentinian government).</p> <p>Enabler #2: Create new channels to pressure stakeholders (e.g. the Assembly to the Argentinian government).</p> <p>Enabler #3: Attract attention and legitimate a cause in the eyes of national and international audiences.</p>	<p>Constraint #1: Make the survival of a cause (the Assembly's environmental cause) too contingent to other stakeholder (the Argentinian government).</p> <p>Constraint #2: Government 'trapped' in the informal alliance</p>
<i>Showing autonomy</i>		

4.3.5. Shift from phase II to phase III

4.3.5.1. Creating a pseudo-agenda

Argentina. The events of October 2008 constituted yet one more illustration of how a hypocritical tactic that at some point had enabled possibilities for a stakeholder could also severely set a trap for them and, eventually, influence the evolution of the controversy. Until 2008, the *creating a pseudo-agenda* tactic had proven effective for the Argentinian government. For example, it had allowed the government to develop an environmentally committed position that helped this stakeholder during the political campaign. It had also helped the government to become closer and control the Assembly in order to instrumentalize it against Uruguay and to build the case for a lawsuit against Uruguay at the ICJ. However, The Argentinian government became unexpectedly cornered by this tactic. Its intensive talk about the subject since phase I created an atmosphere of environmental conscience over which, the government ultimately lost control of. During phase II, the environmental talk was accompanied by the aggressive denunciation against MNCs as environmentally irresponsible organizations.

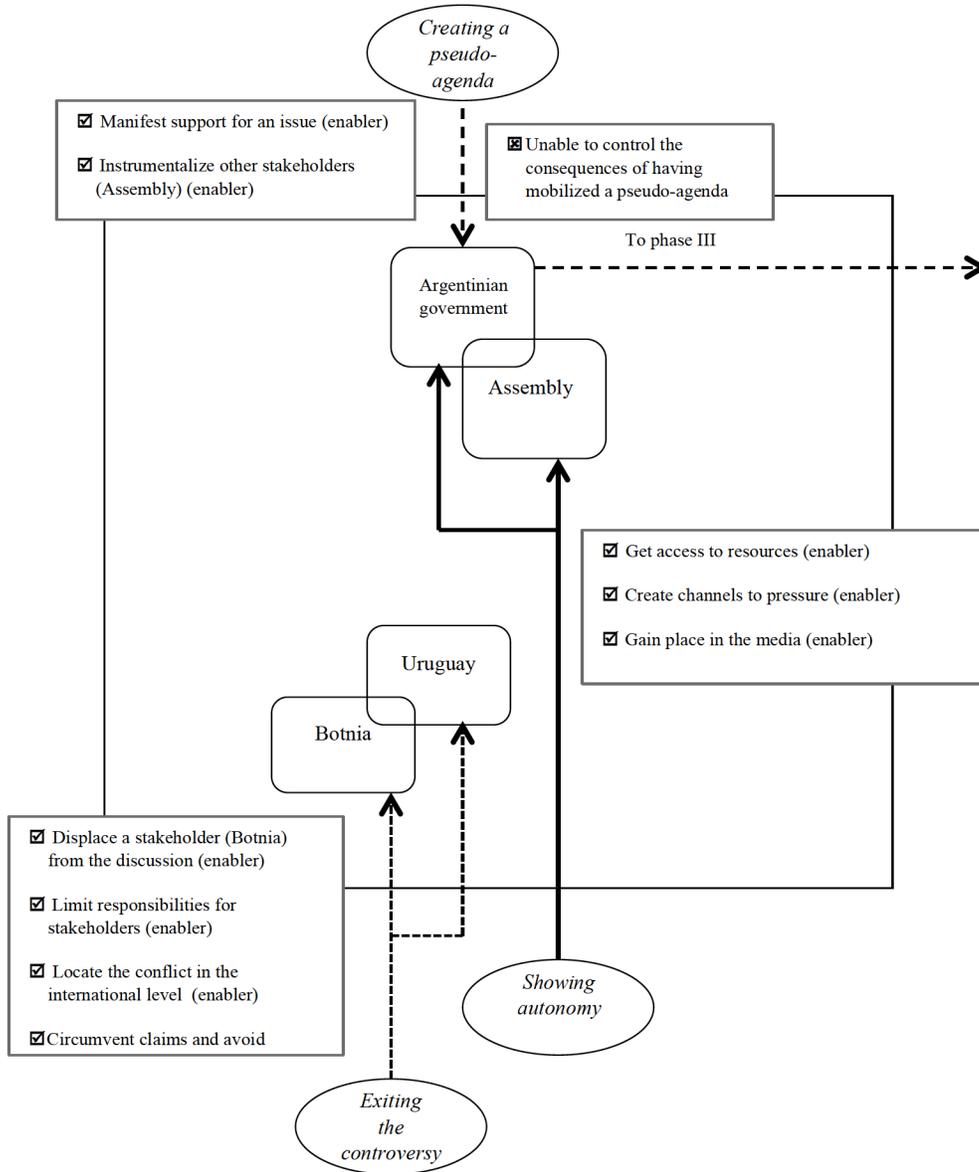
Bureaucrats, inspired by the intense governmental talking, eventually worked on the development of an environmental policy. The government, who shared no interest in it, had called off these initiatives when it became aware of it (cf. phase I, Int. 14). When these initiatives took place in the bureaucratic sphere, it was relatively easy for the government to deactivate them without the public opinion noticing it. But during the second turning point, the unintended consequences of the tactic surprised the government. Also motivated by the new trend, the Argentinean Parliament passed a bill for the protection of the glaciers (large fresh water reservoirs threatened by mining firms operating with cyanide in Argentina). The government did not realize this until it was too late, probably because in a previous event it had lost congressmen to the opposition (Int. 22, environmentalist). The bill was dangerous to the government because it directly affected the persistence of highly contaminating industries in the country that the government protected (Int. 15, Argentinian government). Argentina decided to publicly bear the cost of vetoing an environmental regulation after spending years overdramatizing its importance. The creating a pseudo-agenda tactic had generated its own restriction, and the Argentinian government found itself trapped by the game it had encouraged.

Table 23 presents the enabling and constraining conditions of hypocrisy during the shift from phase II to III. Table 7 displays the enabling and constraining aspects of hypocritical tactics (phase II) and how these generated the transition into phase III.

Table 23 Enabling and constraining aspects of hypocritical tactics during the shift from phase II to III.

Actor	Enabling aspects of the tactic	Constraining aspects of the tactic
Tactic		
Argentinian government		Constraint #1: Impossibility to control the consequences that hypocritical talk can generate in audiences and other stakeholders
<i>Creating a pseudo-agenda</i>		

Figure 7 Enabling and constraining aspects of hypocritical tactics (phase II) and how these generated the transition into phase III.



4.3.6. *Phase III: Avoiding commitments (October 2008 – July 2010)*

4.3.6.1. **Exiting the controversy**

Botnia. During phase II, by *exiting the controversy*, the firm could ‘buy time’ and advance the project avoiding concessions. However, in the long term, the tactic generated constraints. The emphasis on regulatory compliance nurtured the conflict:

“I believe that Botnia made a big mistake, they acted with myopia. The typical myopia that firms have, when they say that ‘We’re doing everything that the Uruguayan State has requested. We’re inside Uruguay, our business is here. We’re impeccable in relation to Uruguay, why would we explain to Argentina or diffuse [information] among Argentinians?’ I believe that they did what they believed was easier [at that moment], but this didn’t placate the conflict” (Int. 3, field expert).

The short-term tactic undermined the possibilities of reaching a consensual solution. As we discussed in the previous section, Botnia deliberately excluded itself from the debate by adopting an incommunicative attitude under the protection of the Uruguayan government and by systematically denying any conversation: “In a given moment, this became a dialogue between deaf people” (Int. 4, paper and pulp industry representative). In the short term, insisting on regulatory compliance was enough; in the long term it boosted the impression that Botnia was simply not interested in conveying calm to the people of Gualeguaychú that manifested their fears of contamination and the destruction of their environment:

“[Botnia] made the public presentations to show the technology and explain. They insist on that they sent the invitation to the people of Gualeguaychú, but the people of Gualeguaychú insist on that they didn’t receive it. Anyway, the fact is that they didn’t go to the presentation. This could have been solved. If you [as the firm] say ‘I will present my explanations’ and people don’t go, you insist in inviting them again. If you really want to make things work, you are willing to find a solution, you try to dialogue, you look for the appropriate people to do it for you [...] They said ‘We’re certain that we don’t contaminate. We’ll show it as soon as we start functioning, and that’s it!’ To them, there was no reason to provide further explanations [...] if they had been a bit more flexible, the conflict wouldn’t have been that dramatic [They said] ‘As long as Uruguay allows me to, I’ll settle here and that’s it’ ” (Int. 14, industry).

In the long term, the ‘ostrich attitude’ (hiding behind Uruguay like an ostrich would hide its head in the sand) would turn against the firm:

“Botnia changed for UPM. The firm had a major responsibility in relation to this, because it behaved like an ostrich, hiding its head in the sand and ignoring the local ongoing problem, then it left [the conflict] to explode. It was responsible for the problem that existed [...] it was obstinate. And it was never inclined to get involved in any negotiation to reformulate its proposal” (Int. 22, environmentalist).

Finally, in 2009 UPM announced the acquisition of the pulp mill. To Botnia, the challenge around moral legitimacy was no longer limited to a project that had been for too long in the

international media. The conflict had escalated and become an issue of Botnia as a MNC, scrutinized by multiple audiences worldwide. The sale of the pulp mill in order to leave behind the conflict became a more effective solution than trying to reconstitute the moral legitimacy of the project:

“The firm [...] was exhausted by the conflict. I would even tell you, I have no opinion on this, but I believe that the change from Metsa-Botnia to UPM was to preserve the firm Botnia, that for the Finnish people is immensely valuable. I believe that the change in the name of the firm is, among other issues, because of that” (Int. 30, Assembly)

Argentina. The Argentinian government adopted in the first two phases a *creating a pseudo-agenda* tactic. Part of this tactic was to encourage the social movement against Uruguay. However, such endorsement became a trap: “[Kirchner] encouraged 200 000 to go to the streets [to manifest]. Then, he couldn’t make them go back home” (Int. 12, environmentalist). Attacking the moral legitimacy of the pulp mill was not useful anymore. In order to take distance from the Assembly and deactivate the controversy, the government transitioned into an *exiting the controversy* tactic, denying its role in the conflict: “Political speculation over the position of the presidential couple [Néstor and Cristina Kirchner] ended up today: ‘We never agreed with the blockade’, reassured the ex president Nestor Kirchner” (LN, January 15th 2009). The non-intervention talking contrasted with the active harassment to Assembly members, through the Judiciary and the political persecution, once the controversy did not provide political benefits anymore: “The clearest proof of how a president, a whole government, can inspire hope with a cause, how they can take it as if it is was a cause of its own. To then, end up indicting those people whose actions they practically incited” (Int. 33, Assembly).

Uruguay. During phase II, Uruguay had actively collaborated with Botnia, legally protecting the firm in its attempt to protect its moral legitimacy by *exiting the controversy*. But during phase III, Uruguay mobilized this tactic to reduce its exposure to Argentina. As the trial became closer and closer, public silence in front of Argentinian aggressive accusations allowed Uruguay to distract attention from its non-compliance with the Statute of the Uruguay River and to minimize its misbehaviour along the conflict:

I believe that Uruguay was abusive in its interpretation of the Statute and took advantage of it. Its behaviour wasn’t flawless. But I also believe that this became irrelevant in front of the excessive and out of proportion attitude adopted by Argentina. What can you argue in front of that? That Uruguay had been abusive with a clause? If Argentina blocked the borders! It’s so excessive, that Argentina helped them to dissimulate their misbehaviour. It’s like ‘You shot this guy!’ ‘Yeah but he insulted me first!’ (Int. 23, Argentinian government).

4.3.6.2. Showing autonomy

Assembly. Encouraged by the government, the Assembly emphasized its unwillingness to accept any other solution than the total eradication of the project: “From the Argentinian perspective, the most salient characteristic is that the conversation shut down immediately. Everyone interpreted as a zero-sum game, there was no will to integrate it to a wider negotiation” (Int. 3, field expert). One of the limitations of the conception of this controversy as a ‘zero-sum’ game was that many environmental organizations in the country withdrew their support from the Assembly: “They became too radical. Even Greenpeace abandoned the cause” (Int. 14, industry).

For the Assembly, mobilizing the *showing autonomy* tactic had implied the adoption of a radical, non-negotiable position (‘it was all or nothing’, int. 23) that made the social movement more dependent on governmental support. But when the government decided to withdraw the cause, it criminally charged many Assembly members for behaviors that were once openly encouraged. And once the blockade was evicted, media attention decreased (Reboratti, 2009).

But, importantly, the *showing autonomy* tactic impeded the Assembly to claim a formal role in the control process of the project:

“If the Assembly, from the beginning, when they managed to summon 100 000 people over a bridge, adopted a serious position and demanded participation in the control process of Botnia, they would’ve gotten it. But when the ICJ says that control has to be accomplished through a commission, no one calls the Assembly. They remained with nothing [...] Because the Assembly, from the beginning, adopted a position that was ‘No to Botnia’. How can you come back from saying no?” (Int. 7, field expert).

4.3.6.3. Creating a pseudo-agenda

Argentina. During phase III, the *creating a pseudo-agenda* tactic that had proven useful during the previous years for the Argentinian government (attacking the moral legitimacy of the project and avoiding the need for concrete policies) started to show restrictions. These would not simply disappear by withdrawing the tactic or quit the talking.

As in many other South American countries, the forestry industry was in Argentina a thriving business. The intense governmental talk against the Uruguayan project during the previous years notoriously affected the moral legitimacy of the local industry. While it had never been questioned, the Argentinian public opinion also started to conceive the pulp and paper industry as a dirty business. A political mediator in the conflict narrated:

“I used to [say] ‘Can’t you all understand that this [project of the pulp mill] means that you’ll also get jobs there? Because [the] province [of Entre Ríos] has been long planted with trees, and that means that your people will be hired to chop them down!’ But it was just impossible [to make them see that]. There was a generalized blindness [against the forestry project]” (int. 1, mediator)

When attacking the moral legitimacy of the pulp mill, the Argentinian government compromised the future of its own forestry industry, once a thriving and well-established industry. Furthermore, not only Argentina saw its forestry policy fail due to the lack of foreign investments after the conflict. It also failed because the Argentinian provinces culturing eucalyptus could never integrate in the Uruguayan forestry supply chain, nor take advantage of the opportunities that Botnia presented:

“[The province of] Entre Rios would have actually liked if the conflict never emerged, because they could have sold their wood to Botnia. What happened after [the conflict?] The Botnia effect was notorious in Argentina. The province of Corrientes has today 77000 hectares planted with eucalyptus and has no customers to sell them to. And now political conditions don’t allow Corrientes to have its own pulp mill” (Int. 7, field expert)

Table 24 presents the enabling and constraining aspects of hypocritical tactics during phase III. Figure 8 displays the enabling and constraining aspects of hypocritical tactics (phase III) and how these affected the outcome of the controversy. Finally, Figure 9 displays how stakeholders mobilized hypocrisy during the controversy, how these mobilizations generated turns of events, and how these influenced moral legitimacy.

Table 24 Enabling and constraining aspects of hypocritical tactics during phase III

Actor	Enabling aspects of the tactic	Constraining aspects of the tactic
Tactic		
Botnia		Constraint #1: Loss of voice in the controversy, unable to reconstitute moral legitimacy (forced to sell)
<i>Exiting the controversy</i>		Constraint #2: Moral legitimacy of the MNC compromised.
Argentina		Constraint #1: Lose control over the conflict that the stakeholder has activated
<i>Exiting the controversy</i>		
Uruguay	Enabler #1: Minimize its own disobedience thanks to the overwhelming attitude of a contending stakeholder	
<i>Exiting the controversy</i>		
Assembly		Constraint #1: loss of social support.
<i>Showing autonomy</i>		Constraint #2: Framing the conflict as non-negotiable impeded the stakeholder to negotiate afterwards.
Argentina		Constraint #1: compromise the moral legitimacy of the local industry.
<i>Creating a pseudo-agenda</i>		Constraint #2: Unable to integrate in the international supply chain.

Figure 8 Enabling and constraining aspects of hypocritical tactics (phase III) and how these influenced moral legitimacy.

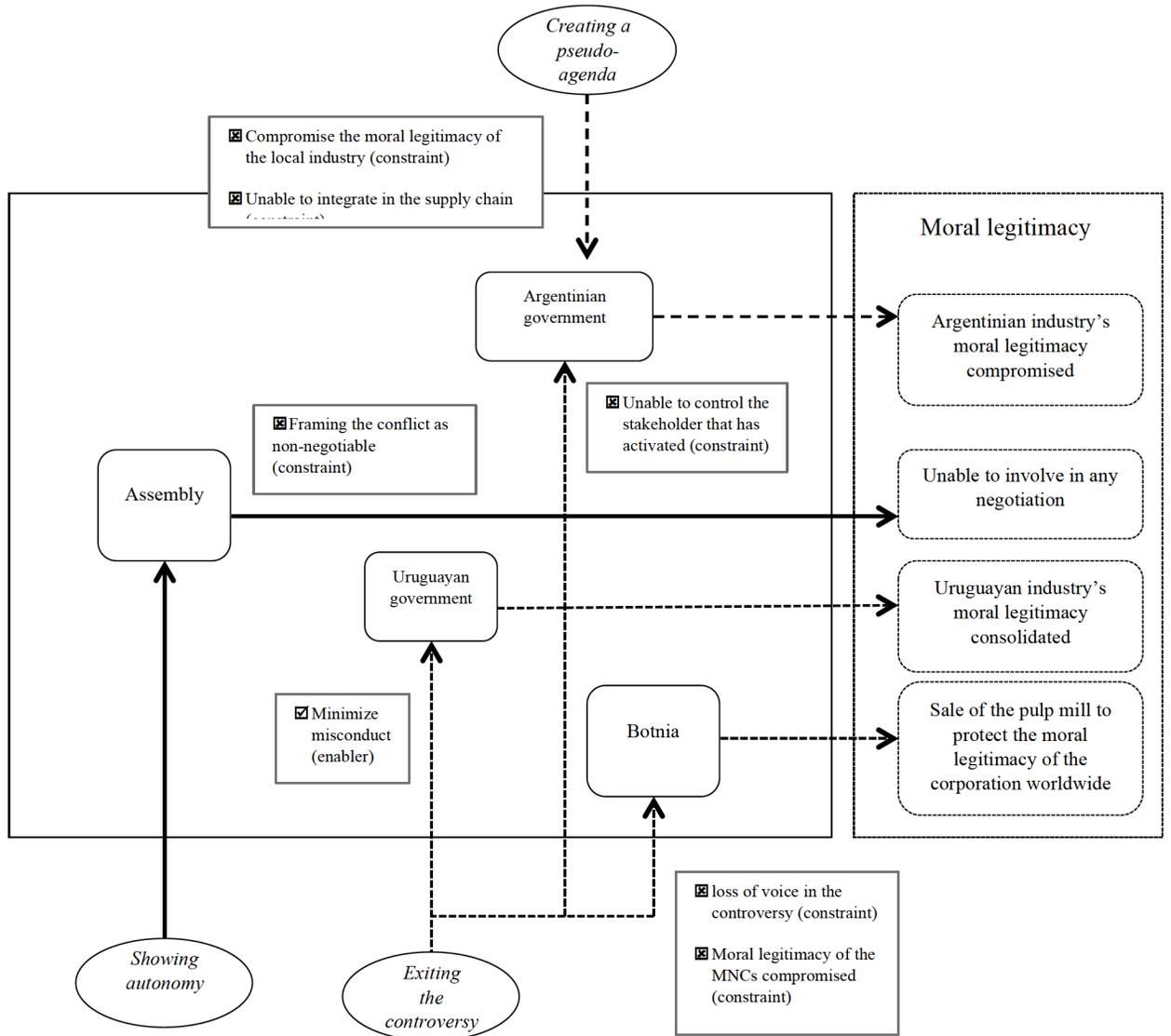
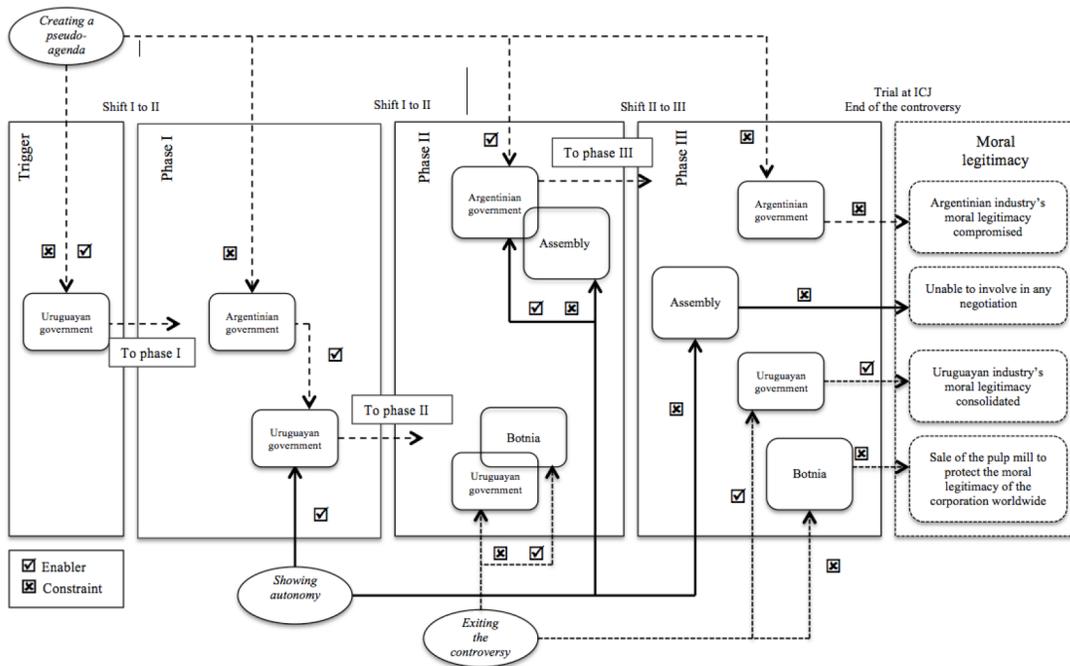


Figure 9 Enabling and constraining aspects of hypocritical tactics and how these influenced moral legitimacy during the controversy.



Chapter 5

Discussion

In this section, we discuss our main findings. We first develop an answer for our research question. Then, we proceed to analyze the theoretical implications for each body of literature that has informed our research.

5.1. Answering the research question

5.1.1. A politically embedded account of CSR and SD controversies

In accordance to the recent literature in PCSR, we have approached our controversy as a dynamic setting where multiple stakeholders compete in order to have their interests reflected in the public arena. Once more, we confirm what the ‘political turn’ in CSR studies indicate: what is understood as responsible and as sustainable in each context depends on social constructions and is contingent to institutional arrangements that allow stakeholders to advocate and to promote their interests (Matten and Moon, 2008; Moon et al., 2010; Kang and Moon, 2012; Doh and Guay, 2006). In such contexts, increasingly characterized by an overflow between the public and private spheres (Stephen and Frynas, 2015), firms enrol in public deliberation with other stakeholders in order to protect their social license to operate (Palazzo and Scherer, 2006; Scherer and Palazzo, 2007 and 2011). Importantly, public discussions that set moral legitimacy of certain industries or practices under scrutiny are not exempted of power conflict and struggle (Gond et al., 2016; Joutsenvirta and Vaara, 2015).

Specifically for the case of our controversy, stakeholders manifested inconsistent conceptions of what responsibility and what sustainability meant for them. This disagreement would set the stage for a lengthy battle. As it is the case of many CSR and SD controversies (take, for example, global warming), science laid at the core of the debate: stakeholders advocating for the settlement of the pulp mill argued to have scientifically proven reasons (and impeccable trajectories) that allowed them to claim an inexistent risk of environmental hazard. Conversely, detractors of the investment claimed to have their own scientific reasons to question such information. As Sarevitz (2004) puts it, while the first mentioned group believed that scientific

knowledge would advance their interests, the latter believed that claiming scientific uncertainty would advance theirs. In a situation of increasing confrontation, technical information not only failed to construct any consensus, it even fuelled hostility. Hypocrisy suggests an answer for the otherwise incomprehensible level of polarization: while contenders defended their positions by grounding them on technical arguments, such positions responded, in fact, to other values and interests: “Even if science brings such a controversy into focus [...] the controversy itself exists only because conflict over values and interests also exists.” (Sarevitz, 2006: 399). Our case was a political controversy (that through hypocrisy was portrayed as a purely technical and legal controversy) in which stakeholders competed for covert interests. It was the underlying conflict between these interests that fuelled and pushed forward the issue. Hypocrisy became the driving force of the episode: the controversy would have ceased to exist had it not been for the persistence of hypocrisy. Consequently, disagreement would have been hardly solved on the exclusive basis of technical information. Given such conditions, it would have been challenging to approach this case through mainstream theories that conceive CSR as a merely managerial tool or as a business-centered issue. Rather, PCSR and its theoretical scaffolding allowed us to approach the phenomenon as a political process entailing interests, struggle, and power (Joutsenvirta and Vaara, 2015).

In order to understand how hypocrisy may have influenced stakeholders’ competition, we drew upon recent contributions to PCSR that adopted a multistakeholder position to analyze moral legitimation (Gond et al., 2016; Patriotta et al., 2011; Joutsenvirta and Vaara, 2009 and 2015). Because these authors conceive the controversy as orchestrated by multiple stakeholders, they also provide a more ‘dynamic’ framing. This is promising because it allowed us to move beyond the static and unilateral approach of the business ethics literature that analyzes how a focal organization attempts to deal with questioned activities or practices (e.g. Lindgreen et al., 2012; Du and Vieira, 2012; Lindorff et al., 2012; Cai et al., 2012). Interestingly, that shortcoming is also present in the literature on organizational hypocrisy, that assumes a static approach and, consequently, sees the decoupling of talking and action as an unstable, unilateral, and circumstantial strategy (Brunsson, 2003) that will be exhausted the moment in which audiences perceive it, because these will force the organization into compliance (Haack et al., 2012; Christensen et al., 2013). The dynamic approach proposed by recent PCSR contributions, in which we consider controversy as an episode that evolved due to the intervention of a multiplicity of stakeholders of diverse natures, also contributes to our understanding of hypocrisy.

Additionally, PCSR research has potential to unpack how power affects processes of dialogue (Scherer et al., 2016); this is an essential issue, given the communicative nature of moral legitimacy (Suchman, 1995) and the strategic role that talking plays during controversies (Rojo and Van Dijk, 1997; Joutsenvirta and Vaara, 2009). For example, stakeholders enact legitimating discourses (whether to support or attack a given project) (Joutsenvirta and Vaara, 2015). Or they can talk so as to justify their interests by grounding them on moral orders (Patriota et al., 2011). Furthermore, the way they talk is so important that justifications will enable forms of power, but it will also constrain forms of power, that ultimately affect the outcome of the controversy (Gond et al., 2016). Our case confirms the PCSR assumption that justification and the use of (de)legitimizing discourses are both extremely relevant and pervasive during CSR and SD controversies. But it also suggests that stakeholders' justifications may not consistently represent their concrete actions or intentions, something that PCSR scholars have not questioned yet. As well, our case also suggests that hypocrisy is not a unilateral and circumstantial strategy, as organizational theorists indicate (Brunsson, 2003; Boxenbaum and Jonsson, 2013), and that the role of audiences is not simply limited to 'buy' or 'reject' the justifications or arguments coming from their contenders. Consequently, there can also be other dynamics related to how stakeholders talk that could influence the evolution of these episodes. Therefore, we posed the following question: *How does hypocrisy influence stakeholders' competition for moral legitimacy during CSR and SD controversies?*

5.1.2. How does hypocrisy influence stakeholders' competition for moral legitimacy during CSR and SD controversies?

In order to answer our research question, we gathered and analyzed 310 media articles, assembly manifestos, industrial reports, bills, and governmental press releases directly related to the controversy under study. Additionally, we conducted 37 interviews with informants that participated or directly witnessed our case. We developed a narrative account (Langley, 1999) that depicted how stakeholders were perceived as mobilizing hypocrisy to pursue their agendas. While we generically define hypocrisy as the decoupling of talking and actions, we observed that specific types of decoupling had different influence on stakeholders' competition for moral legitimacy. Through the analysis of the data, we induced three different hypocritical tactics. Concretely, each of these tactics influenced competition by enabling subsequent possibilities that stakeholders would not have had if they had not mobilized hypocrisy. Also, hypocrisy influenced competition by generating subsequent constraints, which stakeholders would not

have faced had they not mobilized each tactic. These enabling and constraining conditions of hypocrisy operated at the level of each stakeholder's subject position. But, also, enabling and constraining conditions operated at the level of how stakeholders related to each other. As well, through its enabling and constraining conditions over stakeholders' competition, hypocrisy in turn influenced moral legitimacy: the outcomes of the controversy cannot be explained without taking hypocrisy into account. In the next section, we discuss enablers and constraints in detail. Later, we show how, through its influence on stakeholders' competition, hypocrisy explains the ultimate outcomes of the controversy.

5.1.2.1. Hypocrisy as enabler: The potential of talking

Stakeholders saw potential in hypocrisy, and mobilized tactics that enabled them to create fruitful subject positions to compete during the controversy, also, to ally with other stakeholders with whom they shared specific short-term interests.

Firstly, hypocrisy enabled stakeholders to create and consolidate subject positions during the public discussion. These subject positions gave way to possibilities that remarkably influenced the manner in which stakeholders competed for moral legitimacy. Extant literature has already discussed the prominent role of discourse and talk during controversies (Gond et al., 2016; Patriota et al., 2011; Joutsenvirta and Vaara, 2009; Rojo and Van Dijk, 1997) and how talk produces subject positions in environmental controversies (Joutsenvirta and Vaara, 2015). Subject positions do not refer to bureaucratic or formal positions (Maguire and Hardy, 2009) but to 'legitimized identities' that are socially constructed within a field and that may "...provide the actors that occupy them with institutional interests and opportunities [...] and, in some cases, the 'capital' or resources to exert power over the field at a particular time..." (Maguire et al., 2004:658). Hence, these legitimized identities bestow power upon stakeholders (Maguire et al., 2004; Gherardi and Nicolini, 2002). Our case complements these understandings and suggests that when subject positions are constructed through the mobilization of hypocrisy, they do not represent stakeholders' interests (in their attempt to legitimate such interests). Conversely, hypocrisy allows constructing subject positions specifically tailored to the expectations that audiences have on each stakeholder. When stakeholders manage to consolidate their subject positions in the eyes of multiple audiences and these concentrate all public attention during public deliberation, they distract observers and make less visible 'inmentionable' actions (even to radicalize them, Cole, 2012).

In turn, consolidating each subject positions enabled different possibilities that stakeholders would not have had if they had not mobilized hypocrisy. The *creating a pseudo-agenda* tactic enabled stakeholders to create subject positions of active involvement and commitment to diverse issues. These appeased specific demands when these generated in audiences the impression of consistent actions to come (even if such actions never concretely materialized in the future). Concretely, Argentina was able to give life to an environmentally committed subject position through which gained the ‘right to speak’ (Hardy et al., 2000) in a conversation in which otherwise (due to its traditional negligence in the subject) the government would have never been entitled to participate. Not only that but, the country managed to avoid the implementation of concrete actions consistent to governmental talk. When Argentina gained that ‘right to speak’, it was also able to exploit the opportunity of the controversy in electoral terms without making concrete changes. Conversely, the tactic *exiting the controversy* allowed stakeholders to create subject positions of disconnection to the controversy. By consolidating in audiences the idea that they had no role in such conflict, stakeholders were able to circumvent expectations. Therefore, they avoided being summoned to negotiations that could have eventually generated the need to make concessions. Additionally, when stakeholders managed to publicly consolidate this subject position of disconnection to the conflict, they were also able to keep their active involvement unnoticed. For example, by *exiting the controversy*, Botnia was able to create a subject position that allowed the firm to elude pressures, and to avoid any negotiation that could lead to concessions. And, importantly, this subject position allowed the firm to divert attention from the permanent pressure that it actively exerted over the Uruguayan government. Lastly, the tactic *showing autonomy* helped stakeholders to keep the *façade* of autonomy and conceal informal alliances with other contenders that would have been questioned if perceived. For example, through the mobilization of the *showing autonomy* tactic, the Assembly could become well known nationally and internationally and maintain its social reputation as a grassroots –freed from interests- social movement. But it also allowed to keep covert an alliance with the Argentinian government that granted the Assembly a privileged access to governmental resources.

Secondly, hypocrisy also influenced competition when it enabled collaborations and alliances between stakeholders who mutually benefitted from such decoupling. Such collaboration was possible because stakeholders (even if they questioned hypocrisy) also saw opportunities to take advantage of it (conversely to extant literature that outlines negative orientations, Brunsson, 2003; Haack et al., 2012; Fiss and Zajac, 2006). Cooperation was essential in the evolution of

the conflict. And hypocrisy allowed stakeholders to benefit from such collaboration while keeping the alliances covert.

Each tactic generates its opportunities to cooperate and jointly exploit hypocrisy. A stakeholder may decide to become involved or cooperate in *creating a pseudo-agenda* in order to capitalize on the popularity that has gained a given issue. For example, the Assembly internally questioned the lack of genuine interest that the Argentinian government had in the environmental cause and perceived that the latter jumped into the controversy in order to politically exploit it. But they also perceived in the governmental hypocrisy an opportunity to advance the Assembly's cause. The assembly gained popularity while Argentina was able to manipulate the social movement against Uruguay and to make a case for a national cause that would justify summoning the ICJ. Similarly, contenders can perceive stakeholders' attempts to avoid responsibilities by mobilizing an *exiting the controversy* tactic and develop a negative orientation, but still collaborate because the tactic could also help to avoid negative consequences for them as well. An example would be when Botnia *exited the controversy* by claiming that the firm had no further responsibility (openly challenging Vázquez arrangement with Argentina). Uruguay was damaged but intensively cooperated with such tactic and supported Botnia's position (which allowed the country to keep the industry operating and avoid sending negative signals to other potential investors). Lastly, stakeholders attempt to *show their autonomy* from certain interests and create an image of authenticity, but still are perceived as hypocritical. However, other stakeholders may still decide to cooperate in such tactic because it facilitates the concealment of informal alliances. For example, the Argentinian government vigorously emphasized the 'autonomous' nature that the Assembly preached. Supporting such autonomous image was essential to make an instrumental use of the blockade and to make a case against the contaminating MNCs who transfer their dirty practices to capital-hungry countries.

5.1.2.2. Hypocrisy as constraint: The trap of talking

While stakeholders saw the potential of talking hypocritically, these advantages would come at a price in the long term. Consequences of mobilizing hypocritical talk eventually limited stakeholders' possibilities along the episode. Also, stakeholders' public talk in front of their audiences would lead to commitments. These constraints show the 'trap of talking': that is, how hypocrisy bounds the chances that stakeholders have, affecting their competition during the controversy and, ultimately, the evolution of the episode.

Firstly, each hypocritical tactic generated specific types of constraints. For example, a stakeholder can *create a pseudo-agenda*, but a major constraint that will stem from such tactic is that permanent and overdramatized talking can position a given subject in the public agenda and make it extremely popular. This atmosphere can trigger further behaviors or actions that may be outside stakeholders' scope of control. For example, the Argentinian government was a main promoter of the public debate on environmental protection. But when congressmen passed the bill of law for the protection of the glacier, the government was surprised and forced to apply a presidential veto. This atmosphere also explains the moral delegitimation of the industry in Argentina, and the moral legitimation of the pulp mill in Uruguay, on the basis that Argentina would compromise the country's development. Similarly, when *exiting the controversy*, a stakeholder may avoid getting involved in a discussion and, thus, manage to avoid further responsibilities. But, by means of remaining silent in order not to expose and present itself as disconnected to the issue, it can unwillingly lose its voice or right to speak. Concretely, Botnia denied having a role in the conflict, and successfully circumvented direct negotiations with Argentina and with the Assembly. But also lost any chance to defend itself when such questioning became a major international issue. At a given point, Botnia had no other option than to put the mill up for sale, in order to protect the Botnia brand in the eyes of international constituents. Lastly, by *showing autonomy* a stakeholder may successfully create an autonomous subject position and conceal its informal alliances. But by means of framing the conflict as a zero sum game and its position as absolutely non-negotiable, the stakeholder may unwillingly give up its leverage to negotiate. This was the case of the Assembly that concealed its closeness to the government by overdramatizing its autonomous, anticapitalist, anti governmental position. The Assembly failed to abandon such position and reinsert themselves in any type of negotiation.

A second type of constraints is connected to how hypocrisy affects the relationship between stakeholders, specifically, when stakeholders perceive each other as hypocritical. Extant literature has extensively discussed how the perception of hypocrisy can trigger negative reactions and pressures for recoupling (Christensen et al., 2013; Haack et al., 2012; Tilesik, 2010), while decoupling is considered an unstable solution (Scott, 2008). Interestingly, we observed in our case that negative reactions following deception can also include reciprocation. Far from being unstable, the will to reciprocate may eventually generate an escalation in the conflict, giving way to a series of reciprocations. When Argentina, that had strongly supported Vázquez's candidacy in Uruguay, perceived the manoeuvre; they decided to also become involved in hypocrisy as a means to retaliate. This event practically triggered a conflict in which

Argentina may have not otherwise gotten involved, and that severely limited Uruguayan plans. From the moment in which the conflict is triggered, reciprocation among stakeholders involved in the controversy would tend to perpetuate the spiralling during the whole conflict. The generalized perception of hypocrisy encourages reciprocation, as we discuss in the next sections. When stakeholders perceived hypocrisy as the rule of the game, this pervasive perception hindered any chance of consensus. That is to say, such belief became performative and generated behaviors that would otherwise not occurred. For example, Assembly members interviewed indicated that they decided to mobilize pre-emptively, even before the pulp mill was built, because they took for granted beforehand that neither Uruguay nor Botnia would care about environmental protection no matter how intensively these stakeholders manifested that it would become a priority.

A third type of constraints relates to how stakeholders are exposed and forced to abandon their tactics. When a hypocritical tactic becomes exhausted (that is, brings no benefit to the stakeholder's agenda or it directly damages its/their position), stakeholders are forced into sincerity (exactly the opposite point in the continuum between sincerity-hypocrisy; Fassin and Buelens, 2011). In that situation, constructed subject positions will become a liability that limits their options, rather than an advantage that allows stakeholders to compete for moral legitimacy. The three shifts identified had to do with hypocritical tactics that became unsustainable and stakeholders had to withdraw them. Concretely, the event that triggers the controversy is the impossibility of the recently elected Uruguayan government to live up to the expectations created by the progressivist, anticapitalist *pseudo-agenda* that characterized its political campaign. The political platform attracted voters but once the campaign was over and Vázquez took over the presidency, such agenda was useless. It is the public shift after the abandonment of this agenda that triggered Argentina's involvement. In the shift from phase I to II, Uruguay was exposed as a government held hostage by the interests that it should have been able to control, when it could not prevent Botnia from rejecting the presidential agreement. This situation would severely constrain Uruguay, since Argentina would remarkably increase its pressure over the country. Interestingly, in both cases, Uruguay became involved in justification as a means of damage control. Finally, during the shift from phase II to III, Argentina was also exposed when the president had to exercise its veto power to prevent the implementation of environmental regulation; therefore, the country would never be able again to pursue its hypocritical use of the controversy.

Enabling and constraining conditions of hypocrisy affected the way in which stakeholders competed for moral legitimacy along the controversy. Interestingly, such enabling and constraining conditions would, in turn, affect the evolution of the controversy, eventually influencing the outcomes of the episode. Table 25 presents a summary of the main enablers and constraints.

Table 25 Summary of hypocrisy enablers and constraints

	Stakeholder's subject positions	Stakeholders relations to each other
Hypocrisy as enabler	<ul style="list-style-type: none"> • Hypocrisy enables the construction of subject positions that respond to audiences' expectations and concentrate public attention during controversies. • Subject positions constructed through hypocritical talk distract attention from unmentionable actions or interests. 	<ul style="list-style-type: none"> • Hypocrisy enables collaboration between stakeholders and eventually leads to the configuration of informal alliances that grant more stability to hypocritical tactics.
Hypocrisy as constraint	<ul style="list-style-type: none"> • Subject positions limit the possibilities that stakeholders have during controversies, because when constructing such positions, stakeholders have talked publicly and therefore acquired commitments. 	<ul style="list-style-type: none"> • The will to reciprocate triggered a spiral; the perception that hypocrisy is the rule of the game hinders possibilities of consensus. • When the hypocritical tactic is exhausted, the stakeholder is more exposed.

5.1.2.3. How hypocrisy influenced the outcome of the controversy

Because it influenced stakeholders' competition for moral legitimacy, both enabling and constraining the possibilities while they competed during the controversy, hypocrisy ultimately influenced the outcome of the episode. When mobilizing the hypocritical tactic of *creating a pseudo-agenda*, the Argentinian government triggered a (collateral) process that it would not be able to control: the stigmatization of the local industry. Even when the target of such strategy was the pulp mill located in Uruguay, it raised awareness within the local public opinion of the dangers (whether real or exaggerated) that such activity could entail. In addition to that, the open attack to the Finnish venture also made international investors distrust the conditions for projects in Argentina: not only public opinion could question them, but also political conditions were clearly not propitious for international investments. Given that the country had a thriving pulp industry that had not been subjected to major social questioning before, this unexpected outcome

could be explained as an unintended effect of the mobilization of hypocrisy. As well, Uruguay had faced questioning from the public opinion. Questioning was appeased as the government was able to cunningly victimize itself in front of the Argentinian confrontational and overdramatized attack to the pulp industry during phase II. Social acceptability of the firm did not derived, for example, from the deployment of justification (Gond et al., 2016; Patriota et al., 2011) or from the mobilization of (de)legitimizing discourses (Joutsenvirta and Vaara, 2015). But, conversely, from the sovereign threat and potential economic loss (in the eyes of Uruguayan citizens) that could follow if Argentina managed to push forward its *pseudo-agenda*.

As well, Botnia was able from the first moment to displace the pulp mill and its moral legitimacy from the center of the debate. Uruguay supported Botnia's claim for a restricted responsibility in the conflict (e.g. limited to legal compliance with Uruguay). By doing so, Botnia was able to afford remaining silent in the discussion (delegating conflict management in Uruguay) and avoid Argentina's permanent requests for negotiation. However, the *exiting the controversy tactic* would increase the level of confrontation. When the conflict escalated and became a major issue in the international media, the firm found itself voiceless, and all of the sudden announced the sale of the pulp mill. Being the largest investment that a Finnish firm had made outside Finland, Botnia only managed to operate it for 2 years.

Lastly, the Assembly also experienced the negative consequences of the *showing autonomy* tactic. In its informal alliance with the Argentinian government, the social movement managed to get access to governmental resources (e.g. financial means), increased its popularity and presence in national and international media and, importantly, obtained legal and political protection to sustain the blockade for three years. With its protection, the government encouraged this *radical modus operandi*. The radicalization of the Assembly, as an anticapitalist, anti-MNC social movement was visible not only in its manner of protesting, but also in its talk: Assembly members claimed to be genuinely preoccupied by environmental deterioration, that their position was non-negotiable, and that they would never dialogue with whom they saw as their enemies. Framing the conflict as a zero-sum game in which there was no room for any negotiation prevented the Assembly from claiming to be a stakeholder with a legitimate role in the pulp mill's control system (once the ICJ allowed the persistence of the pulp mill).

5.2. Implications for PCSR and the literature dealing with controversies in PCSR

In our literature review, we show how PCSR scholars advanced our understanding of how stakeholders strategically talk during controversies, in order to compete for moral legitimacy. Talk is essential for PCSR: audiences only arrive to ethical judgments of moral legitimacy specifically through public discussion (Suchman, 1995). And, given that the new world order affected expectations in relation to which should be the role of firms, dialogue among stakeholders is not only inevitable but desirable (Scherer and Palazzo, 2011 and 2007). However, this joint communicative process is far from taking place in ideal conditions (Palazzo and Scherer, 2006), and during controversial episodes, when industrial practices or products are under scrutiny, firms are forced to talk in order to maintain their social license to operate. PCSR has shown that stakeholders mobilize (de)legitimizing discourses (Joutsenvirta and Vaara, 2015), that they talk strategically to undergo legitimation struggles (Joutsenvirta and Vaara, 2009), to establish their justifications on moral grounds (Patriota et al., 2011), or that they talk with the purpose of mobilizing modes of justification along with forms of power (Gond et al., 2016). However, this literature has never questioned how stakeholders can talk in a way that is deliberately inconsistent with their concrete actions, intentions and interests. Thus, it does not explain how stakeholders mobilize hypocrisy in order to compete for moral legitimacy, and how hypocrisy can also influence the outcome of these episodes. Also, when assuming that such talking has value for those stakeholder who receive it, none of these authors are able to explain how, as Fassin and Buelens (2011) label it, the generalized perception that everyone mobilizes hypocrisy can also influence the way in which public deliberation develops. To this literature, our research has the following implications.

The first implication of this research to the PCSR literature is the role that hypocrisy plays in the evolution of the controversy. Undoubtedly, justification (Gond et al., 2016; Patriota et al., 2011) is essential to create ‘senses’ of legitimacy (Vaara et al., 2006) during controversial episodes involving firms. We complement these contributions by unveiling how the dynamics of hypocrisy can affect competition between stakeholders and, ultimately, the way in which the episode unfolds. When stakeholders mobilize hypocrisy in order to compete for moral legitimacy, they engage in tactics that enable certain possibilities but also lead to obstacles. Hypocritical tactics enable stakeholders to construct subject positions of commitment to certain issues (*creating a pseudo-agenda*), of disconnection from specific issues (*exiting the controversy*), or of autonomy in order to conceal informal collaboration between them (*showing*

autonomy). Also, when stakeholders share short-term interests, hypocrisy allows them to create situational alliances in order to covertly advance their agendas. However, these tactics also constrain stakeholders. For example, subject positions can have collateral effects beyond the control of stakeholders (*creating a pseudo-agenda*), stakeholders can lose their voice and their right to speak during the controversy (*exiting the controversy*) or they may not be able to get involved in consensus-making after publicly adopting non-negotiable positions (*showing autonomy*). By showing how these tactics enabled and constrained stakeholders when these competed for moral legitimacy during the controversy, we have shown, also, how hypocrisy has influenced the outcome of the controversy.

A second implication of this research to the PCSR literature is that hypocrisy can provide an alternative explanation of why environmental controversies, far from reaching solutions on the basis of consensus making and scientific evidence, become persistent on the field level. That is, while hypocrisy is understood as a less-resource intensive solution (in comparison to compliance with the demand, Dacin et al., 2007), it conversely postpones any resolution of the conflict. Specifically, our case suggests four elements related to how hypocrisy encourages the persistence of the controversy: hypocritical motivations for getting involved in the conflict, the audiences to which hypocrisy is oriented to, the generalized perception of hypocrisy, and the formation of alliances to make the fullest use of hypocrisy.

The motivations that stakeholders have to get involved in the controversy constitute an essential element to understanding the persistence and escalation of highly conflicting issues. Current understandings do not question the publicly declared interests that stakeholders claim when they are involved in controversies. Our case suggests that hypocrisy provides stakeholders with the possibility of getting involved in issues during which they can gain visibility and reputation, even if have no genuine and direct interest in it. For example, before becoming involved in the controversy, Argentina had a well-established pulp industry and was aware of Uruguayan forestry policy and of the pulp mill to come. What motivated the involvement of Argentina was retaliation against Uruguay, and what motivated the persistence in the controversy relates to the exploitation of the case for internal politics, rather than the eradication of Botnia per se. While the Argentinian government was aware that the objective of the eradication was practically unreachable (the Argentinian government invoked the Statute and got to the ICJ for a procedural discussion but this did not necessarily granted the eradication) the persistence of the conflict was beneficial on itself. If the firm was finally eradicated from Fray Bentos due to Argentinian pressures, the government could have sold it to its voters as a victory. However, if the firm was

not eradicated and the conflict persisted, the government would be still able to talk about its commitment. For the purposes of approaching Argentinian public opinion, this was a *scenario* as advantageous as the eradication.

The previous point leads us to the second element: to whom hypocritical stakeholders orient their talk. When stakeholders mobilize hypocrisy, they do not necessarily talk to their direct contenders (that is, other stakeholders who claim to have interests at stake in the conflict). They talk to different audiences that may be more or less connected to the controversy. When dealing with justification, Gond et al. (2016) for example, show how stakeholders are able to influence other stakeholders. But in a context of generalized hypocrisy, in which closer stakeholders are able to scrutinize their counterparts, or in which they even decide to collaborate with them, does it make any sense the persistent mobilization of hypocrisy for the purpose of legitimation? Additionally, as the controversy evolved, conflict increased and stakeholders were less and less capable of dialoguing with each other. Consequently, if they are not talking to their direct contenders, who are already aware that the talk is decoupled from concrete actions, whom are these stakeholders talking to? This case suggests that talking is oriented to further sources of legitimation, such as the society-at-large (Deepphouse and Suchman, 2013). Stakeholders still find useful the mobilization of hypocrisy, because the tactics are targeted to more distant audiences not directly connected to the issue. These bystanders are attentive observers (Kriesi, 2004) such as public opinion or citizenship in general, other governmental institutions that reflect plural interests such as Congresses, other governmental bureaucracies such as control agencies, international NGOs, foreign governments, among others. Bystanders witness the evolution of controversies but may not be in a position to scrutinize how consistent talk and actions are. Stakeholders can exploit such perception bias (Brunsson, 2003) and manage expectations of bystanders through talking. This also suggests that stakeholders find political uses for the controversy, beyond the interests that are at the center of the debate. For example, the Argentinian government had an electoral intention that was not directly related to the project of Botnia itself: to distract potential voters from the local mining conflict by looking as a country that cared about the environment. Also, Uruguay, instead of denouncing Argentinian inconsistency and discrediting this stakeholder, oriented its efforts not to solve the issue, but to portray Argentina as a military and sovereign threat in order to convince its reluctant citizens of the importance of pursuing the investment that they had resisted. At some point, this also suggests that for those stakeholders making a political use of the controversy the persistence of the episode (that allows them to keep talking to these bystanders) can be as useful as its resolution.

A third major element that explains the persistence of controversies is the generalized and pervasive perception of hypocrisy among stakeholders. The perception that hypocrisy is the rule of the game or that is unavoidable generates frustration and the feeling that denouncing, confronting, or publicly discrediting their hypocritical contender may be pointless. Or that, no matter how much they publicly denounce the hypocrisy they will never be able to force hypocritical stakeholders into recoupling. The perception will affect stakeholders' behavior and may make them prone to jump into the tactic in order to take advantage, even when they may question it. A clear example of this situation is related to the Assembly. Its members perceived the Argentinian government as a hypocritical actor with no genuine interest in environmental issues, but they also acknowledged that informally allying with this stakeholder in order to maintain the blockade and gain a major coverage in the media was more useful than confronting with it. Probably unwillingly, the Assembly not only allowed the persistence of Argentinian hypocrisy, but it also collaborated with governmental wrongdoing: invoking the protection of the Assembly allowed the government to make a case against MNCs to keep the local mining conflict out of the public eye.

Lastly, it is the formation of informal alliances to use hypocrisy to the fullest extent that also suggests why hypocrisy makes the controversy persistent at the field level. The case reveals how stakeholders can coordinate their efforts in order to conform situational and informal alliances that will help them to advocate for their interests. However, once they form alliances, even if these are informal, stakeholders have acquired commitments. It is not enough to stop talking to quit the hypocritical tactic. For example, the Argentinian government could not withdraw the 'national cause' given that the Assembly –strengthened by governmental support- would threaten them permanently. It is also interesting that, in order to ally, stakeholders have to share a determinate interest that they want to have reflected in the public arena, but as Sabatier (1987) has shown, this interest does not necessarily represent all their beliefs. Other beliefs can clash and therefore by joining efforts, stakeholders may be indirectly collaborating with collateral or undesirable effects (knowingly or unknowingly) that do not represent their core interests. For example, the Argentinian government benefited from supporting the Assembly and its reputation. The Assembly benefitted from access to governmental resources and the political support that made the persistence of the blockade possible and that facilitated their presence in the media nationwide for the duration of the controversy. But by bargaining, they also indirectly helped the persistence of negligent environmental policy in Argentina, given that the government successfully (at least, during the controversy) replaced public policy with governmental talk.

In the next section, we will discuss the implications of our findings for the literature in organizational institutionalism; specifically, the literature dealing with hypocrisy and decoupling.

5.3. Implications for the literature in hypocrisy and decoupling

The literature on organizational hypocrisy and decoupling has informed contributions on how CSR and SD implementation can remain at the ceremonial level or decoupled from real practice (Jamali et al., 2015; Surroca et al., 2013; Christensen et al., 2013; Haack et al., 2012). For this body of literature, our study has the following implications.

Firstly, our research suggests that the operation of justifying is constitutive, rather than opposite, to that of decoupling. In the literature, hypocrisy is differentiated from the literature that relies on justification (Brunsson, 1993). Justification is an ideological resource that attempts to adapt constituents' ideas to organizational actions through the provision of explanations from actors who talk and act in an inconsistent manner (Brunsson, 2002 and 2003). This is what organizations do when they attempt to provide support for the implementation of controversial practices: they legitimize them by showing that they ultimately pursue good causes (Elsbach and Sutton, 1992). On such basis, it has been said that hypocrisy is the opposite of justification (because in hypocrisy, talk and action are not mutually confirming, while in justification they are, Llewellyn and Milne, 2007). However, this case shows that justification may be necessary to sustain hypocrisy. For example, when mobilizing an *exiting the controversy* tactic in order to restrict expectations of responsibilities and be able to avoid negotiation, Botnia still needed to become involved in justification in order to answer why the firm had no role to play in the conflict. Botnia did that through legal arguments. In order to construct the subject position of neutrality (inherently hypocritical, given that the firm used it to avoid certain responsibilities while covertly operating to influence the episode), Botnia grounded its justification for restricted participation in the compliance with Uruguayan regulations, and the existence of an agreement between Finland and Uruguay. Additionally, we observe that justification can precede hypocrisy. For example, the Assembly, during the first phase and the years before to the controversy, grounded its claims in ecological and environmental arguments. When the opportunity to have access to better resources presented itself, the Assembly complemented such justification with hypocrisy. As well, justification can be subsequent to hypocrisy: that would be the case of the Uruguayan government that, when exposed (shift phase I to II) they become involved in justification to provide legal grounds to the permanence of Botnia in Uruguay.

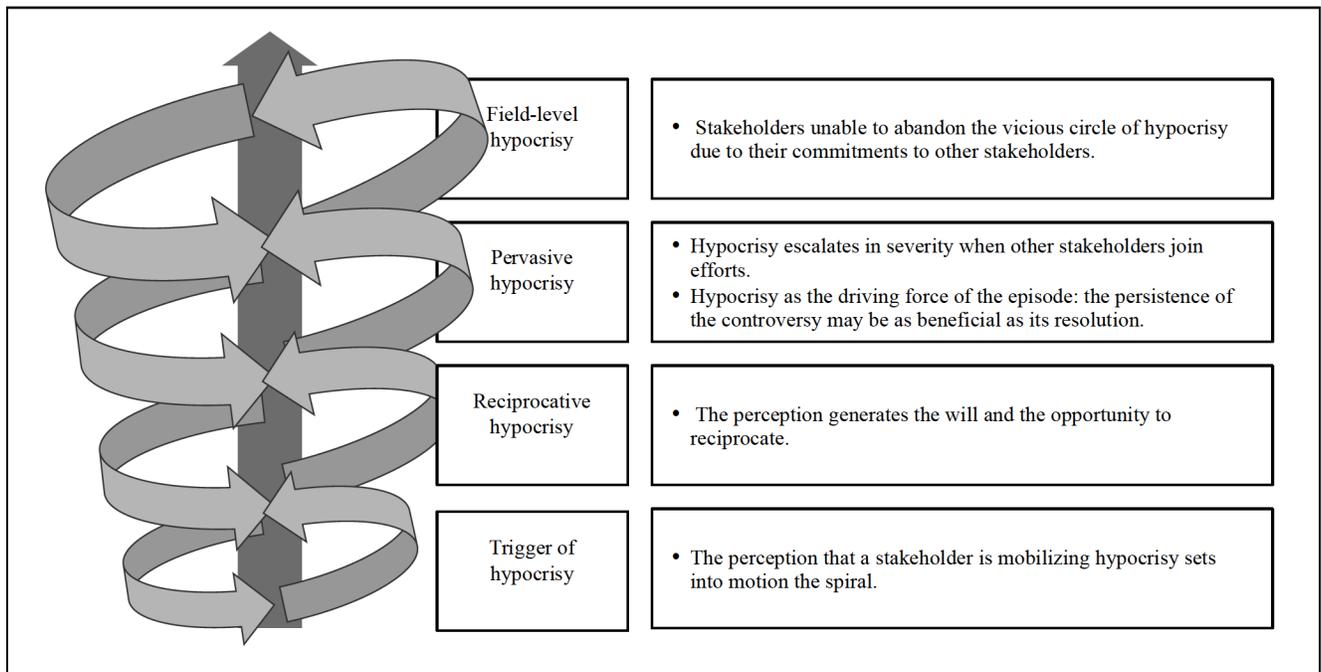
A second implication of our research to this body of literature is that audiences play a major role in the persistence of hypocrisy. Current understandings of decoupling and hypocrisy underscore the unstable and temporal nature of this solution (Christensen et al., 2013; Haack et al., 2012; Scott, 2008). Importantly, in this literature, the instability of decoupling is directly linked to the role of the audiences to which this strategy is oriented to (Wagner et al., 2009; Phillippe and Koehler, 2005; Caiden and Caiden, 1977). Once these perceive the decoupling, they will probably develop a negative reaction and either take distance from the organization (Rodriguez and Rios, 2007) or exercise pressures so that the hypocritical organization will recouple their actions and talking (Christensen et al., 2013; Tilcsik, 2010). Conversely, our case shows that some stakeholders may not exclusively develop negative reactions when they perceive their contenders' hypocrisy. Even if they question hypocrisy (it is not the 'right' thing to do) they may also develop a positive orientation. Ambivalence (a simultaneously negative and positive orientation towards an object, Ashfort et al., 2014) in relation to hypocrisy may occur if stakeholders perceive some type of opportunity to obtain advantage from such hypocrisy. Or a stakeholder may condemn hypocrisy but still have no hope that the situation will change; therefore, assuming that there is no other way out to advance its interests than to converge on hypocritical efforts with a contender. For example, when the Uruguay government gave up any possibility of consensus making with Argentina and decided to, at least, exploit Argentinian hypocrisy for self-interest (persuading Uruguayan citizens). Importantly, ambivalence accounts for the motivation to engage in the contenders' hypocritical tactics. This, in turn, suggests an explanation as to why hypocrisy may become persistent and pervasive during the episode.

Thirdly and closely related to the previous point, our case shows that hypocrisy is not necessarily a circumstantial and unilateral strategy (Brunsson, 2003) that stakeholders may eventually develop in their search for legitimation, and forced to quit if they are discovered. Conversely, hypocrisy can escalate through a process whereby it will eventually become perpetuated at the field level, with the active involvement of stakeholders and to a point that the controversy would not have reached had it not been for the escalation of the spiral of hypocrisy.

Initially, this spiral of hypocrisy was set in motion when a stakeholder was unexpectedly perceived as hypocritical (*trigger of hypocrisy*). Concretely, stakeholders perceived the pro-MNCs shift of the newly elected Uruguayan government as a premeditated manoeuvre and experienced the desire to reciprocate; this retaliation or counterattack (concretely, by the Argentinian government) took place through the mobilization of a hypocritical tactic as well (*reciprocative hypocrisy*). Other stakeholders (e.g. Botnia and the Assembly) saw no way to

deactivate this cycle and get involved in the spiral, whether they were motivated by opportunistic perceptions to advance their agendas or because they perceived no other choice. In order to counteract opposite interests, stakeholders who share short-term interests joined efforts and created situational alliances. These alliances would reinforce the cycle, making hypocrisy more persistent (e.g. the Argentinian government supporting the blockade in order to instrumentalize it against Uruguay, or the Uruguayan government supporting Botnia's claim for limited responsibilities in the controversy). This amplification of hypocrisy (not only in intensity, but also in the number of stakeholders involved) magnified into a vicious circle (*pervasive hypocrisy*). A conflict that was supposed to be revolved around contamination would not have survived if it was not for hypocrisy. Hypocrisy had given the controversy a life of its own and had become its driving force: to some stakeholders, the persistence of the controversy was as beneficial as the resolution of the conflict itself. For example, the persistence of the controversy benefitted the Argentinian electoral agenda or Uruguay's victimization in front of the overwhelming Argentina. More importantly, once stakeholders had actively become involved in the vicious circle it was not enough to stop talking to get out of it: they had already been trapped by the alliances or arrangements that they could not just simply ignore. These patterns were far from being circumstantial or limited to the organizational level. The spiral of hypocrisy had become self-reinforcing due to the simultaneous orchestration of diverse stakeholders who may not have shared the same long-term interests, but also may have not seen value in interrupting the vicious circle (*field-level hypocrisy*). For example, when Argentina decided to abandon the cause it was not enough just to quit the tactic and stop talking about the environmental agenda: the Assembly would refuse to leave the blockade and threatened the government. Figure 10 displays the spiral of hypocrisy and its steps.

Figure 10 The spiral of hypocrisy



Conclusion and contributions

The objective of this study is to understand how hypocrisy influences stakeholders' competition for moral legitimacy during CSR and SD controversies. We have drawn upon the literature on PCSR and organizational institutionalism to analyze an environmental controversy emerging from a project to establish a pulp mill in South America. The issue suddenly became a major conflict that confronted two countries (Argentina and Uruguay) and only concluded after the extraordinary participation of the ICJ. To provide an answer to our research question, we analyzed 310 texts (media, manifestos, industrial and governmental reports) and conducted 37 interviews in the field, with informants who were protagonists or had witnessed the evolution of the conflict. Previous research has suggested the relevance of talk in environmental controversies (Gond et al., 2016; Joutsenvirta and Vaara, 2015 and 2009; Patriota et al., 2011; Rojo and Van Dijk, 1997). Our research complemented these insights by unveiling how hypocritical tactics (namely, *creating a pseudo-agenda, exiting the controversy showing autonomy*) enable stakeholders to compete, whether by creating hypocritical subject positions or whether by enabling collaboration that eventually turns into informal alliances that allow the joint exploitation of hypocrisy. But also, hypocrisy presents constraints: subject positions may become a liability or alliances may trap stakeholders and prevent them from abandoning hypocritical tactics, making hypocrisy persistent at the level of the controversy. Our research also shows how hypocrisy, by becoming the controversy's main driving force, will not only exacerbate dissensus, but stakeholders may find more useful the persistence of the episode rather than its resolution. This, also, may provide an alternative explanation for the persistence of environmental controversies where consensus-making is practically impossible between stakeholders, and where new scientific information permanently fails to foster agreements.

Contributions

With our research, we attempt to make the following contributions.

Firstly, to the literature in PCSR, we attempt to contribute by suggesting how hypocrisy can complement current understandings of the influence that talk has on moral legitimacy and, eventually, on the outcome of environmental controversies. Extant literature has compellingly shown how stakeholders strategically talk in order to impose their interests during environmental controversies. For example, scholars have suggested that actors talk using

legitimizing discourses (whether to legitimize or to delegitimize a given project) (Joutsenvirta and Vaara, 2015), how they talk in order to ground their justifications on moral basis (Patriota et al., 2011), or how they talk with the purpose of mobilizing modes of justification along with forms of power in order to compete for moral legitimacy (Gond et al., 2016). However, PCSR scholars also assume that this talk has some value for stakeholders who receive it. While our case confirms that the use of (de)legitimizing discourses and the mobilization of justification are relevant to explain the outcome of controversies, it also suggests that hypocrisy can play an important role in explaining the outcome of certain environmental issues. Specifically, we show that hypocrisy can influence stakeholders' competition, which enables possibilities that these actors would not have had if they had not mobilized specific tactics. When stakeholders compete for moral legitimacy, hypocritical tactics enable them to construct subject positions of commitment to certain issues to control particular demands (*creating a pseudo-agenda*), of disconnection to specific issues in order to avoid concessions (*exiting the controversy*), or of autonomy in order to conceal informal collaboration that would otherwise discredit them (*showing autonomy*). As well, we show how each tactic led to subsequent constraints that stakeholders would not have faced had they not mobilized particular tactics of hypocrisy. For example, subject positions can trigger processes beyond stakeholders' scope of control (*creating a pseudo-agenda*), stakeholders can lose their voice and their right to speak during the controversy (*exiting the controversy*) or they may not be able to get involved in consensus-making after publicly adopting non-negotiable positions (*showing autonomy*). By enabling and constraining stakeholders' possibilities along the episode, we have shown how hypocrisy has influenced moral legitimation and explained, ultimately, the outcome of the controversy under study.

Secondly, to the literature in PCSR, we attempt to contribute by showing how, in public deliberation, hypocrisy will undermine (rather than facilitate) consensus making between stakeholders; ultimately, making the controversy persistent over time. PCSR scholars have outlined the importance of the joint communicative process between stakeholders (Scherer and Palazzo, 2007 and 2011; Palazzo and Scherer, 2006). They have also outlined that managers, when making sense of their political responsibilities, may not perceive such requests as legitimate; in such cases, they may even consider decoupling corporate talk from corporate actions, in order deal with heterogeneous demands (Scherer et al., 2016). In this sense, hypocrisy (or decoupling in general) is usually seen as a less-resource intensive solution to appease acute demands in comparison to compliance (Dacin et al., 2007) and, consequently, managers could implement it to keep controversies from escalating (Boxenbaum and Jonsson,

2013). Conversely, our case shows that hypocrisy is far from relieving pressures and propitiating consensus-making among stakeholders. By becoming its main driving force, hypocrisy may not only exacerbate dissensus, but also stakeholders may find more useful the persistence of the episode rather than its resolution. Specifically, our case suggests four elements related to how hypocrisy undermines any resolution of the controversy, prolonging its duration. First, hypocritical motivations for getting involved in the conflict (e.g. in specific issues that allow the deployment of hypocritical talk to grant visibility and popularity) explain why to some stakeholders the perpetuation of the controversy may be even more beneficial than any other resolution because it allows them to keep talking. Second, the audiences to whom hypocrisy is oriented to (e.g. audiences not connected to the issues). If there is low or inexistent risk of perception, the perpetuation of the controversy allows stakeholders to exploit hypocritical tactics over time. Third, the generalized perception of hypocrisy: given that if stakeholders perceive it as the rule of the game, instead of confronting it, they will either adopt it or collaborate with other hypocritical stakeholders. And, lastly, the formation of alliances to make the fullest use of hypocrisy: once a stakeholder is committed to collaborating with another stakeholders' hypocritical tactic, it will not be enough to quit talking to withdraw hypocrisy.

Thirdly, to the literature on organizational hypocrisy and decoupling in business ethics (Haack et al., 2012; Christensen et al., 2013; Jamali et al., 2015; Surroca et al., 2013), we contribute by unveiling the underlying spiral mechanism that allows hypocrisy to become the driving force of the controversy. Extant literature has discussed the unstable nature of decoupling and hypocrisy, hardly sustainable as a long-term strategy (Christensen et al., 2013; Haack et al., 2012; Scott, 2008) due to the negative orientations that observers may develop once they perceive it (Wagner et al., 2009; Phillipe and Koehler, 2005; Caiden and Caiden, 1977). Those negative orientations that follow range from the desire to take distance from the organization (Rodriguez and Rios, 2007) to active pressures to force the organization into recoupling (Christensen et al., 2013; Tilsik, 2010). Furthermore, our case shows that stakeholders who feel deceived by hypocrisy may also experience the will to reciprocate. This retaliation can trigger a spiral of mutual reciprocations that will perpetuate hypocrisy. Furthermore, our study shows that stakeholders may develop ambivalent orientations to hypocrisy (simultaneous positive and negative orientations, Ashfort et al., 2014). That is, while they may still question it, they may perceive hypocrisy as an unsolvable problem (e.g. no alternative) and therefore become involved in the spiral to advance their interests by informally allying with other stakeholders with whom they share short-term interests. This mechanism shows how the vicious cycle becomes self-

reinforcing: the controversy would have not endured, if it had not been for the escalation of the spiral of hypocrisy.

Managerial implications

The case under study suggests relevant managerial implications. Basically, decision-makers facing high levels of questioning from the public opinion, and willing to rely on hypocrisy as a means to counteract such opposition, must be aware that hypocrisy may grant flexibility in the beginning, but such flexibility could evolve later into severe rigidity. Especially if hypocritical tactics are developed with the collaboration of other stakeholders with whom there are shared interests, these can lead to severe binding conditions. Hypocrisy emerges with talk, but its constraining effects do not conclude when stakeholders decide to quit talking.

On a different note, if stakeholders are willing to overcome the differences that have led to the emergence of the controversy, they have to orient their efforts towards negotiation. Even if stakeholders declare publicly that their positions are ‘non-negotiable’ to deter contenders, this stance should be limited to an impression management resource. It cannot be assumed as definitive. As our case suggests, those stakeholders who had no will for any type of negotiation (namely, the Assembly and Botnia) eventually lost their voices in the controversy. The Assembly even lost the ability to be considered as a legitimate stakeholder; Botnia was not able to recover from the scrutiny of the international community and had to sell the pulp mill in order to protect the corporation. In any case, as Sabatier and Jenkins-Smith (1999) have suggested, a stakeholder may be reluctant to negotiate over certain principles (its deep core of principles); however, they can still seem willing to reconsider secondary aspects that can trigger a consensus building process. Political brokers trained for consensus building in the context of controversies should also consider the risk of framing certain principles as non-negotiable.

Limitations

Due to its qualitative nature, the findings of this research are contextual and based on the case (Patton, 2002). While measures to enhance transferability were implemented, conclusions may not be completely applied to other cases. This is reinforced by the ‘extreme nature of the case’ (Yin, 2003).

Secondly, there might also exist limitations to the kind of industry and the countries in which the controversy took place. For the purpose of this research, we have chosen a highly

controversial industry, which settled in countries in which forestry industry is seen as a foreign project destroying the native forest and is therefore highly questioned.

Thirdly, since one of the main data sources of this research are semi-structured interviews to key informants, perceptual biases may have occurred. Additionally to the perceptual biases, interviewees were directly involved in the controversy, and their perceptions and accusations towards their contenders may have been magnified. This also applies to the media texts that were edited by journalists. Journalists are co-authors of legitimating texts, because they act as editors of these (Joutsenvirta and Vaara, 2009). Our reconstruction of the discourse strands is therefore subjected to the decisions made by journalists reproducing specific sections.

Future avenues for research

Lastly, we develop how our research may set the stage for future directions.

In PCSR. Our findings suggest that the communicative process through which stakeholders are expected to reach a consensus in relation to what the role of firms in the new world order should be is far from taking place in an ideal speech situation. Many PCSR scholars have acknowledged this (Scherer and Palazzo, 2011 and 2007; Palazzo and Scherer, 2006) and others have directly assumed the confrontational nature in which such struggle occurs (Gond et al., 2016; Joutsenvirta and Vaara, 2015 and 2009; Pattriotta et al., 2011). However, we still lack an understanding of the role of trust in such process, and how talking in certain ways (e.g. hypocrisy) affects trust among stakeholders and, in turn, the ability to trace long-term common objectives and reaching consensus.

As well, another fruitful avenue is the analysis of how specific institutional contexts can stimulate hypocrisy. How do institutional contexts in developing countries affect the discussion about the new responsibilities that firms should have in these contexts? How does the perception of political corruption affect dialogue between stakeholders?

In organizational theory. Another fruitful area for future research could be related to how stakeholders make sense of their contexts in scenarios of high confrontation. Our findings suggest that stakeholders behave differently when they perceive hypocrisy, as well as when they assume hypocrisy is the rule of the game. We can complement our understanding of how hypocrisy affects audiences by analyzing their sensemaking mechanisms. When do stakeholders assume that they should expect hypocrisy? How is the suspicion of (potential) hypocrisy

performative of specific reactions? To which cues do stakeholders pay attention when trying to perceive if their contenders will behave hypocritically?

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Appendix

Appendix 1 List of documents produced by stakeholders and other actors involved in the controversy

Assembly manifestos	18
political discourses	3
governmental releases	6
industrial reports	3
Documents from international/bi-national organizations	3

Appendix 2 Journal articles

No.	Year	Date (mm-dd)	Title	Journal
1	2005	05-22	Uruguay no impedirá que se instalen dos plantas de celulosa	La Nación
2	2005	06-18	No a las plantas de celulosa	La Nación
3	2005	07-14	La Argentina y Uruguay, duros en sus posturas ante el conflicto	La Nación
4	2005	07-23	"Un estudio así no tiene sentido, es una pérdida de tiempo"	La Nación
5	2005	08-02	Según El País, Bielsa imita a Kirchner en el "estilo prepotente"	La Nación
6	2005	08-24	Compromiso oficial por las papeleras	La Nación
7	2005	09-30	Críticas de Uruguay al gobierno de Kirchner	La Nación
8	2005	10-30	Busti cuestionó al gobierno uruguayo por las papeleras	La Nación
9	2005	11-22	Busti quiso instalar papeleras en Entre Ríos	La Nación
10	2006	01-18	Enérgico rechazo de Tabaré Vázquez a las protestas contra las papeleras	La Nación
11	2006	01-19	Reacciones dispares por los dichos de Tabaré	La Nación
12	2006	01-22	En Gualeguaychú no quieren una tregua	La Nación
13	2006	01-30	Unánime defensa de las fábricas de celulosa en Misiones	La Nación
14	2006	02-01	Botnia rechazó las acusaciones sobre contaminación	La Nación
15	2006	02-02	Diferencias en Entre Ríos por las formas de encarar la protesta	La Nación
16	2006	02-10	Kirchner apoyó la queja contra las papeleras, pero sigue el corte	La Nación
17	2006	02-20	Las papeleras cuestionadas se defienden	La Nación
18	2006	02-20	La uruguaya que rechaza las fábricas de celulosa	La Nación
19	2006	02-28	Tardía reacción de las papeleras uruguayas	La Nación
20	2006	03-03	Las empresas apuestan por el diálogo	La Nación
21	2006	03-10	Botnia insiste: asegura que no paga coimas ni acepta chantajes	La Nación
22	2006	03-12	Los asambleístas ponen condiciones para acordar	La Nación
23	2006	03-14	Las empresas pararán las obras sólo si hay un comunicado oficial	La Nación
24	2006	03-24	Opositores uruguayos cuestionan parar las obras	La Nación
25	2006	03-26	Botnia anunció que suspende las obras por 90 días	La Nación
26	2006	04-09	"No podemos parar a Botnia y a ENCE: no incumplen normas"	La Nación
27	2006	04-15	Aparecieron afiches de los asambleístas	La Nación

28	2006	04-20	Fuerte reclamo de Kirchner a Finlandia	La Nación
29	2006	04-23	Gualedguaychú: quién es quién en la Asamblea	La Nación
30	2006	04-27	Vázquez: "No aceptamos que nadie de afuera nos diga lo que tenemos que hacer"	La Nación
31	2006	04-27	Kirchner quiso pagar sueldos de Botnia	La Nación
32	2006	05-05	Las palabras de todos los oradores	La Nación
33	2006	05-05	Kirchner criticó a Uruguay y defendió las papeleras nacionales	La Nación
34	2006	05-13	Finlandia dice que no intervendrá	La Nación
35	2006	05-13	Una insólita protesta por las papeleras conmocionó a Viena	La Nación
36	2006	05-16	"Finlandia cuida el medio ambiente mejor que la Argentina"	La Nación
37	2006	06-27	Kirchner nombró a una nueva secretaria de Medio Ambiente	La Nación
38	2006	06-28	Llega al Gobierno una enemiga de las papeleras	La Nación
39	2006	07-13	Especialistas calificaron el fallo como previsible	La Nación
40	2006	07-28	Taiana: "Causarán un daño irreparable"	La Nación
41	2006	08-08	El daño irreparable, eje de las primeras audiencias ante La Haya	La Nación
42	2006	08-18	Tabaré dijo que las papeleras defienden el medio ambiente	La Nación
43	2006	09-22	ENCE lleva su papelería lejos de la zona del conflicto	La Nación
44	2006	10-21	"Uruguay, país agresor", denuncian assembleístas	La Nación
45	2006	11-01	Carta completa del canciller	La Nación
46	2006	11-04	"A Botnia le haremos la vida imposible"	La Nación
47	2006	11-30	El Gobierno arremetió contra Uruguay con otra carta de queja	La Nación
48	2007	01-23	La derrota en los medios uruguayos	La Nación
49	2007	01-25	Finlandia insiste en que no intervendrá	La Nación
50	2007	01-25	Con ingenio, assembleístas protestaron en la ciudad	La Nación
51	2007	01-30	"La negociación parece más con la asamblea que con el Gobierno"	La Nación
52	2007	02-06	Expulsan de Uruguay a assembleístas	La Nación
53	2007	02-28	Qué dijo el Presidente en años anteriores	La Nación
54	2007	03-02	El mismo escenario, con tonos distintos	La Nación
55	2007	03-19	Escepticismo de los assembleístas	La Nación
56	2007	03-20	"El conflicto por las papeleras empezó por una mentira"	La Nación
57	2007	04-07	Un assembleísta amenaza a Botnia	La Nación

58	2007	06-17	Busti prometió dinero para financiar tareas de los assembleístas	La Nación
59	2007	08-02	Despidos masivos en la empresa	La Nación
60	2007	10-07	Las peleas internas jaquean la asamblea	La Nación
61	2007	10-21	"Hay un acuerdo secreto con Uruguay"	La Nación
62	2007	11-06	Busti donó dinero a los assembleístas	La Nación
63	2007	11-13	Ironías de Jorge Busti	La Nación
64	2007	11-15	Afirman que Botnia cumple todas las reglas	La Nación
65	2007	12-02	Cómo se financian los assembleístas	La Nación
66	2008	01-19	Comparan el corte del puente con el 11 de Septiembre	La Nación
67	2008	01-20	Acusan a Botnia de querer blanquear su imagen	La Nación
68	2008	01-20	Los estudios argentinos se mantienen en estricta reserva	La Nación
69	2008	01-22	Assembleístas queman una bandera de Finlandia	La Nación
70	2008	01-23	No todos se animan a probar el agua	La Nación
71	2008	02-01	Una tarde en el "puesto de control" de la asamblea de Gualeguaychú	La Nación
72	2008	02-28	Ira en Gualeguaychú por el festival de Botnia	La Nación
73	2008	03-05	Elogios de Botnia	La Nación
74	2008	04-06	De Angeli, casi un ídolo de la TV	La Nación
75	2009	01-18	Quién es quién en el grupo que aún combate a Botnia	La Nación
76	2009	04-26	Murió un motociclista al chocar contra un camión en el corte de Gualeguaychú	La Nación
77	2009	09-15	Tabaré Vázquez: "La postura argentina sobre Botnia no tiene solidez para ser sostenida"	La Nación
78	2009	09-24	Tabaré afirmó que Uruguay "destruyó" los argumentos argentinos en La Haya	La Nación
79	2009	01-15	Kirchner: "Nunca estuvimos de acuerdo con los cortes"	La Nación
80	2009	09-17	Críticas de Mujica a la Argentina y a los Kirchner	La Nación
81	2009	10-06	Botnia: el 64% de la gente apoya la protesta	La Nación
82	2009	10-08	Otra actitud contradictoria	La Nación

No.	Year	Date (mm-dd)	Title	Journal
1	2006	04-17	Botnia retoma las obras mañana	El País de Uruguay
2	2004	01-18	Canciller argentino propone una solución "entre amigos"	El País de Uruguay
3	2005	01-25	Papeleras: Busti llevará el conflicto al Tribunal de La Haya	El País de Uruguay
4	2005	04-30	Argentina pedirá a Uruguay la no instalación de plantas de celulosa	El País de Uruguay
5	2005	05-02	Culminaron primera etapa de la construcción de las plantas de celulosa	El País de Uruguay
6	2005	05-03	Ejecutivo mantiene respaldo a plantas	El País de Uruguay
7	2005	05-03	Agenda marcada por debate ambiental	El País de Uruguay
8	2005	05-03	Nin Novoa: "la respuesta nunca puede ser no a las plantas de celulosa"	El País de Uruguay
9	2005	05-06	Vázquez: cuidado ambiental es parte del crecimiento económico	El País de Uruguay
10	2005	05-06	Gobierno no dará marcha atrás con las plantas papeleras	El País de Uruguay
11	2005	05-16	"Los argentinos quieren que se construyan de su lado del río"	El País de Uruguay
12	2005	05-20	Botnia se compromete a contratar la mayor cantidad de uruguayos posible	El País de Uruguay
13	2005	05-20	"Si el lío no se arregla el problema será con nosotros"	El País de Uruguay
14	2005	06-29	Expertos finlandeses en control ambiental	El País de Uruguay
15	2005	07-10	Buscan "revertir" imagen negativa de la Dirección de Medio Ambiente	El País de Uruguay
16	2005	07-15	Papeleras: Argentina reivindicó su derecho a reclamo	El País de Uruguay
17	2005	07-24	Cortaron el puente que comunica Gualeguaychú con Fray Bentos	El País de Uruguay
18	2005	07-30	El gobierno y papeleras cierran filas por celulosa	El País de Uruguay
19	2005	08-03	Battle a Fray Bentos por plantas de celulosa	El País de Uruguay
20	2005	08-17	Vázquez reitera apoyo a la instalación de las plantas de celulosa	El País de Uruguay
21	2005	08-24	Avanza la instalación de planta de celulosa	El País de Uruguay
22	2005	08-30	Diputados visitaron zona donde estarán las papeleras	El País de Uruguay
23	2005	09-01	Entre Ríos denunciará a Uruguay por celulosa	El País de Uruguay
24	2005	09-16	Finlandia ofrece apoyo a Vázquez ante polémica sobre las plantas	El País de Uruguay
25	2005	10-04	Vázquez defiende la construcción de las plantas en carta al	El País de Uruguay

			Banco Mundial	
26	2005	10-08	Presidencia retiró encuesta sobre papeleras	El País de Uruguay
27	2005	10-10	Entre Ríos habla de represalias por la instalación de plantas	El País de Uruguay
28	2005	10-12	Uruguay entregó al BM informe sobre celulosa	El País de Uruguay
29	2005	10-15	Vázquez sostuvo que defenderá las papeleras a capa y espada	El País de Uruguay
30	2005	11-01	Busti: "yo no ofendí a nadie"	El País de Uruguay
31	2005	11-09	Vázquez afrontó críticas a las plantas de celulosa	El País de Uruguay
32	2005	11-11	Aduana argentina bloquea envío de materiales para las papeleras	El País de Uruguay
33	2005	11-19	Vázquez dijo que "no hay marcha atrás" en la instalación de las papeleras	El País de Uruguay
34	2005	12-10	Gargano aseguró que se vigilará el medio ambiente	El País de Uruguay
35	2005	12-13	Kirchner dijo que detener la construcción de las papeleras es "una causa nacional"	El País de Uruguay
36	2006	01-10	Aduana argentina frenó el paso de camiones con material para las papeleras	El País de Uruguay
37	2006	01-16	Hay que aprovechar "el impacto" de las papeleras	El País de Uruguay
38	2006	01-17	Gargano: la economía Argentina se perjudicará por los cortes	El País de Uruguay
39	2006	01-20	Intendente de Fray Bentos dialogó con manifestantes argentinos	El País de Uruguay
40	2006	01-26	Gobierno consideró "grave" que Argentina recurra al Tribunal de La Haya	El País de Uruguay
41	2006	01-29	Gargano: "Argentina no tiene voluntad de dialogar"	El País de Uruguay
42	2006	02-02	Gargano defendió la instalación de las plantas de celulosa y reiteró quejas al Mercosur	El País de Uruguay
43	2006	02-06	Vázquez reafirmó la instalación de las plantas de celulosa	El País de Uruguay
44	2006	02-09	Busti pidió a la Aduana que prohíba el paso de camiones con materiales para las plantas	El País de Uruguay
45	2006	02-14	Canciller argentino culpó a Uruguay de iniciar el conflicto	El País de Uruguay
46	2006	02-15	Celulosa: Argentina acusó a Uruguay de tener una actitud irracional	El País de Uruguay
47	2006	02-19	Mayoría de argentinos se opone a plantas	El País de Uruguay
48	2006	02-26	El 42% pide una mayor agresividad	El País de Uruguay
49	2006	03-01	Kirchner invitó a suspender las obras por 90 días	El País de Uruguay
50	2006	03-02	Argentina responde ante reacción uruguaya	El País de Uruguay

51	2006	03-03	Busti pidió que se suspendan por 30 días los cortes de ruta	El País de Uruguay
52	2006	03-04	Busti podría emprender acción judicial contra bloqueos	El País de Uruguay
53	2006	03-07	Botnia niega acusaciones de "coimas"	El País de Uruguay
54	2006	03-10	Botnia abierta a "facilitar el diálogo" bilateral	El País de Uruguay
55	2006	03-11	Acuerdo entre Vázquez y Kirchner	El País de Uruguay
56	2006	03-13	Botnia: "no hay fundamento legal" para el acuerdo	El País de Uruguay
57	2006	03-24	Decisión sobre obras queda sujeta a negociación	El País de Uruguay
58	2006	03-26	Botnia detuvo las obras	El País de Uruguay
59	2006	04-01	Botnia confirmó al gobierno que seguirá adelante con las obras	El País de Uruguay
60	2006	04-03	Avanzó negociación y se espera cumbre de presidentes	El País de Uruguay
61	2006	04-04	No habrá encuentro Kirchner - Vázquez	El País de Uruguay
62	2006	04-25	Finlandia no intervendrá en conflicto binacional	El País de Uruguay
63	2006	05-05	Kirchner defendió plantas argentinas y criticó a Uruguay	El País de Uruguay
64	2006	05-06	Kirchner: "la lucha es causa nacional"	El País de Uruguay
65	2006	05-06	Uruguay aseguró haber cumplido con su deber de informar a Argentina	El País de Uruguay
66	2006	05-30	Botnia confía en que La Haya no emita medida cautelar	El País de Uruguay
67	2006	06-06	La planta de Botnia entra en su fase decisiva de construcción	El País de Uruguay
68	2006	07-04	Botnia estará paralizada hasta el jueves	El País de Uruguay
69	2006	07-07	En Argentina se comienza a hablar de resistir fallo adverso	El País de Uruguay
70	2006	07-14	Empresas ratificaron su voluntad de continuar las obras	El País de Uruguay
71	2006	07-27	Argentina rechazó daños económicos por bloqueos	El País de Uruguay
72	2006	07-28	Asambleístas sintieron fuerte respaldo	El País de Uruguay
73	2006	08-27	Lafluf: "fue doloroso escuchar que el bloqueo no afectó a los uruguayos"	El País de Uruguay
74	2006	09-01	Reclaman a Botnia que retire a Carlos Faroppa	El País de Uruguay
75	2006	09-08	La Asamblea de Gualaguaychú siente que el fallo los "legitimó"	El País de Uruguay
76	2006	09-19	Entre Ríos se ofrece como productor para papeleras	El País de Uruguay
77	2006	09-22	Gobierno de Kirchner recibió la noticia como una clara victoria	El País de Uruguay
78	2006	09-25	Ahora, el gobierno argentino exige que Botnia se relocalice	El País de Uruguay
79	2006	10-29	Asamblea advierte escenario violento	El País de Uruguay

80	2006	12-01	Despliegue militar en Botnia da lugar a dura queja argentina	El País de Uruguay
81	2006	05-12	En 48 horas despliegan tropas para custodiar predio de Botnia	El País de Uruguay
82	2006	12-10	Vázquez recibe apoyo del 62% de la población	El País de Uruguay
83	2006	12-11	Un simulacto de ataque a Botnia vuelve a agitar la frontera	El País de Uruguay
84	2007	02-10	Fuerte crítica a ley anti papelera	El País de Uruguay
85	2007	03-29	Vázquez no cae bien a Argentinos	El País de Uruguay
86	2007	05-18	Ante las amenazas de "incursiones secretas" refuerzan la seguridad	El País de Uruguay
87	2007	05-22	Los assembleístas hablan de guerra si opera Botnia	El País de Uruguay
88	2007	07-10	Kirchner habla de "causa nacional" contra Botnia	El País de Uruguay
89	2007	08-14	Para el gobierno, los piqueteros pasaron al rango de "terroristas"	El País de Uruguay
90	2007	10-23	Asamblea dice estar alerta por posible acuerdo	El País de Uruguay
91	2007	11-05	Cristina Fernández dijo que se debe preservar relación	El País de Uruguay
92	2007	11-14	Cancillería atribuye a Argentina el fracaso	El País de Uruguay
93	2007	12-03	Piqueteros con apoyo financiero del Estado	El País de Uruguay
94	2008	02-15	Cristina rechazó reclamos de activistas anti Botnia	El País de Uruguay
95	2008	07-09	Prevén que en dos semanas levantan el bloqueo	El País de Uruguay
96	2009	04-28	Familia del joven muerto demandará a piqueteros	El País de Uruguay
97	2009	09-11	Expertos argentinos acusan que Botnia emite químico peligroso	El País de Uruguay
98	2009	12-01	Diálogo: voto a Kirchner en Unasur y fin del corte	El País de Uruguay
99	2009	12-08	Mujica-Cristina: primer ensayo para destrabar el conflicto	El País de Uruguay
100	2010	03-27	Piqueteros más duros; siguen bloqueo si el fallo es adverso	El País de Uruguay

No.	Year	Date (mm-dd)	Title	Journal
1	2005	01-25	Vázquez apoyó el proyecto de Botnia	El Observador de Uruguay
2	2005	05-15	Argentina pide a Uruguay que se relocalicen las plantas de celulosa	El Observador de Uruguay
3	2005	06-07	Polémica en Fray Bentos	El Observador de Uruguay
4	2005	06-23	Decisión de la Junta de Río Negro	El Observador de Uruguay
5	2005	06-30	Madurez política y económica, factores clave para inversión	El Observador de Uruguay
6	2005	08-28	Causa Nacional contra Uruguay	El Observador de Uruguay
7	2005	10-27	Piden a bancos cortar el crédito a Botnia y ENCE	El Observador de Uruguay
8	2005	11-10	Vázquez: la fórmula para el empleo es la inversión privada	El Observador de Uruguay
9	2006	04-28	Firme reacción de Vázquez: que Kirchner vigile sus plantas	El Observador de Uruguay
10	2007	11-10	Las relaciones contaminadas	El Observador de Uruguay
11	2008	09-01	Fallo útil por razón errada	El Observador de Uruguay
12	2009	01-19	En Gualeguaychú ya advierten que los pueden sacar de la ruta	El Observador de Uruguay
13	2009	01-30	Piqueteros critican al gobierno de Cristina por dejarlos solos	El Observador de Uruguay
14	2010	04-24	Muchas gracias, Néstor Kirchner	El Observador de Uruguay
15	2010	06-20	Sabor agri dulce	El Observador de Uruguay

No.	Year	Date (mm-dd)	Title	Journal
1	2005	05-05	Kirchner dijo que el conflicto por las papeleras es de carácter nacional y volvió a exigir los estudios ambientales	Clarín
2	2007	02-05	Los empresarios de Gualeguaychú no quieren ni cortes ni a Botnia	Clarín
3	2007	11-26	Gualeguaychú y Greenpeace: historia de un cordial divorcio	Clarín
4	2009	03-08	Pese a Botnia, Argentina descuida la contaminación del río Uruguay	Clarín
5	2009	04-27	Muere un motociclista en el corte de Gualeguaychú contra Botnia	Clarín
6	2010	09-09	Botnia: definen si indagan a los assembleístas por cortar rutas	Clarín

No.	Year	Date (mm-dd)	Title	Journal
1	2006	03-05	Cómo tener la pelota bien atada	Página 12
2	2012	09-06	Botnia confirma todos los malos pronósticos	Página 12

No.	Year	Date (mm-dd)	Title	Journal
1	2008	10-27	En Botnia no va a haber reducción de personal"	El Espectador de Uruguay

No.	Year	Date (mm-dd)	Title	Journal
1	2006	04-08	La Argentina apuntó a Botnia por la decisión uruguaya de no negociar más	Infobae

Appendix 3 Profile of the informants

Interview #	Profile	Stakeholder group	Country of Origin
1	Political mediator, Dialogo Argentino	Mediator	Argentina
2	Government representative	Argentinian government	Argentina
3	Field expert	Field expert	Argentina
4	Paper and pulp industry representative	Industry	Uruguay
5	Government representative	Argentinian government	Argentina
6	Government representative	Argentinian government	Argentina
7	Field expert	Field expert	Argentina
8	Field expert	Field expert	Uruguay
9	Political mediator, Diálogo Argentino	Mediator	Argentina
10	Field expert	Field expert	Uruguay
11	Paper and pulp representative	Industry	Argentina
12	Environmental activist	Environmentalist	Uruguay
13	Field expert	Field expert	Argentina
14	Paper and pulp industry representative		Argentina
15	Lawyer advisor to the Argentine government in the legal strategy against Uruguay	Argentinian government	Argentina
16	Paper and pulp industry representative	Industry	Argentina
17	Environmental activist	Environmentalist	Uruguay
18	Paper and pulp industry representative	Industry	Argentina
19	Paper and pulp industry representative	Industry	Argentina
20	Paper and pulp industry representative	Industry	Argentina
21	Governmental representative	Argentinian government	Argentina

22	Environmental activist	Environmentalist	Argentina
23	Lawyer advisor to the Argentine government in the legal strategy against Uruguay	Argentinian government	Argentina
24	Journalist	Journalist	Argentina
25	Journalist	Journalist	Argentina
26	Assembly spokesperson	Assembly	Argentina
27	Political mediator, Diálogo Argentino	Mediator	Argentina
28	Assembly spokesperson	Assembly	Argentina
29	Assembly spokesperson	Assembly	Argentina
30	Assembly spokesperson	Assembly	Argentina
31	Governmental representative	Finnish government	Finland
32	Governmental representative	Uruguayan government	Uruguay
33	Assembly spokesperson	Assembly	Argentina
34	Assembly spokesperson	Assembly	Argentina
35	Journalist	Journalist	Uruguay
36	Assembly spokesperson	Assembly	Argentina
37	Lawyer advisor to the Argentine government in the legal strategy against Uruguay	Argentinian government	Argentina

Appendix 4 Stakeholders involved in the controversy and main spokespersons

Actor	Position	Main spokespersons (In the media, manifestos, reports, documents)
Argentine government	Against the settlement of the pulp mill	<ul style="list-style-type: none"> • Nestor Kircher (President 2003-2007) • Cristina Fernandez de Kirchner (President 2007-2015) • Romina Picolotti Secretary of State for Environmental Affairs (2006-2008) • Jorge Busti (Governor of the province of Entre Ríos 2003-2007) • Sergio Urribarri (Governor of the province of Entre Ríos 2007-2015) • Daniel Irigoyen (Mayor of the city of Gualeguaychú 2003-2007)
Environmental Assembly of Gualeguaychú	Against the settlement of the pulp mill	<ul style="list-style-type: none"> • Jorge Fritzler • Gustavo Rivollier • Juan Veronesi • Luis Leissa • Lalo Moreyra • Juan Carlos Quinteros • Martín Alazard
Uruguayan Government	In favor of the settlement of the pulp mill	<ul style="list-style-type: none"> • Jorge Batlle (Uruguay president 2000-2005) • Tabaré Vazquez (Uruguay president 2005-2010 and 2015-current) • Rodolfo Nin Novoa (Uruguay Vice-President 2005-2010) • José Mujica (Uruguay president 2010-2015) • Jaime Igorria (Vice Minister of Environment 2005-2010)
Metsä-Botnia	In favor of the settlement of the pulp mill	<ul style="list-style-type: none"> ▪ Anika Rintala (Botnia spokesperson) ▪ Carlos Faroppa (Botnia Spokesperson for Uruguayan pulp mill)