

The past is never dead: the role of imprints in shaping social and environmental reporting in a post-communist context

Role of imprints
in a post-
communist
context

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Abstract

Purpose – Mobilizing a theoretical framework combining institutional logics and “imprinting” lenses, this paper provides an in-depth contextualized analysis of how historical imprints affect social and environmental reporting (SER) practices in Romania, a post-communist country in Eastern Europe.

Design/methodology/approach – The authors conduct a qualitative field study with a diverse dataset including regulations, publicly available reports and interviews with multiple actors involved in the SER field in Romania. The authors follow a reflexive approach in constructing the narratives by mobilizing their personal experience and understanding of the field to analyze the rich empirical material.

Findings – The authors identify a blend of logics that combine local and Western conceptualizations of business responsibilities and explain how the transition from a communist ideology to the free market economy affected SER practices in Romania. The authors also highlight four major imprints and document their longitudinal development, evidencing three main patterns: persistence, transformation and decay. The authors find that the deep connections that form between logics and imprints explain the cohabitation of logics rather than their straight replacement.

Originality/value – The paper contributes by evidencing the role of imprints’ dynamics in the institutionalization of SER logics. The authors claim that the persistence (decay) of imprints from a former regime such as communism hinders (facilitates) the institutionalization of Western SER logics. Transformation

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instead has more uncertain effects. The pattern that an imprint takes hinges upon its usefulness for business interests.

Keywords Social and environmental reporting, Imprinting, Institutional logics, Post-communist economies, Romania, Corporate social responsibility

Paper type Research paper

1. Introduction

When anybody proposes such concepts [as recycling, volunteering] now, some people remember them from communism and assimilate them to those times: “you start talking like Ceaușescu.” [former president and communist dictator of the Socialist Republic of Romania] (excerpt from an interview)

Countries outside the West frequently pursue fast economic development deemed necessary for improving their educational, healthcare and economic systems, among others. However, in so doing, the business environment faces issues related to human rights violations, pollution, corruption and inequalities (Belal and Momin, 2009; Denedo *et al.*, 2017). Social and environmental reporting (SER), through its potential to assimilate corporate social responsibility (CSR) values and principles, could serve as an impetus for companies to diminish their detrimental social and environmental consequences. However, as a practice born elsewhere (Li and Belal, 2018), SER may resonate poorly with the local business culture in countries that do not share similar histories.

Indeed, prior studies found SER adoption in non-Western settings to be modest at best (Belal *et al.*, 2015; Kuasirikun, 2005; Thoradeniya *et al.*, 2015). This was attributed to various practical impediments such as regulatory instability and lack of enforcement (Lauwo *et al.*, 2016), economic hardship (Belal and Cooper, 2011), and a weak civil society to pressure for transparency (Beddewela and Herzig, 2013; Belal and Cooper, 2011). These impediments are believed to make SER an additional burden for companies. Some studies allude instead to historical patterns exhibiting deeply entrenched cultural values as powerful influencing factors for SER. Lauwo *et al.* (2016) note that historical and socio-cultural structures shape local SER practices, whereas Soobaroyen and Mahadeo (2016) assert that to develop an understanding of local disclosure practices, we need to be sensitive to the historical nature of business–society relations. Nevertheless, a historically informed analysis that would pay due consideration to how SER emerges and develops in interaction with the surviving values of the past is much needed, and this is what we propose in this study. Given the recent increasing interest in SER in less developed countries (KPMG, 2017), this is a very timely matter to investigate.

In this paper, we examine the dynamics and development of deeply ingrained cultural values and their effect in shaping the emerging SER practices in communist and post-communist Romania. We see SER practices as forming an institutional field embedded into a broader field of CSR practices, in which multiple logics can coexist. Mobilizing the institutional logics perspective (Hoffman, 2001; Thornton *et al.*, 2012) and imprinting theory (Marquis and Tilcsik, 2013; Simsek *et al.*, 2015; Stinchcombe, 1965), we explore SER as institutionally bound and culturally specific practices (Hoffman, 2001). Such blended theoretical approach is appropriate to investigate the context-dependent nature of SER practices in general (Higgins *et al.*, 2018; Hoffman, 2001) and in emerging economies in particular (Jamali and Karam, 2018; Jamali *et al.*, 2017; Li and Belal, 2018; Zhao and Patten, 2016). Because fields are not monolithic but a “highly complex collective of constituents whose composite influence on corporate behavior is varied and diverse” (Hoffman, 2001, p. 149), we can expect multifaceted developments occurring in the field examined here.

Countries outside the West are many, and institutional contexts greatly vary across regions. Non-Western SER research has mostly focused on Asian and African regions (see e.g. Ali *et al.*, 2017). However, the institutional setting of countries in Central and Eastern Europe (CEE) is

uniquely different and important on several levels. Living within a prevailing communist ideology for almost half a century, CEE countries faced dramatic transformations in the early 1990s, when communist regimes collapsed and the new political elites eagerly embraced free market values. From state-owned enterprises in charge of numerous social protection tasks prior to 1990 to the privately owned companies, free to pursue their financial interests thereafter, the field of business responsibilities exhibited different, at times conflicting, characteristics over the two periods, given the distinct set of beliefs upon which communist and free market ideologies rest. In this context, we aim to explore how the historically grown values of the communist era shaped the institutional SER field at the time. We further examine how these values changed and how the transition from a communist ideology to the free market economy affected SER.

In this paper, we engage in a very local-level analysis of SER in the Romanian context. This setting is particularly suited for our purpose because Romania is one of the CEE countries most faithful to the communist ideology. The policies pursued by the country's communist regime (particularly during the 1980s) were among the closest to the Stalinist views on the role of the state and market. Communist heritage and hesitant reforms post-1989 formed a unique configuration of institutional structures that may have influenced recent attempts to implement SER practices (Raynard *et al.*, 2013; Raynard, 2016).

Methodologically, we conduct a qualitative field study that relies on multiple data sources, including regulations, publicly available academic and non-academic reports, and 25 interviews with various stakeholders involved in the SER field. We follow a reflexive approach (Alvesson *et al.*, 2008; Bansal *et al.*, 2018) in our analysis by mobilizing our experience and deep understanding of the field in constructing the narratives.

Our study responds to multiple calls to research SER practices outside the West (Belal and Momin, 2009; Belal *et al.*, 2013). In so doing, we provide a fine-grained analysis on how locally entrenched and historically grounded contextual factors shape practices traveling from the West to CEE countries. Our combined theoretical lenses of institutional logics and imprinting are well-suited for this purpose (Kipping and Üsdiken, 2014; Marquis and Tilcsik, 2013; Raynard, 2016). Given the prevalence of descriptive, quantitative content analysis studies examining the extent and quality of disclosure in CEE, we further contribute with a qualitative and in-depth examination of SER (Belal and Momin, 2009).

The remainder of this paper is structured as follows. Section 2 provides the theoretical background with a consideration of institutional logics and imprinting perspectives. Section 3 introduces the aspects of relevance to Romania – our empirical setting. Section 4 describes the methodological approach followed in the study. The subsequent two sections present the empirical findings, documenting major imprints and their role in shaping institutional logics. The final section discusses the findings and concludes.

2. Theoretical background

2.1 Institutional logics in SER

Institutional logics are defined as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999, p. 804). Logics exist at multiple levels, including individual, organization, field and society levels, and provide a basis for actors' behavior. Within a field, institutional logics are frequently described as characteristics of institutional fields comprising a set of well-aligned values and beliefs that can guide the actions of societal actors. At any given moment, there can be a mix of distinct (and at times conflicting) logics coexisting in an institutional field, with one of them commonly reaching a dominant position – i.e. being “institutionalized.” The field is an arena where multiple logics fight for supremacy and where the de-institutionalization of a logic is followed by the institutionalization of another one (Reay and Hinings, 2005).

Assumptions and beliefs about relevant information to be recorded and publicly disclosed can be used to define institutional logics in the business reporting domain, which can be legitimately regarded as an institutional field. In this respect, accounting systems for external reporting have been traditionally conceptualized from an economic and financial standpoint. In favoring financial data, it was presumed that the audience for these systems are the financial constituencies, at least for reasons associated with their literacy in financial numbers but, most importantly, because of their financial input into business organizations (Gray *et al.*, 1996). In doing so, other categories of interested groups were not included as relevant publics. Such position on the role of business reporting can be defined as a financial logic.

Since the 1970s, the primacy of financial interests in business disclosures has been questioned, resulting in calls for and experiments with SER over the past decades (Deegan, 2017). SER can be seen as a logic that broadens the range of relevant audiences for business reporting and pertinent information to be disclosed. This new logic is intended to change beliefs, norms, and practices and finally to be accepted and institutionalized at the organizational level. SER is the result of mostly voluntary initiatives and is expected to expose significant aspects of a company's impact on society and the natural environment. Recent regional or local regulatory initiatives currently attempt to institutionalize SER by mandating it for (especially) large companies in some countries – e.g. in the European Union (EU) via the Directive 2014/95/EU (Aureli *et al.*, 2019; European Union, 2014).

Concepts such as SER represent major aspects of organizational life in developed, Western countries. In developing countries, SER is a Western-based phenomenon (Li and Belal, 2018) that only recently began to be disseminated, and its adoption remains modest at best (Belal *et al.*, 2015; Kuasirikun, 2005). The SER institutional field may look very different in these countries because their overall economic environment is frequently characterized by weaker regulations and enforcement systems (Albu *et al.*, 2017; Belal *et al.*, 2013; Lauwo *et al.*, 2016), institutional voids (Jamali and Karam, 2018), pollution, human rights violation and vulnerability (Denedo *et al.*, 2017). Many studies in such developing contexts provide “a linear hierarchical narrative” of a Western CSR logic where transparency expectations in the form of SER travel outside the West (Jammulamadaka, 2020, p. 600), whereas the institutional context provides many occasions for barriers or local adaptations in the institutionalization of this logic. When there is little support for the incoming logic because the civil society is too weak to trigger strong public pressure (Beddewela and Herzig, 2013; Ligeti and Oravecz, 2009), or there are no mandatory requirements (Belal *et al.*, 2015), the logic ends up being ignored. In these circumstances, SER can become an additional but insignificant task to deal with, if not pressured to do so. When there is support for the new logic by the state or other stakeholders, logics conflict, leading to institutional complexity to which organizations can respond through symbolic support such as the release of superficial, low-quality reports (Luo *et al.*, 2017; Marquis and Qian, 2014).

Prior research on CEE countries brought confirmatory value to these overall findings from the non-Western settings and provided some nuances resulting from the local context in the institutionalization of SER logics. SER, as part of the broader CSR vocabulary, is quite new to Eastern Europe (Horvath *et al.*, 2017), and it is mostly driven by multinational corporations (MNCs), international organizations (such as the United Nations Development Programme (UNDP)), and the EU membership (Sucală and Sava, 2017). UNDP (2007) characterized CEE countries as “vigilant and challenged” in most CSR areas, including SER, which means that although some awareness and pressure for transparency are present, there is also a lack of capacity and experience, vocabulary, examples of good national practices, business culture, and enablers and promoters. All these limitations testify for a limited support to the new logic. However, prior research is also indicative of SER emerging as an institutional logic in CEE. Various studies (Dumitru *et al.*, 2017; Horvath *et al.*, 2017; Jindrichovska and Purcărea, 2011; KPMG, 2017) found a low, yet significant, increase in SER over time. Responses to the new logic reflect in many cases limited compliance with SER

frameworks because prior research – mostly based on content analysis of annual reports or other reporting channels – found superficial and incomplete disclosures. These results suggest that the new logic is timidly and partially accepted. Prior studies also identified the supporters and incentives of the new logic, including MNCs, the EU adhesion (Guşe *et al.*, 2016) and regulatory factors (Dumitru *et al.*, 2017).

Prior research in the CEE region is silent, however, in terms of plausible explanations for this state of affairs. For example, little is known regarding the possible role of the pre-existing cultural and historical background for the acceptance and institutionalization of the new SER logic, and literature fails to provide a dynamic view of this institutional field. Some papers underlined the importance of the past (Horvath *et al.*, 2017; Lewicka-Strzalecka, 2006; Sucală and Sava, 2017; UNPD, 2007) for SER and other CSR practices. Contextual circumstances, accompanied by the remnants of the communist regime, were identified to interfere with the spread of the new CSR phenomenon. Yet these studies fall short in exploring how the communist inheritance and transition period affected reporting.

Our study aims to address this gap and responds to calls to investigate the coexistence of local and western factors (Soobaroyen and Mahadeo, 2016) by incorporating the local context, history and culture (Tilt, 2016, 2018) to capture the manifold local nuances. For this purpose, we understand logics as “culturally embedded and nuanced” (Jamali *et al.*, 2017, p. 343) and focus on the role of cultural beliefs and norms, given that “the effects of institutional logics are mediated through the cognition of social actors with other social actors in negotiation and cooperation” (Thornton *et al.*, 2012, p. 102). We next explain how imprinting theory complements our theoretical approach as a basis for providing a deeper understanding of the role of the past in responding to the new institutional prescriptions.

2.2 Using an imprinting lens to historicize institutional logics

The institutional logics perspective is widely mobilized to investigate SER and other CSR practices. However, whereas it openly studies the change in logics (Thornton *et al.*, 2012), it pays less attention to the residues and legacies of the past and their subtle role in the organizational efforts to conform to new logics (Raynard, 2016). This may lead to interesting issues escaping from the analysis informed by a particular theory (Hoque *et al.*, 2013, p. 1173). We thus add a historical dimension to institutional theory with the purpose of enhancing the understanding of the processes under investigation, which is often referred to as theoretical triangulation (Hoque *et al.*, 2013).

Kipping and Üsdiken (2014) reported “historicizing institutional logics” with the imprinting theory as a potential research approach to take the context seriously. The contribution of imprinting theory to the investigation of changes in logics has already been recognized in various studies (Kipping and Üsdiken, 2014; Marquis and Tilcsik, 2013; Raynard, 2016). Unlike the more traditional approaches in institutional theory that are concerned with the processes of diffusion and stability, the institutional logics perspective recognizes the cultural elements in institutions (Hinings, 2012) but insufficiently enough to investigate how and why history matters (Marquis and Tilcsik, 2013). The two frameworks have no major inconsistencies in their ontological foundations because imprinting is close to culture (Inglehart and Baker, 2000; Raynard, 2016) and the concept of logics already has many associations with culture (Hinings, 2012; Thornton *et al.*, 2012). The relationship between logics and imprinting may be discussed starting from Hinings’ (2012) argument that “[t]he existence of logics and zeitgeists informs the content and structure of organizational cultures and vice versa” (p. 99). Therefore, we take it that the legacies (imprints) of past logics must be understood to make sense of the current logics and to discuss their institutionalization.

In organizational studies, imprinting theory (Johnson, 2007) gives a central place to the “imprinting” notion (Stinchcombe, 1965). The term was largely employed to evidence a

lasting effect of the founding conditions on an organization's subsequent behavior (Johnson, 2007). Marquis and Tilcsik (2013) brought conceptual clarity to the imprinting concept. They defined it as being of a processual nature and identified three key elements associated with this notion. First, imprinting implies the existence of brief *sensitive periods* when there is "high susceptibility to environmental influence," and imprints are formed and "stamped onto the focal entity" (Marquis and Tilcsik, 2013, p. 201). In Marquis and Tilcsik's (2013) framework, sensitive periods are not limited to the foundation moment and can comprise any subsequent instances when an organization is vulnerable to the effects of its environment (e.g. mergers or going public). Sensitive periods are conceptualized as periods of transition, marked by uncertainty, when external models can be precisely used to diminish insecurity and anxiety and reach stability. Second, subsequent to a sensitive period, an organization will "reflect prominent features of the environment" (Yin *et al.*, 2014, p. 976), referred to as *stamps of the environment* by Marquis and Tilcsik (2013). This occurs in the aftermath of an organizational attempt to match its surrounding environment by integrating its key characteristics into its structures. Third, the *persistence of imprints* means that imprints into organizational structures will tend to endure even when the external environment suffers changes.

Besides this latter central argument in the imprinting theory, recent research (Marquis and Tilcsik, 2013; Simsek *et al.*, 2015) emphasized that imprinting is a dynamic process, with imprints being subject to persistence, evolution, or decay over time. Imprints persist because of inertia, institutionalization, and coherency in interests and ideologies (Marquis and Tilcsik, 2013). On the contrary, contextual changes, modifications in management teams, memory erosion, poor performance, or competitive pressures to follow different practices may lead to imprint decay over time or even abrupt transformation (Simsek *et al.*, 2015).

Marquis and Tilcsik (2013) identified the transition from socialist to market economies as a fruitful context to conduct imprinting research. Several decades ago, about one-third of the world's population lived under communist regimes, and "[c]ommunism left a clear imprint on the values systems of those who lived under it" (Inglehart and Baker, 2000, p. 31). Several studies on post-communist countries discussed how the legacies of the past influence various aspects of the economic life after the fall of the communist regimes (Kriauciunas and Kale, 2006; Pop-Eleches, 2007; Shinkle and Kriauciunas, 2012), and some studies looked at CSR reforms (Marquis and Qiao, 2020; Raynard *et al.*, 2013). Most of these studies investigated imprint persistence and emphasized how the legacies of the communist past negatively impacted the adoption of capital market tools and knowledge (Kriauciunas and Kale, 2006; Tilcsik, 2010) or were blended in their operationalization (Marquis and Qiao, 2020; Raynard *et al.*, 2013). These studies emphasized that organizations founded in the previous period were places of imprint persistence.

However, post-communist societies are also influenced by the new economic and ideological order. The transition to a market economy represented a shock in these countries and therefore formed a sensitive period (Marquis and Tilcsik, 2013) in which individuals and companies are susceptible to stamping by new environmental influences. These new historical conditions contributed to changes in imprints to reflect the new emerging capitalist conditions (Harper, 2005; Kriauciunas and Kale, 2006) slowly in companies but – we argue – more prominently in society. Coherency with the social and political infrastructure, emotions, and control mechanisms are important for the fate of imprints (Raynard, 2016). Given that communism in CEE was felt as oppression, its fall opened the room for the abrupt destruction or transformation of associated imprints (Simsek *et al.*, 2015) toward a vivid and amplified incorporation of the values of freedom, individualism, or profit, totally opposed to the previous Marxist thinking. We therefore contend that the CEE post-communist context provides a unique opportunity to investigate both persistence and the transformation of imprints. This is because organizations are simultaneously exposed, to various degrees, to both communist imprints and the imprints emerging as a counter-reaction to communism.

This is even more promising given that the implications of imprints were mostly investigated in the case of China, although not necessarily in relation to SER (Marquis and Qiao, 2020; Raynard *et al.*, 2013). In these studies, mostly the case of imprint persistence was discussed. For example, Raynard (2016) showed that past legacies affect practices by focusing the organizational attention toward some CSR aspects – e.g. employee benefits – important under certain historical episodes, whereas others are silenced. The lasting influence of past logics contributes to institutional complexity when organizations are exposed to multiple and conflicting logics and respond to them in different ways. Relatedly, Raynard *et al.* (2013) discussed how the legacies of the communist logic influence the tension between interests of profit and the communal interest of society within the CSR field. In terms of SER, Marquis and Qian (2014) found that companies manifesting a socialist imprint were less likely to report.

We thus investigate the legacies of the communist past in a different post-communist political and cultural context than the Chinese one, where the ideological change was not that drastic and abrupt. While acknowledging the importance of the legacies of the past for current SER practices, most SER research conducted in the CEE region remains a-historical. We address this gap by investigating the Romanian context and focusing particularly on how the imprints formed in two sensitive periods (abrupt switches to communism and capitalism, respectively) infuse and reinforce the local SER-related logics and condition the local attitudes and institutionalization of the Western SER logics.

3. The case of Romania

Romania is an Eastern European country with a historical background rooted in more than 40 years of communist rule. Specific to a communist regime is the state's extensive involvement in all social and economic affairs – accompanied by the replacement of private property with public property – to a degree that greatly varies from one country to another. Romania went through one of the most extensive and harsh processes of private property nationalization and collectivization in the region during 1948–1962 [1]. As a result, the economic structure suffered drastic alterations, with large state-owned enterprises operating in the heavy industry dominating the economy (Chirot, 1978) and managers being hierarchically subordinated to the state apparatus with little, if any, decisional power (Brown, 2001). Such circumstances led to the responsibility for social and environmental impacts being placed with the public authorities rather than with managers.

Starting in 1989, Romania transitioned its planned economy toward a free market system. One of the objectives of the new legislators was to transfer public property, including state-owned enterprises, into private hands via mass privatization programs and management–employee buyouts (Earle and Telegdy, 1998; Telegdy, 2002). In parallel, the private sector benefited from the quick development of small and medium enterprises (SMEs) and later from the entrance of foreign businesses on the local market (Coroş, 2012). These major transformations of the economic system had inherent implications for the field of business responsibilities. Whereas the state, as represented by its state-owned enterprises, continued to play a role in this respect, the emergence of a private sector implied that new actors from the business arena would enter the field. Many of these actors were formerly state-owned enterprises that changed ownership and, in some cases, the management team.

Among its multifaceted challenges during the transition, Romania faced numerous social and environmental problems. The development of a large heavy industry sector implied the intensive use of raw materials, pollutants and energy-intensive technologies (Maniu *et al.*, 2002). Despite extensive pollution, environmental issues were neglected during communism (Oldson, 1996). Closure of major manufacturing enterprises during the transition reduced pollution to some extent, but numerous environmental incidents (e.g. the Baia Mare cyanide spill) indicate that problems persisted. In terms of social issues, the communist history of

Romania is marked by an abusive treatment of its citizens, including work-related practices such as human rights violations and impositions of work schedules and outcomes (Chiroț, 1978). The early years of transition came with challenges related to layoffs in state-owned enterprises and weak provision of workplaces, which in turn created favorable conditions for employee mistreatment and abuse.

In efforts to align with western economic, social, and political systems, Romania's legislative framework that specified the approach to sustainable development and CSR – especially in terms of SER – has continuously, albeit inconsistently, been updated. At the national level, strategies for sustainable development and CSR have been created and updated several times since 1997 (The CSR Agency, 2016).

Early legislative initiatives regarding nonfinancial reporting in Romania date back to the 2000s. The Romanian National Securities Commission's (CNVM) regulation 1/2006 mandated listed entities to disclose information about their employees, environment, and risk management as part of the management report. Prior studies (Dumitru *et al.*, 2017; Gîrbină *et al.*, 2012; Gușe *et al.*, 2016) found that most companies listed on the Bucharest Stock Exchange reported conducting CSR activities despite their overall low disclosure level. Moreover, requirements for nonfinancial reporting at the EU level were transposed into the Romanian legislation applicable to all companies. In 2014, accounting regulations required entities to disclose – along with the management report – nonfinancial information about environmental issues and employees, in line with the requirements of the 2013 Directive for financial reporting (Directive, 2013/34/EU). This requirement had some consequences in terms of nonfinancial reporting practices because listed companies generally complied with the legal requirements (Gușe *et al.*, 2016). Nonetheless, such compliance was minimal and restricted to some descriptive information. Whereas the Romanian SER regulatory framework has greatly developed, the *de facto* application of many such pieces of legislation remains weak.

Unstable and complicated regulatory norms can create confusion for companies, fueled by unclear and ambiguous fiscal, economic, and social policies. Moreover, political scandals, partly efficient anti-corruption mechanisms, and continuous changes in a non-transparent administrative apparatus complete the picture of an environment in which businesspersons have little trust and for whom there are little incentives to act as good citizens in society (Apostol and Pop, 2019). The implications of these conditions may be that mere compliance to regulatory norms proves challenging, which calls for an investigation on how the legacies of the past influence the attitude toward SER regulatory requirements.

4. Research design

To investigate in depth how context affects the phenomena under study, we performed a “contextualist” analysis of a process (Pettigrew, 1990). The process study approach is intended to “explore change, emergence, adaptation, and transformation” (Bansal *et al.*, 2018) and to perform a historical analysis to underscore the historical embeddedness of CSR and SER practices. This is a highly contextualized endeavor because it brings to light the role of a changing socioeconomic context.

We drew on multiple data sources and followed a reflexive approach in constructing the narratives (Bansal *et al.*, 2018), thus enhancing the authenticity of the study (Lukka, 2014). We recognize an “intimate relation between the researcher and their knowledge in a reflexive loop” (Alvesson *et al.*, 2008, p. 495), as three of the coauthors of this paper “have been there” during and after the communist regime and experienced first-hand the societal changes in the country of study. We thus employed our experience and understanding of the field to “enhance understanding of reality rather than impose [our] biases and taken for granted assumption onto the field experience” (Golden-Biddle and Locke, 1993, p. 599). This reflexive

approach allowed us to avoid naivety resulting from heavy reliance on a particular type of data and provided us with rich empirical material (Alvesson, 2003).

We collected data from interviews, local regulatory documents, publicly available reports and academic studies. Our study was conducted in several stages. First, we analyzed SER-related regulations to trace a chronology of relevant actions in the field. Second, we read local academic and non-academic studies on SER and other CSR practices and on the context within which these practices occurred. Albeit with limited sample sizes and time coverage, this background research mainly based on a content analysis of disclosures offered us a basic understanding of the practices in the field. Some of these reports and analyses alluded to some influence from the communist past. We next collected and examined studies investigating the communist imprint and its legacies. We extensively read both authentic archival data (studies conducted in each historical episode) and retrospective material (Bansal *et al.*, 2018) in relation to SER in Romania. Third, we conducted 25 interviews (all in 2019) with key stakeholders for the purpose of voicing a diversity of views and better understanding the complexity of the investigated phenomenon (see e.g. Belal and Momin, 2009; Belal *et al.*, 2015). We interviewed representatives of nongovernmental organizations (NGOs), CSR and SER consulting firms, the government, the private business sector, investor associations, and professional accounting firms and associations. Some interviewees wore several hats – for example, some work in NGOs and as CSR consultants, whereas others have academic experience, which provides a complementary perspective to our research. Moreover, some informants worked in multiple positions over time – e.g. an industry position preceded by a workplace in an NGO or a private sector position followed by a governmental one. This allowed our informants to have a more nuanced and richer perspective. All but one informant had extensive experience in the Romanian context (the exception had experience in the CEE region). Some interviewees also had experience abroad, where they previously studied or worked. This background diversity allowed our interviewees to put the Romanian context into perspective. Table 1 presents the list of interviewees and their background.

We were constrained in our selection of interviewees by the emerging nature of the field and by the small number of experts. We followed a snowball sampling procedure to identify informants and noticed that informants repeatedly recommended the same experts. This approach, combined with the saturation observed when additional interviews no longer provided new insights, allowed us to conclude that sufficient data was collected (Malsch and Salterio, 2016).

All but one of the interviews were conducted in Romanian (with the exception being conducted in English), the mother tongue of most interviewees. Two interviewees were expatriates, but they had worked in Romania for several years, were fluent in Romanian, and preferred to be interviewed in this language. The interviews lasted between 20 and 85 min (55 min on average), were semi-structured, and followed topics related to factors triggering SER and other CSR practices in Romania, the main actors in the field, and its perceived evolution over time. Most interviews were recorded and subsequently transcribed. When permission to record was not granted (four cases), extensive notes were taken during the interviews, with the permission of the interviewees. Notes were checked and complemented immediately after the interview. After transcription, interviews were translated to English to share them within the research team. Originally, the researcher conducting the interview translated the transcript, which was then crosschecked by another Romanian native speaker in the team, who was not involved in the interviewing process. Interviews were read multiple times and coded. Initial codes for the research material (regulations, studies and interviews) were guided by the themes included in the interview protocol.

Overall, motivated by a broad interest in exploring SER field formation in the post-communist Romanian setting, we explored the institutional landscape in terms of norms, regulations, expectations, actors involved, interactions and dynamics in the field.

No	Interviewee code	Stakeholder	Date	Duration
1	I1	Big 4	January 16, 2019	55 min
2	I2	NGO and CSR consultant	February 5, 2019	65 min
3	I3+I4	NGO and CSR consultant	February 11, 2019	70 min
4	I5	NGO	February 13, 2019	85 min
5	I6	NGO	February 14, 2019	
6	I7	MNCs subsidiary (doing SR)	February 15, 2019	40 min
7	I8	Romanian Government/Department for Sustainable Development	February 15, 2019	60 min
8	I9	Company/SME (not reporting; CSR awards)	February 15, 2019	30 min
9	I10	Company/SME (not reporting, close to the threshold to report)	February 21, 2019	30 min
10	I11	NGO and academic	February 28, 2019	65 min
11	I12	NGO	March 5, 2019	75 min
12	I13	CSR consultant	March 6, 2019	60 min
13	I14	CSR Consultant	March 19, 2019	80 min
14	I15	CSR Consultant	March 26, 2019	60 min
15	I16 + I17	Big 4	March 29, 2019	40 min
16	I18	ARIR (Romanian Investor Relations Association)	June 27, 2019	20 min
17	I19	CSR Consultant	July 1, 2019	45 min
18	I20 + I21	CSR consultant	July 3, 2019	50 min
19	I22 + I23	Ministry of Public Finances	July 4, 2019	50 min
20	I24	Global professional body (Eastern Europe office)	July 8, 2019	45 min
21	I25	MNC subsidiary (not reporting locally yet, but sending information for group SR)	July 17, 2019	45 min

Table 1.
Interview details

We followed an abductive research analysis process (Lukka, 2014), which allowed us to move back and forth between the theoretical background and empirical material during both data collection and analysis. For example, our initial feeling of the field begged for a theoretical explanation, and the imprinting approach taken required additional data collection, which in turn took us back to the explanatory power of the theoretical lenses. The abductive approach is “a means of stimulating researchers’ reflexivity” (Lukka, 2014, p. 467) in analyzing the empirical material.

After a reflexive process of data analysis consisting of several rounds of coding and recoding, we constructed our narratives on theory-driven themes, which is consistent with Hoque *et al.*'s (2013, p. 1189) recommendation that “[a]n effective strategy in the analysis of field data for research using theoretical triangulation could be to organize the findings around central themes or proposition related to the chosen theories.” We noted the co-existence of multiple organizational- and societal-level values and rules that shape the beliefs of what is appropriate business conduct and how a company should relate and communicate with the outside world. Although we focused our investigation on imprints and institutional logics, we did not hold them constant; instead, in line with the process approach taken, “we explore[d] the morphing and changing of competing logics, goals, and identities in relation to one another over time” (Bansal *et al.*, 2018, p. 1191). In developing institutional logics, we

identified contextual factors affecting SER. Two logics were relatively easy to identify, being in relation to major historical events in Romanian society. The beginning of communism in the late 1940s resulted in the emergence of a state-driven logic, whereas its fall in the late 1980s was reflected in a new logic that we called “no CSR, no SER.” The former can be seen as a local one, which became institutionalized over a period of more than 40 years of communism, whereas the second emerged as an immediate result of the change initiated in 1990. A third logic is in line with our interpretation of a changing institutional environment in mid-transition (late 1990s–early 2000s), marked by an increased presence of MNCs. Their organizational culture that emphasizes the visibility of SER practices has apparently been emulated by local firms who treated it as a public relation exercise, which is indicative of a “business case” logic. Finally, a fourth logic came to our attention when noticing the latest regulatory changes at the national and EU levels.

The identification of imprints was possible because of the special consideration we devoted to the role of the context for SER in the data collection phase. The influence of the communist past on SER was irrefutable in our data, in addition to which we noted a significant effect of the early transition developments. We mobilized the academic literature on the communist imprints to the Romanian context – as well as our own understanding as locals – to “discuss history” (Kipping and Üsdiken, 2014) in its cultural settings in each period and follow its evolution over time. This, we believe, shows how the past still lives in collective memory and has material consequences. As William Faulkner famously stated, “The past is never dead. It’s not even past.” (as cited in Marquis and Tilcsik, 2013, p. 196). We focused in our analysis on four imprints placed at the society and organizational levels. These imprints were selected for their direct relevance for SER. A key concern was to establish whether imprinting really occurred. We mitigated this issue by considering other data sources to validate the imprints identified, including interview material and our own understanding of the field. Finally, we analyzed the impact of imprints and of their evolution over time for the four SER-related logics. Figure 1 charts the logics and imprints, their evolution over time, and their relation to SER.

5. The communist imprints and the state logic

The communist political regime forcefully imposed its socialist vision in Romania in the late 1940s using coercive means of oppression and nation-wide economic restructuring that preserved no market ethos in communist enterprises. The sensitive period that opened at the time “stamped” communist imprints on all economic entities and collective memory. The imprints characterizing the pre-1940 market-based economy most probably did not survive the repressive introduction of communism. Given the central place of state authorities in defining, planning, implementing and overseeing all matters that dealt with the role of an enterprise, we can legitimately claim that a state-driven logic, visible in all fields, became prevalent, reinforced by the new communist values imposed in society.

The state-driven logic was visible at both society and organizational levels. At the society level, state institutions functioned in a hierarchical manner, with decisional power concentrated in the hands of central authorities. These imposed rigid central economic plans on the local authorities and public enterprises. Based on these considerations, we distinguish a *state centrism* imprint [2] to reflect the loss of individual freedom and the overall surrender to the state, which was in charge of coordinating all social and economic activity. This state centrism was closely related to oppression, which manifested in multiple forms. “[C]ompulsory volunteering” (Silló, 2016, p. 108), comprising practices such as recycling of paper, metal, and glass, and various societal activities (e.g. cleaning of gardens and other natural areas and collecting the harvest) were common duties of Romanian citizens. In addition, oppression intruded the private life of citizens, who suffered from

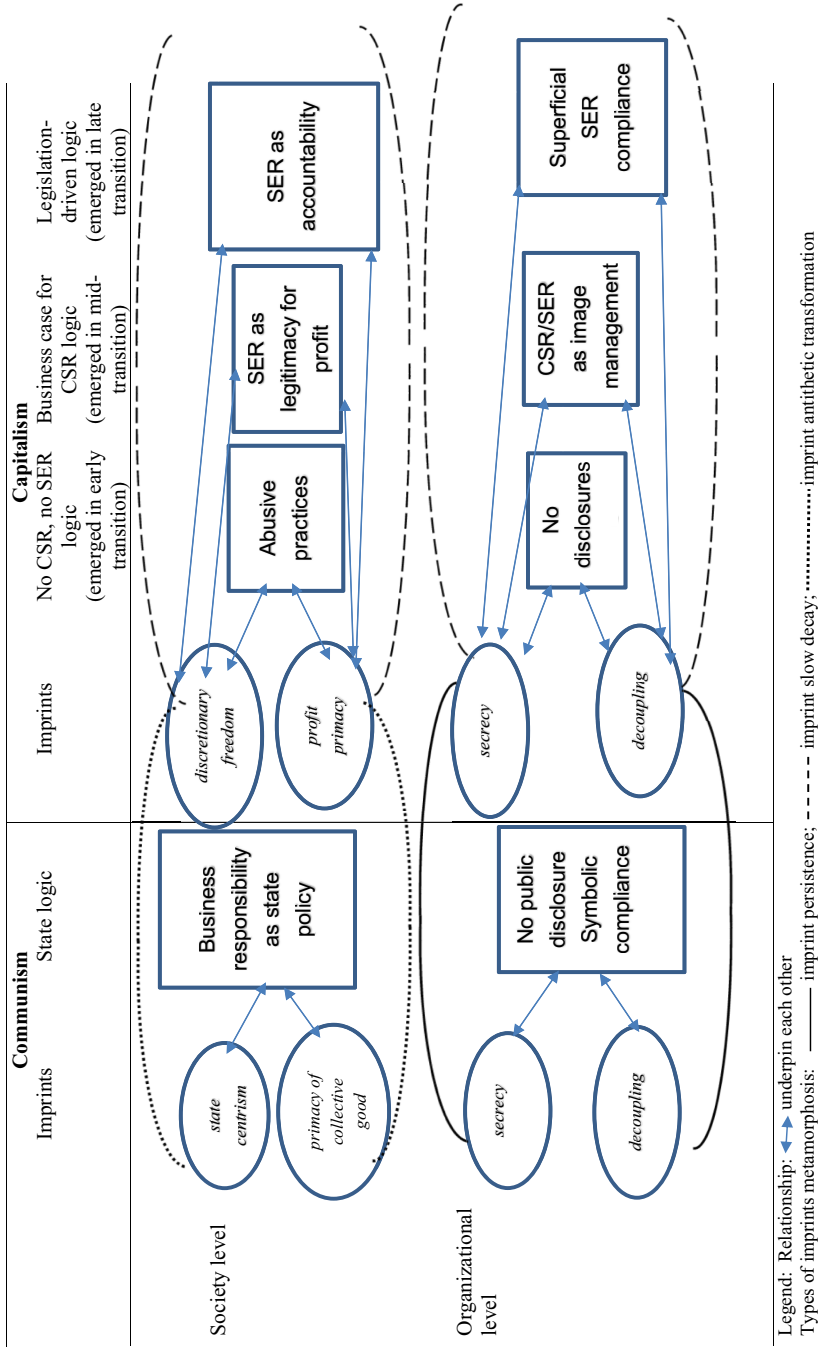


Figure 1. Logics and imprints in the Romanian CSR and SER field

involuntary deprivation of food, electricity, house heating or running water, all in the name of achieving a “rational” use of resources. All of these share some commonalities with the modern concerns of saving the planet. However, these practices, being impositions by a repressive regime rather than voluntary actions, were associated with the oppressive culture of communism.

The ideological tenets of communism also rest on the *primacy of collective good* and the impeachment of individualism and wealth accumulation. One example of this imprint shows in the attention devoted to employment matters. Employees, as sources of value creation, were (rhetorically at least) entitled to collective ownership of productive means, whereas values such as profit, competition and meritocracy deviated from the communist doctrine (Peng and Heath, 1996) and were persecuted. Because employment received special consideration (Kriauciunas and Kale, 2006), state-owned enterprises served as tools to accomplish multiple social protection aims of the central and local authorities – e.g. safeguarding working places for all (Shinkle and Kriauciunas, 2012), housing, day-care and education for personnel’s children, sports facilities or healthcare units (Horváth *et al.*, 2017). Many of these practices fall within the topic of social responsibilities of companies – if viewed from a CSR angle. In contrast to Western settings, where such practices are used to attract and secure employees’ commitment, Romanian practices served state ambitions of high economic growth, productive self-sufficiency, and financial independence on the international arena (Chiro, 1978). Both *state centrism* and *primacy of collective good* imprints affected the state logic, reflecting business responsibility as state policy.

The self-sufficiency feature of the state-driven logic is also reflected in the development of a multifaceted heavy manufacturing sector. This strategic line implied an intensive exploitation of local natural resources, with devastating consequences for the natural environment. Bellinger *et al.* (2000) claim that environmental assessments of projects with major environmental impacts were done since the 1970–1980s in the Soviet countries, which were supposed to serve as inputs into the decision-making. Nevertheless, according to the same author, there was limited scope of environmental monitoring and few possibilities to influence decisions.

At the organizational level, the communist regimes frequently relied on mechanisms to maintain the rigid centrally planned institutional structures in place. This manifested in the form of *secrecy*, which we treat here as an imprint. During communism, enterprises disclosed information only bottom-up and hierarchically toward the state apparatus (Tobor-Osadnik *et al.*, 2013). For example, given that employment was a priority of that time, bottom-up reporting covered labor-related aspects, as one informant narrated:

I found some years ago, in the library of a former communist cement factory, an annual report from the communist period that contained nonfinancial data [...] The report contained, for example, the average wage of female vs. male workers. I looked into this some more and it turned out that they lacked workforce particularly in that industry, and they intended to integrate women in productive work and the “construction of socialism.” (I4, NGO and CSR consultant)

Secrecy was coupled with an absence of public disclosure on business matters, the state being considered the only rightful recipient of the information. For Hutchings (1987), suppression of information can hide intentions to mislead without a direct manipulation of information. When facts such as the financial, social, and environmental performance of the business sector are concealed, it is up to the interested entities to evaluate them. Withholding information is a practice that gives much freedom for an authority because the outcomes of its actions are put out of sight, thus risking no fears of public incrimination. The only possible ways for the public to be informed about issues of concern here were random mass media articles. These, in turn, were strictly controlled and censored by the state apparatus, with only positive news reaching the public (Deletant, 2008).

State centrism was closely linked to the imposition of inflexible rules and norms that were difficult to abide by. Communist national central plans were among the admittedly unrealistic impositions. When such unfeasible pressures to comply occurred, managers were forced to decouple. As a result, outcomes that aligned with central authorities' expectations but had no economic substance were formally reported (Tobor-Osadnik *et al.*, 2013). We therefore identify *decoupling* as an imprint. Decoupling "allows organizations to signal compliance symbolically without changing their practices substantively" (Tilcsik, 2010, p. 1474). Decoupling, associated with symbolic reporting compliance, has been deeply inculcated in the collective memory with organizational members manipulating reporting practices, for example, by showing higher productive achievements than the actual ones to meet the targets.

The state-driven logic suffered changes when communism collapsed, and the political economy shifted direction to free market principles and neo-liberal modes of governing. In the new market-based system, survival, profitability, competition and incentive structures to support the profit orientation replaced the role of an enterprise as employment provider (Shinkle and Kriauciunas, 2012). Given these transformations, one could expect an increased interest in stakeholders, corporate disclosure, and transparency. Nevertheless, despite the state-driven logic losing ground, our research documents its legacy still alive in the collective memory and having material effects on the economic arena. We next elaborate on the implications of institutionalized communist values for the post-1989 field of business responsibilities in the following sections.

6. The capitalist period

When communism collapsed in the late 1980s, a "window of 'imprintability'" (Yin *et al.*, 2014, p. 976) opened. Romanian officials opted for a "Western" approach to political economy, which caused transformations in existing imprints owing to their exposure to capitalist values. The transition from communism to capitalism was complex, involving the adoption and adaptation of foreign concepts and market instruments to suit the extant values and prevailing cultural background.

6.1 Liberation from oppression and discretionary freedom: "no CSR, no SER" logic

In the first period of transition, although broadly steered by market principles (privatizations, private property, liberalizations of trade, prices, etc.), the fast-paced approach followed by Romanian officials resulted in a chaotic and muddled process of transition. Romania was not a singular exemplar of the convoluted process known as "wild capitalism" that affected other countries in the region (Košokora, 2006). This logic consisted of a disregardful attitude toward social and environmental matters, coupled with the prevalence of profit maximization, as elaborated below. Harper (2005, p. 10) talked about the "age of market triumphalism" to denote the fierce pursuit of profit maximization in business, accompanied by social and environmental damage, weak legislation for social and environmental protection, and weak civil society, whereas Korka (2005, p. 47) noted the "primitive accumulation of capital" as a characteristic of this period.

Therefore, society and the natural environment received no attention in the business world. The same attitude concerned employees, many of whom faced mistreatment and violation of legal rights. Indeed, problems with gray labor, improper working conditions, unpaid extra work, and other abuses were signaled in various national and international documents and prior academic studies (Musiolek, 2000; Parlevliet and Xenogiani, 2008). The low standard of living, accompanied by few employment possibilities in the early transition, facilitated such abuses (Parlevliet and Xenogiani, 2008). All these can be explained by the persistence of some imprints from the communist times, or by the abrupt transformations of

some other imprints, reflecting the emergence of an antithetical ideology to replace the communist one, which had implications for the business life.

State centrism, frequently supported in practice by repressive actions during the communist era, mutated into *discretionary freedom*, indicating liberation from the communist oppression. A reaction of liberation from the restrictions and impositions of the pre-1990 era dominated the early transition period. Oppression and the constant intrusion of communist ideological tenets into the private and working life accumulated frustrations and an acute need for social, economic, political, and cultural freedom—a movement for devaluing the past (Czeglédy, 1996). The sudden recognition of freedom in December 1989, as a democratic value across the entire society, was accompanied by a major ideological change supported by the then incoming state officials. At the time, they deemed the free market economic model superior to the centrally planned one and decided to transition the former. The act of the state refuting its once supported values may seem paradoxical. However, this reflected a realignment of interests with the Western states in line with other CEE countries in a context of declining Soviet power. This shift implied the liberation of values such as profit, competition, and individualism from oppression and rejection of communist impositions, which paved the way for the appearance of *discretionary freedom*.

In the early transition, this imprint of *discretionary freedom* manifested as acts of unrestricted freedom in that individuals or institutions would no longer refrain from actions that deviate from legal or moral constraints. Such restrictions that would normally govern stable, mature societies did not function in transition CEE countries, posing no threats of sanction to immoral or illegal acts (The CSR Agency, 2016). Hence, individuals claimed the right to freely pursue their aims, with no obligations acknowledged on their side and no legal consequences in case of misbehavior. Such discretionary freedom was facilitated by the institutional disruption and readjustment in the early transition when the construction of a new body of regulatory acts to suit the free market economic model necessitated many years. This imprint materialized in practice in companies ignoring moral or legal regulations in their pursuit of profits at all means (Sucală, 2015; The CSR Agency, 2016).

A discretionary freedom approach to business responsibilities gives primacy to freedom of action and profit-making. Such approach sees ethical expectations and to some extent regulations as restrictive and unreasonably hindering freedom and business opportunities. This explained the abusive practices toward the society, employees, and natural environment. The state logic present before 1989 implied communist impositions and curtailments. The logic emerging after 1989, infused by the new *discretionary freedom* imprint and opposing the communist ideology, features a rejection of CSR actions, resulting in abusive practices. For example, community work and recycling (compulsory prior to 1990) were abandoned because “This [communist] forced approach hurt peoples’ mentality” (I2, NGO and CSR consultant). Some informants stressed the refutation of recycling, environmental cleaning campaigns, cooperation, or solidarity practices on the grounds of their resemblance with the repressive communist times:

What we now call volunteering, we called then patriotic work (Ro. muncă patriotică); what we now call recycling, we were sick of returning glass bottles and jars and paper back then. [. . .] perhaps a lot of people are now resisting them because we were force-fed those concepts then. [. . .] It’s because a lot of Romanian managers have lived or have some memories of those times and they assimilate the “savings” [Ro. economii] the communists were doing for the benefit of the communist party to the overall savings we should be doing now for our common welfare. (I3, NGO and CSR consultant)

Market-oriented values emerging post-1989 created other inscriptions commonly associated with capitalism, and the primacy of collective good was transformed into the primacy of profit. The *profit primacy* imprint, at organizational level, steers business actions and shapes their relations with external constituencies. Profit-orientation implies the supremacy of

actions conducive to financial surplus at the expense of others with less impact on the bottom line, and this became a financial objective, particularly for the privatized or newly created companies (Sucală, 2015). One common explanation for the widespread side-lining of social and environmental concerns in the Western business world relied on the significance of this capitalist imprint.

Profit primacy manifested in the Romanian business world by a heightened interest in profit-making with little, if any, attention to other considerations, including legal norms, because “[a]fter the fall of communism, people got this drive to make short term large profits, one-off shots” (Ro. tunuri) (I4, NGO and CSR consultant).

As expected, *profit primacy* had no positive implications for SER either, as CSR practices in general were neglected among businesspersons, resulting in abusive practices:

The shareholders or managers who follow immediate high profits, at any risk [. . .], are still here among us. They hire and exploit Romanians, pay suppliers poorly, late, or not at all, lie to their clients regarding the quality of their products, and pay bribery for contracts with the government. (The CSR Agency, 2016, p. 5)

The onset of transition was marked by the high prominence of *secrecy* as a communist imprint. Secrecy persisted especially at the organizational level, which resulted in the absence of business disclosures in general and SER in particular. This organizational imprint persisted because of being in line with the *profit primacy* in protecting discreditable business action from public inspection. Moreover, the imprint proved its efficiency under the new environmental conditions, given that many of the business practices perpetuated the traits of communist activity (Sucală, 2015; Tilcsik, 2010). Prior studies (e.g. Korka, 2005) stated that managers educated in communism placed “hard” issues (e.g. operations management) rather than communication at the core of their competence. The result is the absence of communication in domestic companies – especially in the early transition – when transparency and disclosures of any kind were rare (Albu *et al.*, 2017).

The *decoupling* imprint instead eroded, as pressures to comply with rules and norms were weaker in the early transition and were associated with a chaotic economic environment.

The analysis above suggests a hostile environment for the development of SER and other CSR practices in the early transition, with a “no CSR, no SER” logic rapidly becoming prevalent. Many imprints at the society level mutated to reflect values that were antithetic to the communist ones, which resulted in abusive business practices coupled with a rejection of CSR, in contrast to the previously state-imposed business responsibilities. To the extent that CSR practices existed in some companies, they were not made visible because the secrecy imprint strongly manifested, impeding disclosures.

6.2 Public relations and legitimacy: “the business case for CSR and SER” logic

In mid-transition, the institutional field experienced the emergence of a business case for CSR and SER, which was nurtured by different factors. On one hand, the presence of MNCs in the Romanian business environment increased in mid-transition, particularly after 2000. The transfer of practices from the parent company, accompanied by the training of local employees, slowly inculcated the values of the neoliberal system into the working culture of local subsidiaries, similarly to other emerging economies (Beddewela and Herzig, 2013). In so doing, the prevailing business case was locally reproduced, slowly advancing the need for SER. In this respect, the business case is to a large extent an imported one. On the other hand, the new design of legal and organizational institutional structures timidly started complementing the role of MNCs, which strengthened the business case. This logic implies that business considerations (e.g. profitability and reputation) are prioritized when CSR and SER practices are initiated (Cho, 2009; Cho and Patten, 2007).

The business case logic of CSR and SER strongly featured in our interviews with informants complaining about the marketing orientation of SER, which makes it a vehicle to have legitimacy for profit:

These [business-to-customers] companies are very active to differentiate themselves from their competitors, and nonfinancial reporting is a very important marketing tool. Such companies are very aware of what can influence their customers' perception—both positively and negatively—so they are acting in this regard because they see the outcome quicker. (I19, CSR consultant)

[The companies'] involvement in communities started around 2006. Then, these initiatives were viewed as marketing and public relations [PR] even in MNCs who had the money to spend on them. You [NGOs] were then redirected to the marketing and PR staff and the entire discussion revolved around what type of exposure would they [companies] get from these actions. [...] Very few companies came to us on their own, without seeking any such publicity. Advertising was very expensive at that time, so companies were very happy to find an NGO that was backed up by the media in such a way. (I11, NGO)

In the same vein, an SME representative criticized such situations “when companies planted two trees and the public relations (PR) budget was a few times higher than the budget for the trees” (I9) because these actions are less about responsibility and more about reporting and reputation. SER was very close to CSR actions, and both were considered a marketing exercise given that the marketing, PR, or HR departments were commonly in charge of both CSR and SER in Romania (Sucală and Sava, 2017).

Legally, officials adopted regulations that were in line with a business case approach to social and environmental contributions. The sponsorship law passed in 1994 (Law 32/1994) facilitated donations and sponsorship actions. According to our informants, despite an initial reluctance to use this fiscal allowance, donations intensified after 2000 when they became the main source of funding for NGOs. Consequently, tax benefits were approached by organizations from a business case perspective, as a CSR consultant admitted:

Other countries did not introduce this mechanism. So, I do not think that a lot of companies would actually cut down their profits for such activities absent this mechanism. (I14, CSR consultant)

Other institutional arrangements that force business entities to adopt legitimacy – and conformity – seeking behavior to please customers and other stakeholders also became important. The emerging values of capitalism – e.g. competition and bankruptcy – started to trigger concerns related to image and public reputation and forced companies to profile themselves as caring entities. Reporting appeared as a necessary mechanism for these purposes.

The emergence of the business case interfered with the early transition imprints, inducing a slow decay and mutations. *Discretionary freedom* started to decrease in significance, as the regulatory regime strengthened and the possibilities for quick profits lessened. *Profit primacy* in turn strengthened its position on the field, in close connection with the business case; yet it suffered transformations relative to the early transition. Whereas then it was an issue associated with reactions to collective good and communist oppressions, in mid-transition, it mutated toward a legitimacy-seeking behavior, as shown above.

We note a decay of the *secrecy* imprint. In this respect, some forms of communication of CSR initiatives (mostly philanthropic actions) occurred, although rarely via corporate channels such as the annual report, the stand-alone CSR report, or the corporate website. Mass media was used instead for this purpose, which is a continuation of a strictly controlled Soviet disclosure policy (Hutchings, 1987). In the communist era, scarce business communication was released to the public, and when this occurred, it was in via mass media rather than straight from the source.

Later in mid-transition, the *secrecy* imprint decayed even further. The first voluntary social and environmental report was published in 2004 (covering 2003) by the Romanian subsidiary of a multinational telecommunication company, and a few others followed shortly after (The CSR Agency, 2016). By 2010, about 10 MNCs released SER on a voluntary basis (The CSR Agency, 2016). Such practices transferred from foreign-based headquarters to their local subsidiaries (Sucală and Sava, 2017) played a key role in the further decay of the *secrecy* imprint. However, even if *secrecy* mainly refers to the information provider and their disclosure practices, it encapsulates to some extent the purpose and use of information. During communism, *secrecy* occurred not only because enterprises refrained from reporting but also because stakeholders expected no information. The initial disclosures in mid-transition were sporadic and scarce because they were strongly affected by *secrecy*. This can explain why many SER pioneers published reports intermittently in the early years – i.e. the 2000s (The CSR Agency, 2016) – whereas others stopped publishing:

From the pay-back viewpoint, it is not worth doing it. In Romania no one recognizes it; you do not have any feedback, from the media, leaders of opinion, business partners. It is not a differentiator. (CRPE, 2015, p. 3)

However, as elaborated above, these forms of communication were subject to much skepticism, apparently being under the influence of the *profit primacy* imprint. Indeed, this imprint dominated SER, and it had implications for the *decoupling* imprint as well. Whereas the early transition reflected a decay of *decoupling*, in mid-transition this imprint experienced a revival, as companies started to feel pressures from external stakeholders. Confronted with a need for public profiling and transparency that the profit-orientation imprint caused, companies preferred to only formally engage with communication and avoid revealing information on the social and environmental dimensions of their core business. This resulted, even in the case of MNCs, in shorter reports or in reports prepared for a longer period than one year (The CSR Agency, 2016), which deviates from practices in the country of origin. However, *decoupling* suffered mutations in terms of its manifestation. Whereas the communist times meant decoupling from the strict impositions of the central plan, in mid-transition decoupling was associated with attempts to use CSR and SER for image management purposes.

Decoupling, combined with *profit primacy*, had effects on narrowly shaping the meaning and content of CSR and SER practices from a philanthropy, sponsorships, and community involvement angle (Jindrichovska and Purcărea, 2011; Jamali and Karam, 2018; Sucală and Sava, 2017). This is because involvement in such actions can be treated as an add-on matter, disconnected from the business model, and serve well purposes related to public relations, visibility, external image, and product marketing (Crișan-Mitra and Borza, 2015).

The analysis above indicates the dynamics of the field in mid-transition, with *profit primacy* gaining further prominence, whereas *decoupling* revived after a slow decay in early transition. *Discretionary freedom* and *secrecy* instead started to fade away because their features resonated less with a more mature stage of capitalism when business interests were different.

6.3 Transparency and internalization: the legislation-driven logic

Recent years evidence the seeds of a legislation-driven logic, marked by concerns with meeting stakeholders' expectations, internalization of CSR within business operations, and connecting SER with internal processes. Many of these aspects appear to surface in reaction to recent regulatory norms affecting the institutional field, especially at the international and European levels. This alludes to the "imported" nature of the logic.

Early nonfinancial reporting legislative initiatives actually date back to mid-2000s in Romania. They start with listed entities that were subjected to the corporate governance codes of the Bucharest Stock Exchanges, which followed the Western models. However, these

codes were of “comply-or-explain” type. Listed companies only slowly accepted this new logic, as prior studies (Dumitru *et al.*, 2017; Gîrbină *et al.*, 2012; Gușe *et al.*, 2016) report low levels of disclosures, especially in early years.

The SER legislative framework that emerged in the recent years as a result of the EU Directive imposed mandatory rules and put pressures for developing SER and CSR more broadly (The CSR Agency, 2016). Indeed, these requirements immediately boosted the number of entities expected to report. Whereas about 60 companies were reporting on a voluntary basis before the new mandatory requirements (CRPE, 2015), in 2020, about 700 companies fall under the scope of the law.

In addition, public pressures boosted SER. Media outside Romania was an especially significant push for MNCs and listed companies that “are under more public scrutiny” (I13, CSR consultant). Local media and civil society instead have had a low voice in transitional Romania (UNDP, 2007), with a few exceptions (Apostol, 2015). Some NGOs became very active in promoting and expecting responsibility, transparency, and accountability in recent years (The CSR Agency, 2016), making companies more concerned “not to have a low transparency score” (I18, ARIR). Civil society actors constantly increased their power with visible results:

Companies have to be aware about their responsibility, and they will report. For example, the civil society was active in pushing supermarket chains to be more responsible, and now they do that because they are aware that they are visible. (I22, MFP)

This new logic was supported by an institutional infrastructure developed to foster CSR and SER initiatives – e.g. CSR and SER awards [3] or the inclusion of nonfinancial reporting in the analysis of transparency of listed companies by the Romanian Investors Relations Association (Ro. Asociația pentru Relații cu Investitorii la Bursă din România (ARIR)). This infrastructure created comparative tools to distinguish good CSR performers from the poorer ones, extending competitive pressures even further. Part of this infrastructure were also new consultancy firms in the field, some of which represented international networks opening subsidiaries in Romania. These firms also conducted regular research studies (EY and CSR Media, 2015; KPMG, 2017; The Azores Sustainability and CSR Services, 2017; The CSR Agency, 2016) and organized public events on SER. Even if the infrastructure of the field improved, extant SER practices testify for a slow institutionalization of this logic:

Our company consistently analyzes the reports of 694 large companies in Romania [those with more than 500 staff] regarding their social sustainability practices to create a CSR index. [...] Of these 694 companies, only 13 of them published a CSR report in 2017. Some others have CSR brochures or mini-reports—how they call them – which are three or four pages long. (I13, CSR consultant)

This result is explained by how imprints evolved over time. At society level, *discretionary freedom* has continued to decay in the late transition mainly because of an increase in law enforcement and because of the negative publicity around flagrant abuses (Apostol, 2015). Moreover, the significance of the *profit primacy* imprint had diminished in the late transition. We can assume that the influence of the imprint still remains strong, especially in relation to the business case for SER; yet it seems that it has timidly begun to accommodate non-business concerns too. This slow change of the imprint resulted from the emerging pressures from the business arena: business partners, competitors, internal and external customers, investors interacting with Romanian companies, and insurance companies interested in CSR-related risks; all these pressures intensified their expectations for social and environmental information:

This peer-pressure mostly comes from competitors within the same industry and particularly the ones outside Romania. This is the most important pressure felt. (I17, Big 4)

This [worldwide development of CSR in the sector] acted as a catalyst for us. The colleagues from various departments better understood the need for transparency and the fact that reporting is good for our business and our clients. (*The CSR Agency, 2016*, p. 65)

Therefore, SER started to be conceived as a tool for accountability. Mandatory reporting was perceived by field-level members as instilling an accountability ethos—even for those companies that do not fall under the scope of the legislation—as one MNC representative [a subsidiary with more than 500 employees for which local reporting is not mandatory] acknowledged:

We will report nonfinancial items too. Personally, I am happy about this new obligation because I am a big fan of transparency. I do believe that public-interest information that is going public helps improve the world. We should be able to make those reporting entities better account for their actions and assist them to improve, regardless of whether we talk about private or state entities. (I25, MNC subsidiary)

Where accepted, the logic caused a growing interest in stakeholders, leading to the internalization of CSR practices and connection of internal practices with external SER, as the quotations below exemplify:

These concepts [around sustainability] are roaming freely in the PR departments. But when they get out, they do not return any more. They become KPIs and land under the engineers' jurisdiction; [...] they change from number of trees planted by our colleagues and clothes for children into, for example, kw saved, tons of CO₂, recycling percentages. In short, they receive substance [...] and become the job of production, logistics, investments, taxes, or energetic management. Suddenly it is everyone's job [...]. (Big 4, in *The CSR Agency, 2016*, p. 88)

We considered that hiring an external consultant to do your job [SER] does not help us in the internal learning process because people would have perceived it as being something formal. The consultant measures and computes something ... our goal was to internalize these issues [...] We chose the longer and the more difficult solution [...]. (preparer, in *CRPE, 2015*, p. 6)

At times, CSR is practiced but does not result in SER, given the high costs of reporting. As noted by some informants, some companies “are not doing CSR activities for the media ... but for real” (I1, Big 4); yet many of these activities remain undisclosed, “partially because of the costs involved” (I1, Big 4). Despite the promising progress in the field, the number of reports still remains low today and the internalization of CSR remains scarce (*Sucală and Sava, 2017; The CSR Agency, 2016*), largely under the effect of *secrecy* and *decoupling* imprints.

Despite its decay and the pressures for transparency, the *secrecy* imprint continues to play a role even in the late transition. The *decoupling* imprint persisted and manifested here as the adoption of nonfinancial reports that only formally complied with legal requirements, which resulted in superficial SER compliance. For instance, an interviewee explained how SER was made up of brief documents that did not resemble proper reports:

My estimate is that 90% of companies are merely compliant and only the remaining 10% are doing a good job. Most of these 10% are MNCs and very few have Romanian capital. [...] Look at the public interest entities' reporting, particularly the state-owned ones. They merely filled out a declaration without much substance. (I1, Big 4)

Decoupling surfaced also in the tendency of reporting companies to avoid disclosing facts in general, particularly negative facts, which was indicative of low-quality reports:

We analyzed most reports published in the last two years. [...] Companies tend to report little information. ... they do not report the measures taken where they make an impact; they report what is convenient, what is to their advantage, and less what is necessary. (I20, CSR consultant)

In conclusion, the emergence of a legislation-driven logic is salutary, as it slowly pushes to the forefront values such as transparency, internalization of responsibilities, and reporting as an

expression of actual practices. All of these are deemed important in advancing substantial progress toward a business agenda that is less harmful for society and the natural environment.

7. Discussion and conclusion

This paper responded to calls to devote more attention to contexts outside the West (Belal and Momin, 2009; Belal *et al.*, 2013). The post-communist CEE countries – exhibiting different features from other less developed or post-communist economies (e.g. Asian or African countries) – were largely neglected in prior studies [4]. Communist enterprises pursued broad missions that covered social protection for employees; yet they severely tainted the natural environment by following massive industrialization processes. The abrupt transformations occurring after the collapse of communism in the late 1980s implied drastic alterations of the role of business in society. Adjusting to democracy and the neo-liberal ideology was not an easy task, and the turmoil of the early days of transition persists in some of these countries. In this respect, Romania is one of the best examples of the region, providing a rich setting in which to examine SER practices.

Our results documented a dynamic institutional field of SER in the process of formation post-1989. The field transitioned from homogeneity and a hegemonic presence of the central state authorities during communist times to diversity and multiple logics that framed SER differently, in close connection to the role of social and environmental considerations for businesses. The richness of the field originates in a blend of logics that combine local and Western conceptualizations of reporting. The local state logic emerged early in the communist era, reflecting some business responsibility as state policy but with no obligation to disclose it publicly. The wild capitalism of the early transition is marked by a “no CSR, no SER” logic, which annihilated the broad range of responsibilities enterprises pursued in the communist era and did not favor the adoption of Western-based SER practices. It is in this local context that two Western logics arrived. Romania’s exposure to Western practices gave rise to the emergence of a business-oriented logic (Salzmann *et al.*, 2005) in which SER mostly featured legitimacy interests (Cho, 2009; Cho and Patten, 2007). In Romania, its scope has been even narrower, covering mostly philanthropic actions, with PR and public visibility apparently leading to some superficial and insincere practices. These are not necessarily unique to the Romanian settings, signaling a broader problem of SER (Cho *et al.*, 2015, 2018). Yet the hope comes from the new European regulations on nonfinancial reporting that seemingly trigger the emergence of a more meaningful institutional logic – one that puts more pressure on making SER a business exercise that has societal relevance.

We note the distinct manifestations of logics over time, although the evolution reflects to some extent a process of cohabitation rather than straight replacement. We explain this evolution by focusing on the legacies of past logics (imprints). We provide evidence of how multiple imprints, rooted in the communist era and in the early transition period, shaped the SER logics, even when they originated outside Romania. This finding is in line with prior evidence on global practices being “localized” or adjusted to suit the local settings (Belal *et al.*, 2017). This adds to prior studies claiming that SER is not easily transferable to countries outside the West, with the local culture and historical institutions having, at times, unforeseeable effects (Islam and Deegan, 2008; Lauwo *et al.*, 2016; Margerison *et al.*, 2019).

However, our analysis showed how imprints influenced each of the above-mentioned logics, either giving them a boost (mostly in the case of local logics) or, on the contrary, impeding their development (in the case of imported logics). We claim that this is coupled with patterns of imprint development, as elaborated below.

We selected four major imprints for our analysis. First, at the society level, we looked at the role of the state and the primary objective of the economic activity. Communist ideology had *state centrism* and *primacy of collective good* at the core of its values. These imprints

suffered transformation, which is a development pattern. This is because being in the collective memory strongly associated with the communist oppression, these values were quickly replaced in the early transition by *discretionary freedom* and *profit primacy* to reflect an antithetical ideology (Simsek *et al.*, 2015). This means that when imprints of the past clash with the prevailing ideology of the present, they suffer drastic alterations and are replaced with imprints that are the opposite of them.

The mutated imprints that emerge as a result of such transformations (e.g. discretionary freedom) seem to be in line with the new neo-liberal ideology of capitalism. However, their grounding in the historical past, as hostile reactions to communism, creates unforeseeable consequences. In Romania, as probably in the rest of CEE, the acute desire for long-craved freedom resulted in deplorable abuses (e.g. of employees or the environment) that would not be tolerated in a Western democracy (Sucală, 2015; The CSR Agency, 2016).

Transformed imprints had diverse effects on the formation and reception of foreign logics, which prevents us from having a clear stance on their impact. *Discretionary freedom* helped neither of the incoming foreign logics because it denied SER and other CSR practices. *Profit primacy* apparently boosted the business case logic; yet it narrowly shaped its content. However, these imprints decay over time as a result of rule development and enforcement and the accountability pressures from internal (NGOs, competitors, general public) or external (MNCs, transnational organizations) actors. Their decay slowly made room initially for SER as legitimacy for profit and then for SER as accountability practices. With these new logics becoming more accepted, these imprints will continue to decay, which will facilitate logics' wider acceptance.

Second, we looked at two organizational imprints, *secrecy* and *decoupling*, which emerged in communism and persisted long after. These imprints reflect the communist practices of making no public disclosures and manipulating hierarchical reports when superiors had unrealistic expectations. These imprints persisted because there was a coherency in interests (Marquis and Tilcsik, 2013). *Secrecy* proved useful in the wild capitalist conditions, serving well the liberation aspirations of companies, when SER was disregarded (Tilcsik, 2010). The lack of external disclosures hence manifested in Romania as a residue of the past that still affects practices today in a subtle but consequential manner. However, when the business secrecy imprint was no longer congruent with the business interests of the mid- to late-transition (e.g. legitimacy-seeking), it started to decay. Consequently, SER increasingly became accepted but was mostly practiced as image management. Public pressures for transparency, combined with the emerging institutional infrastructure, further contributed to the slow decay of business secrecy.

The *decoupling* imprint persisted, despite its momentary decay in the early transition, but suffered mutations in its content. From being the result of strict state impositions in communism, decoupling was re-articulated from a capitalist perspective to reflect dissociation from expected compliance with SER regulations by adopting an image enhancement approach. This shows that an imprint may survive when it can mutate to become aligned to the changing circumstances. Although apparently contributing to the acceptance of the business case logic in the local settings, *decoupling* also narrowed down its content to philanthropy actions. Moreover, it provided no fertile ground for the legislation-driven logic to develop.

Our fine-grained analysis indicates that the institutionalization of SER logic into the Romanian context is not so much a question of practical impediments but of historically grown economic, cultural, and social assumptions. The country's broader political and economic context has shaped values that fundamentally differ from the Western settings and created different manifestations for the institutional field of SER. We showed that the Western logics slowly trigger a change in practices, which in turn affects business values, slowly contributing to the decay and alteration of (some) imprints. We thus complement current literature (e.g. Dumitru *et al.*, 2017; Jindrichovska and Purcărea, 2011; KPMG, 2017) in

the region finding, mainly through the content analysis of organizational reports, an increase in SER. Our longitudinal analysis shows that the process is slow, resulting in local practices and adaptations of the new logics, which in turn will impact future practices. As such, the past seems to fade away only very slowly.

Our study also has policy implications. When planning regulatory norms, authorities should first consider how the cultural background of a country may affect new business practices. The collective memory is not quick to adjust to abrupt and disruptive societal changes and can retain old values, beliefs, and norms for a long while. Old norms and values first need to be de-institutionalized, as “change will involve the unlearning of what has been ingrained” (Hoffman, 2001, p. 148). The communist past will still live in its imprints for some time and influence the business environment (Shinkle and Kriauciunas, 2012) and the CSR practices (Raynard, 2016) of post-communist economies.

One of the limitations of our study is the small number of interviewed company representatives. However, business people’s opinions are well-voiced in the study. In addition to our interviews, we used multiple prior studies that provide insights into companies’ experiences (e.g. CRPE, 2015; The CSR Agency, 2016). Capturing the concerns of the stakeholders in non-Western countries is important to avoid the pre-eminence of corporate discourse. Another limitation comes with the retrospective nature of our study that poses challenges to informants. They may suffer from memory shortages, or they may involuntarily alter the perceptions of past events. We addressed this problem by triangulating, validating our data, and interviewing a diversity of expert actors in the CSR/SER field in Romania.

More research is needed on the making of the SER field in economies outside the West. As alluded to by Tilt (2016, 2018), these countries follow different paths of development, and unique insights from various institutional settings can contribute to a better understanding of this field. Local insights may serve as useful resources not only for academics but also for practitioners and regulators because they illuminate the development journey and institutionalization as a process, not an outcome. We suggest that an institutional approach employed in conjunction with a culturally informed theoretical framework can provide fruitful avenues for further research.

Notes

1. Only very small entrepreneurs, such as craftsmen, were allowed to continue operating on a private property basis (Coros, 2012).
2. For convenience reasons, we put imprints in italics, and the implications for the associated logic are underlined.
3. For example, in 2015, Deloitte introduced the Green Frog award in the region. Various organizations and NGOs give CSR and CSR reporting awards: e.g. The Azores, a consultancy firm that created an annual CSR index based on transparency since 2015 (<https://www.theazores.ro/romania-csr-index/romania-csr-index-2019/>).
4. A body of largely untheorized research exists in national and regional academic journals.

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