SUSTAINABILITY & DECISION-MAKING DYNAMICS

EXPLORING INSTITUTIONAL LOGICS AT A DESIGN-BUILD CONTRACTING FIRM IN SWEDEN

Master's Thesis in Design and Construction Project Management

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CHALMERS UNIVERSITY OF TECHNOLOGY
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ABSTRACT

The Swedish construction industry is navigating a perfect storm of economic recession, geopolitical tensions, and escalating sustainability requirements. This master's thesis explores how key players in the Swedish commercial construction sector adapt to these pressures, using Institutional Theory to analyze decision-making dynamics. Utilizing an exploratory approach, the research integrates a comprehensive literature review with qualitative data from interviews with stakeholders in a major Swedish design-build contracting firm, referred to as "The Organization."

Findings reveal that internal power dynamics, influenced by institutional logics, play a crucial role in prioritizing and integrating sustainability within the firm's strategy and operations. The study identifies three strategic responses to sustainability pressures: conformity, compromise, and avoidance. These strategies result from a complex interplay of business, sustainability, project, and professional logics. The research highlights the necessity for firms to innovate and integrate sustainability into their core business models, ensuring both compliance and a competitive edge.

This study enriches the understanding of organizational behavior in the construction industry, illustrating how firms tackle sustainability challenges in a risky economic landscape. It provides valuable insights into the decision-making processes that shape sustainable practices, offering a solid framework for future research on institutional logics and their influence on organizational strategy.

Keywords: Institutional Theory, Logics, Responses, Complexity, Isomorphisim, Knowledge Sharing, Interpretivist; Gioia Framework, Sustainability, Decision Making, Construction Industry, Sweden, Organizational Behavior.

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PREFACE

We, Oscar and Karl, began our journey in the Master's Programme in Design and Construction Project Management (MPDCM) with firm beliefs about project management. However, our two years of study revealed more questions than answers, leading us to investigate deeper into the complexities of the field. This research study represents our quest for deeper understanding, addressing the significant challenges faced by the construction industry amidst the current tough economic environment and growing sustainability requirements.

We extend our heartfelt gratitude to our persistent and supportive supervisors, Senior Researcher Stefan C. Gottlieb from Aalborg University, and Fredrik, Senior Project Manager and supervisor from "The Organization." Your guidance has been invaluable. We also deeply appreciate all interviewees at "The Organization" and Chalmers University of Technology for their precious time and contributions.

This study is not merely an academic exercise but a meaningful exploration of how to navigate and innovate within the continuously evolving landscape of project management. We hope our findings will contribute valuable insights to the field and inspire further research and innovation.

1 INTRODUCTION

1.1 Background: Industry Context and Research Motivation

The Swedish economy is currently experiencing a recession significantly influenced by the Covid-19 pandemic and the Russian-Ukrainian war. Although the construction industry as a whole shows signs of growth, primarily driven by high governmental investments in infrastructural projects, notably by Trafikverket, the housing and commercial building sectors are suffering due to several adverse factors. These include high inflation, rising unemployment figures, increasing interest rates, rising building material costs, disrupted supply chains, decreased expenditure, and tighter governmental monetary policies. These factors particularly impact rate-sensitive purchase power parity (PPP) households and businesses, exerting significant stress on an industry already marked by tight margins.

Compounding this challenging situation are the newly introduced sustainability requirements and demands set by local authorities, regional regulatory bodies, and agreements such as the EU taxonomy goal. Increased public awareness of environmental threats and heightened rivalry among existing industry players over the newly differentiated market further intensify these pressures. These sustainability requirements not only increase material costs and total project costs but also require significant innovative investments to meet sustainability goals.

Given the current economic environment and low-profit margins, construction companies are struggling to survive whilst simultaneously meeting new sustainability requirements. This highlights a major dilemma on how companies can navigate the earlier challenges and what is the power dynamics interplay that drive their sustainability endeavors as much as insuring their profitability survival acquirements?

1.2 Theoretical Framework and Research Approach

Scholars and social behavioral researchers, such as Friedland, Alford, Thornton, Ocasio, and Lounsbury, within sociology and organizational studies, have been investigating and analyzing the adaptation and response of organizations and firms to internal and external forces. Utilizing the Institutional Theory lens, these scholars recognize and identify the formal and informal negotiation dynamics, known as institutional logics, which influence organizations' strategies, policies, tactics, and actions.

Institutional Theory provides a valuable framework for understanding the decision-making dynamics in organizations, particularly in complex and uncertain environments. This study recognizes the human element in projects, which is governed by uncertainties and intrinsic motivations. Acknowledging this, our research adopts an exploratory approach to embrace uncertainty and seek a deeper understanding of the challenges faced by the construction industry in Sweden.

1.3 Aim

The Thesis Study aims to explore and learn how actors in the Construction Industry, more precisely the Building Sector, in Sweden have been reacting and adapting to the increased Internal and External Sustainability pressures within the current tough economic environment.

The goal would be to understand, identify and illustrate the dynamics and logics lying behind the formal and informal decision-making processes that tend to lead to promoting or demoting more Sustainable projects.

1.4 Scope

Focusing the Research work and setting a clear scope will render a viable study that is well rooted and could be basis for future research. The study is based on two pillars, a Theoretical Framework, covering the secondary data research material as well defined in section "1.2 – Institutional Theory and Decision-Making", in addition to the primary data research material, which will be collected via empirical data. The research study tackles the Swedish Construction Industry, where the study will focus solely on the Commercial Construction Building Sector while assessing one of the major influential players, an Integrated Design-Build Contracting Firms, "The Organization".

1.5 Research Focus and Questions

The Research Study's focus is to investigate how does the Institutional Theory in Behavioral Sciences interpret and explain the Internal Power Dynamics, later addressed as Logics, within Firms in the Construction Industry in Sweden, "The Organization" of choice, do respond to the increasing External Sustainability requirements and demands. It is interesting to explore how the latter interplay is shaping and/or influencing the Decision-Making Processes across "The Organization" strata. Moreover, it is beneficial to investigate how this is further manifested within the Firm's Strategy, Policies and reactions to the market demands.

Research Questions pursued, are:

- Defining and Perceptions of Sustainability: How do different management levels and functions within "The Organization" define and prioritize aspects of sustainability in their strategic and operational decisions?
- Drivers and Barriers for Adoption of Sustainable Practices: What are the key factors driving or hindering the adoption of sustainable practices at "The Organization"?
- Internal Power Dynamics and Decision Making: How do internal power dynamics, characterized by institutional logics, influence (promote, block or slow down) decision-making processes related to sustainability efforts at various organizational levels?
- Institutional Logic and External Sustainability Demand Pressure: How does institutional logic shape "The Organization" respond to external sustainability demands?
- Financial Analysis and Project Evaluation: How do financial considerations like net present value (NPV) and discounted cash flows influence the prioritization of projects (Sustainable or Less Sustainable) within "The Organization"?

- Variations in Managerial Responses to Institutional Pressures: Differences in how sustainability pressures are handled on different managerial strata and functions within "The Organization", what are the motivations and institutional logics driving these differences?
- Profitability and Sustainability Conflict and Trade-Offs: How does "The Organization" resolve potential conflicts between external sustainability requirements and internal profitability goals?
- Sustainability as a Strategic Response: To what extent are "The Organization" sustainability efforts influenced by market demand trends, adaptation to economic conditions, and/or genuine environmental concerns?

1.6 Limitations

We limit the study exclusively to a theoretical framework in institutional theory, empirical data collected through qualitative interviews and company reports (published and non-published) focusing on the topic of sustainability and how it is incorporated/valued in the decision-making processes. We will compare and study two on going commercial, office building projects in Stockholm, Sweden and try to identify how Institutional Theory logics interplay and thus affect the decision-making outcomes.

1.7 Contribution and Uniqueness

This study aims to provide a better understanding of decision-making processes at major players in the construction industry, emphasizing the integration and prioritization of sustainability. By integrating Institutional Theory with empirical investigation, this thesis contributes to a deeper understanding of how sustainability influences decision-making processes in the construction industry. It provides unique insights into the internal and external forces shaping industry practices, offering a robust analysis of how theoretical models apply in real-world contexts.

1.8 Ethical Considerations

All research activities will be conducted in accordance with ethical standards for academic research. Participants will be informed of the study's purpose, their rights, and how their data will be used. Confidentiality and anonymity will be strictly maintained, with all data securely stored and accessible only to the research team.

2 METHODOLOGY

2.1 Research Approach

Recognizing the complexities and uncertainties inherent in projects, particularly those driven by human elements and intrinsic motivations, we adopted an exploratory approach. This approach is designed to understand the dynamics influenced by conflicting internal and external pressures, including institutional forces. Our aim was to uncover the underlying factors driving decision-making and organizational behavior within this context.

After reviewing a broad range of scientific management theories, from classical approaches to change management, we decided to anchor our study in institutional theory. This framework provides a comprehensive foundation for understanding the complexities of change within specific fields or contexts. Our research focuses on a large design build contracting organization in Sweden labeled “The Organization” with operations in the built environment sector, which engages in a wide range of functions amongst the building process. Through the lens of institutional theory, we examine how this organization responds to pressures from its contextual environment. Specifically, we investigate which institutional logics within “The Organization” drive changes in response to increased sustainability demands from external constituents. Additionally, we explore what guides decision-making and how sustainability is included, what aspects of decision-making carry the greatest gravitas.

2.2 Secondary Data and Theoretical Foundation

Given the exploratory nature of our research, we developed the literature review iteratively, informed by ongoing observations at the investigated organization. This method allowed us to gain an understanding of the phenomenon under study before formulating specific research questions.

To analyze the qualitative data, we established a theoretical framework grounded in Institutional Theory. This framework focuses on how institutional logics shape decision-making processes related to organizational sustainability. Institutional Theory is particularly useful for interpreting how organizations navigate complex and often conflicting pressures from both internal dynamics and external institutional forces. This perspective is elaborated in the Literature Review Chapter, under the themes of normative, coercive, and mimetic pressures.

Our objective in utilizing secondary data research is to understand the decision-making processes related to sustainability within “The Organization”. Institutional Theory, as articulated by scholars such as Greenwood et al. (2011), DiMaggio and Powell (1983), and Thornton and Ocasio (2008), provides insights into how organizations strategically respond to institutional complexities. It examines the influence of internal and external pressures on strategic responses and conformity among different internal stakeholders, as well as the role of institutional logics in guiding decision-making (Oliver, 1991; Thornton and Ocasio, 2008).

This structured approach allows us to comprehensively analyze the interplay between institutional pressures and organizational behavior, providing a robust foundation for our research findings.

2.3 Primary Data: Context - Defining “The Organization”

The organization under investigation, referred to here as “The Organization”, operates primarily in the contracting sector, with a significant international presence. Beyond contracting, it is engaged in various segments of the construction industry, including commercial and residential development, infrastructure, and the production of industrial goods such as concrete and construction services. Within the Scandinavian construction sector, “The Organization” holds a central and influential position. Many other companies within the industry have modeled themselves after this organization, adopting similar successful practices, reflecting a mimetic isomorphic change typology. Due to its extensive operations and financial strength, numerous industry players actively seek to secure contracts with “The Organization.”

2.4 Research Method

2.4.1 DATA COLLECTION APPROACH

The research employed a pattern-inducing technique to identify and compare patterns within "The Organization" against the ideal type (logic) specified in the theoretical framework. This approach aims to uncover how "The Organization" responds to institutional complexity.

Key internal stakeholders at "The Organization" across various functions and capacities will be interviewed to gather qualitative data. Using open-ended interviews, participants will guide the conversation, allowing for a deeper understanding of how different entities perceive sustainability. This approach ensures an unfiltered perspective on the subject. All interviews will be recorded and transcribed for thorough analysis.

2.4.2 INTERVIEWS FORMAT

Interviews will be structured around themes identified in the literature review, ensuring that predetermined themes are explored while remaining open to new, emergent data. Guiding questions under specific themes will encourage interviewees to share examples of their practices, for instance:

- "How are management decisions made during the inception of a project? Are there specific elements that greatly influence decision-making?" This question aims to identify the hierarchy level in decision-making, the role of internal or external members, and the influence of their logic on the interviewee's logic.
- "If you had more influence (dominating logic) in your latest project, what would be the greatest difference?" This question probes the Interviewee to share their logic and driving values.

Proper responses will enable post-interview processing to categorize the underlying meanings according to the framework by Oliver (1991: p. 152).

2.4.3 INTERPRETIVIST DATA ANALYSIS TECHNIQUE

The qualitative data will be analyzed using pattern induction techniques (Reay and Jones, 2016) and structured through the Gioia Methodology. This approach aids in the identification and coding of recurring themes and institutional logics. The pattern-inducing method captures logics by analyzing qualitative data from a bottom-up, inductive perspective. Researchers collect empirical textual data from interviews, direct observations, and personal experiences, and then identify logics by coding the text to reveal behaviors or beliefs guided by these logics. This technique focuses on both the symbolic and material aspects of logics (Friedland and Alford, 1991). Unlike methods that convert text to variables or impose external frameworks, this approach allows patterns to naturally emerge from the data, with text segments from interviews, field notes, or documents grouped into meaningful categories that represent behaviors associated with one or more logics.

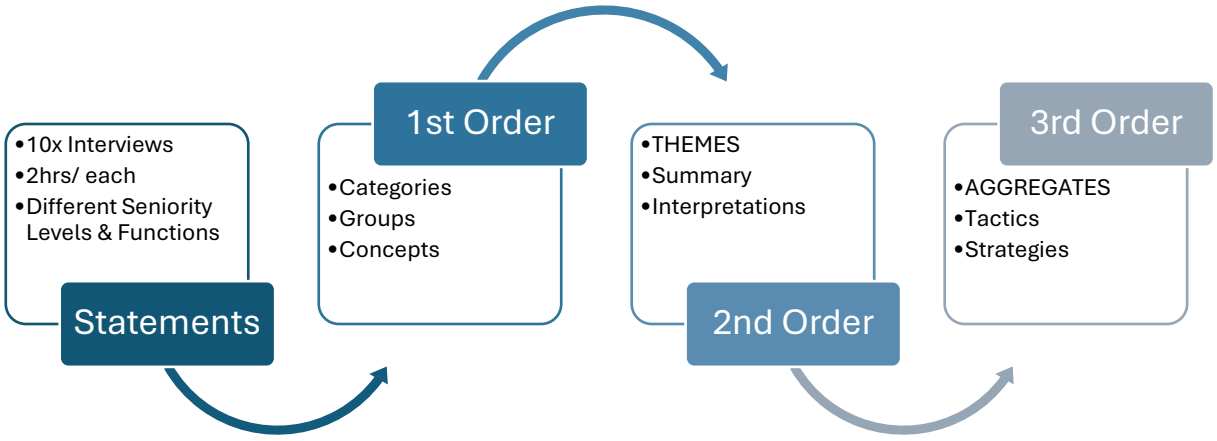

Figure 2-1: Gioia Analysis Framework

2.4.4 EMPIRICAL DATA STRUCTURING

The Gioia Methodology was selected for structuring empirical data following a discussion with our supervisor. This methodology is particularly effective for making sense of qualitative data. The structuring process was conducted as follows: interviews were transcribed, and the transcriptions were analyzed and coded using the framework provided by Reay and Jones (2016) to qualitatively capture institutional logics. Each coded segment was then grouped with similar statements, forming the 1st order concepts. These groups were then assessed through the theoretical framework to understand the practical actions of "The Organization," leading to the development of themes for each group, thereby creating the 2nd order structure. Finally, an aggregated response (3rd order) was identified by processing each theme (2nd order) based on Oliver's (1991) framework of organizational responses to institutional complexity.

To assess "The Organization's" reaction to institutional pressure from its environment and apply the theoretical framework, two core research methods were employed:

- Pattern-Inducing Techniques: Utilized to qualitatively collect institutional logics (Reay & Jones, 2016).
- Gioia Methodology for Data Structuring: Employed to make sense of the collected data (Gioia, Corley, & Hamilton, 2012).

To determine the strategic response, or multiplicity of responses, that "The Organization" employs in response to institutional complexity, Oliver's framework of Organizational Strategic Responses (1991) was applied. This framework identifies a repertoire of five typical responses, ranging from conformity to resistance to external demands, and incorporates Pache and Santos' (2010) additions addressing logic centrality and periphery.

An inductive approach to data capture, as proposed by Reay and Jones (2016), was utilized to capture logics and identify the response(s) to institutional complexity within "The Organization." This involved coding the interview data to pinpoint the logics guiding the interviewees, projecting theory onto empirical data as both material and symbolic (Friedland & Alford, 1991). The Gioia et al. (2012) data structuring framework was then applied to make sense of the data and answer the research questions, thereby understanding how "The Organization" reacts to institutional complexity related to sustainability.

2.4.5 CASE STUDY SELECTION

To illustrate and analyze the discrepancies in decision-making logics and factors influencing project outcomes, this research study includes two case studies, at "The Organization".

- Alpha, an ongoing project
- Delta, a project recently put on hold.

These projects were selected due to their contrasting statuses and their potential to provide valuable insights into the organization's decision-making processes. A systematic comparative analysis will be conducted between the two case studies to identify the different applications and impacts of institutional pressures.

2.4.6 EMPIRICAL DATA DOCUMENTATION

A thorough analysis of the projects' documents, meeting notes, and internal communications was conducted to create a detailed view of each project's context and outcomes. This analysis aims to highlight the dynamics and operational decisions within these specific cases.

2.5 Summary

This structured methodology is designed to conduct a comprehensive research study that highlights both the theoretical and practical aspects of institutional pressures and their effects on organizational decision-making at "The Organization." It aims to identify challenges and responses based on Institutional Logics in the context of the current economic environment and escalating demands for sustainability. Furthermore, this approach explores the underlying dynamics, highlighting how such pressures tend to shape the firm's strategic decisions.

3 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

To investigate our research questions, this literature review employs Institutional Theory as the primary framework. This theory is particularly suited for examining how organizations are shaped by their social and institutional contexts, including formal and informal rules, norms, and belief systems. Institutional Theory provides an accurate lens for exploring the complex dynamics of organizational behavior, especially within sustainability practices. While traditional methods often view decision-making as a series of rational calculations, the concept of bounded rationality, introduced by Williamson (1975), underlines the importance of factors such as intuition, irrational behavior, informal relations, conflicting interests, uncertainties, trust, personal preferences, and historical context.

Insights from behavioral studies and social sciences are essential for addressing these elements, making Institutional Theory an ideal choice. By focusing on institutional logics and isomorphism, this chapter aims to explore how these concepts apply to sustainability practices at "The Organization." Through a detailed analysis of the literature, we illustrate how institutional logics shape organizational behavior and decision-making, highlighting the dynamics at play. Ultimately, studying decision-making, power dynamics, relationships, and human interactions requires a focus on cultural contexts, uncertainty, trust, alliances, conflict, allegiances, and social relationships, which Institutional Theory well addresses.

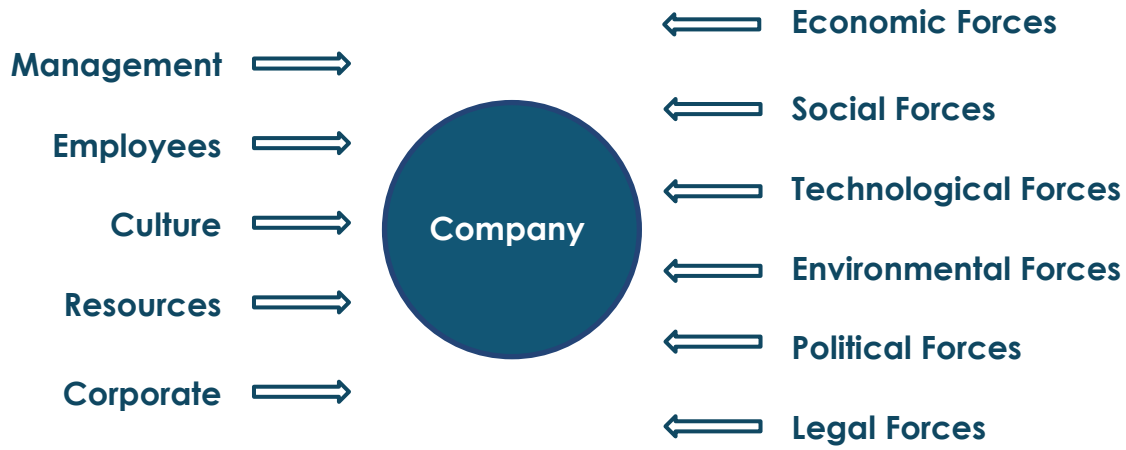

Figure 3-1: External & Internal Forces Acting on Organizations Illustration

3.1 Definition and Evolution of Institutional Theory

Definition: Institutional theory places institutions at the center of analyzing organizational design and behavior. It posits that organizations are local manifestations of broader institutions. These institutions, seen as taken-for-granted beliefs, rules, and norms, shape the creation and dissemination of organizational forms, design features, and practices. Adhering to institutionalized prescriptions helps organizations gain legitimacy, reduce uncertainty, and enhance the intelligibility of their actions and activities (Berthod, 2018).

In 1977, Meyer and Rowan revolutionized the understanding of institutional rules within formal organizational structures by proposing that these rules often act as myths. These myths, when adopted by organizations, enhance their legitimacy, stability, and longevity. Meyer and

Rowan (1977, p.345) noted that organizations aligning with these myths "expand their formal structures so as to become isomorphic with these new myths", essentially conforming to what is perceived as the "right way" to do business.

The article further examined the effects of isomorphism, discovering that it leads to a decoupling of structural sub-elements, both in terms of activities and their interrelations. This decoupling gives rise to rituals of confidence and good faith, which replace stringent inspections and effective evaluations (p. 360). Meyer and Rowan outlined several key implications of this process: as organizations institutionalize myths, they become more complex, gain legitimacy, and consequently achieve greater success. Moreover, both external and internal organizational control measures often fall into ritualistic conformity, prioritizing public image over the effective coordination and management of critical exchanges, such as partnerships and relationships.

3.2 Isomorphisim

Building on Meyer and Rowan's foundational work, Institutional Theory advanced significantly over the following decade. DiMaggio and Powell (1983) expanded the concept of isomorphism, identifying three distinct processes through which organizations experience pressure and change: Normative, Coercive, and Mimetic Isomorphism.

This Trinity offers a comprehensive understanding of how and why organizations converge in their structures and practices. By incorporating these dimensions, Institutional Theory provides a robust framework for analyzing the complex interplay of forces shaping organizational behavior, particularly in response to internal and external pressures. This deepened perspective helps interpret how organizations navigate the complex landscape of sustainability initiatives, balancing legitimacy, efficiency, and strategic adaptation.

Isomorphism refers to the process by which organizations become similar over time as they respond to similar environmental pressures. DiMaggio and Powell (1983) identify three mechanisms of Isomorphism Coercive, Mimetic, and Normative, that explain how and why organizations shape themselves due to various sources of pressure.

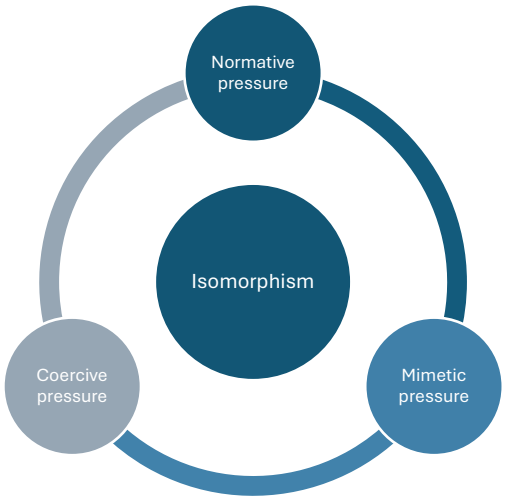

Figure 3-2: Trinity of Isomorphic Processes Illustration

A. Coercive Isomorphism

Coercive isomorphism arises from regulatory pressures and legal requirements, compelling organizations to conform to external mandates from regulatory bodies, laws, and powerful stakeholders to gain legitimacy. A means to coercively enforce power over constituents in a context. In today's organizational context, this involves complying with stringent environmental regulations and sustainability standards imposed by for example the European Union (EU) with their Taxonomy framework ((EUa), 2020) and other governing bodies.

DiMaggio and Powell (1983) describe coercive isomorphism as stemming from both formal and informal pressures enforced upon organizations, experienced as persuasive forces. These pressures often come in the form of governmental mandates, such as national legislation on carbon budgets or the regulatory demands of the EU Taxonomy, which sets a compliance deadline of 2030 for sustainability standards ((EUb), 2022).

Organizations today must address these coercive pressures by adopting new practices and technologies to meet stringent environmental requirements. The urgency of compliance necessitates a strategic approach to integrate sustainability into core operations, ensuring that organizations not only meet legal standards but also enhance their legitimacy and commitment to environmental goals.

B. Normative Isomorphism and Professional Standards

Normative isomorphism emerges from professional standards and industry norms. It stems from professionalization and the establishment of industry standards and norms, with professional associations, educational institutions, and industry networks playing crucial roles in circulating best practices spanning beyond organizational boundaries, enabling cross-organizational isomorphic shaping (DiMaggio & Powell, 1983). This mechanism explains how organizations align its practices with industry norms to maintain its professional reputation and legitimacy.

Normative pressure arises primarily from the professionalization of work, described by Larson (1977) as "a collective struggle of members of an occupation to define the conditions and methods of work to 'control the production of producers'" (p. 49-52). DiMaggio and Powell (1983) further elaborate on this by highlighting the role of professionals in interacting with various entities—managers, clients, customers, and regulators—necessitating compromise with non-professionals.

Fundamental to the process of normative isomorphism are two key elements:

i. Formal Education and Cognitive Base: Education and training are exclusively managed by specialists and educators, providing a cognitive foundation for professional practices.
ii. Development of Professional Networks: These networks span organizations and facilitate the rapid diffusion of new ideas and innovations, potentially overriding traditional mechanisms of control within organizations.

Through these elements, normative isomorphism ensures that organizations adhere to established industry standards and professional norms, thereby maintaining legitimacy and enhancing their professional reputation.

C. Mimetic Isomorphism and Organizational Adaptation

Mimetic isomorphism arises when organizations imitate successful peers to navigate uncertainty and enhance legitimacy. Organizations in a field may adopt sustainability practices based on successful organizations within its field, to gain or maintain legitimacy and competitive stance.

DiMaggio and Powell (1983) describe mimetic isomorphism as a response to organizational uncertainty, distinct from the formal pressures of coercive isomorphism. When organizations face ambiguous goals or operational strategies, they often emulate the practices of more successful peers, engaging in an imitation game as explained by March and Olsen (1976) and March et al. (1978). This imitation becomes particularly relevant during periods of innovation or significant change, such as technical or industrial revolutions. Faced with new contexts, organizations reduce uncertainty by modeling their strategies after candidates perceived by successful by its context. For organizations, mimetic pressures may influence the adoption and implementation of sustainability practices. Coercive pressures from EU regulations, normative pressures from industry standards, and mimetic pressures from competitors collectively influence organizational decision-making.

Observing and replicating successful sustainability practices allows organizations to enhance their legitimacy and competitive edge. An effect while striving to replicate success is that organizations may unconsciously innovate by integrating unique attributes into their processes, which Alchain (1950) observed this differentiation can enhance the effectiveness of adopted practices.

3.3 Institutional Logics, Organizational Behavior and Decision Making

3.3.1 EVOLUTION AND ROLE OF INSTITUTIONAL LOGICS

Institutional Theory (IT) focuses on institutional logics (IL), which refer to the belief systems and associated practices that guide behavior within different institutional contexts. These logics provide a framework for understanding how organizations interpret and respond to various internal and external pressures (Thornton & Ocasio, 2008). This section explores the evolution of institutional logics, their role in shaping organizational behavior, and how they influence decision-making processes.

Institutional logics shape how organizations respond to internal and external pressures, influence collective identities, and guide the contestation for power and status within institutional contexts. These logics help organizations develop frameworks for interpreting and responding to the myriad pressures they face, guiding strategic decisions and actions.

Understanding the dynamics of institutional logics is crucial for comprehending how organizations navigate their institutional environments and achieve success. By shaping collective identities and influencing responses to pressures, institutional logics play a fundamental role in organizational behavior and decision-making. Recognizing the importance of these belief systems and practices enables a deeper understanding of the complex interactions that drive organizational success.

Institutional logics have evolved as a critical component of Institutional Theory over time. They are sets of behaviors or routines utilized by members to define appropriate behavior and affect how organizations perceive their context and achieve success. Performance criteria are often assessed based on adherence to these logics and routines established by management. Institutional logics attempts to explain organizational behavior and decision-making, furthermore, plays a major role in shaping responses to various pressures (Thornton & Ocasio, 2008).

3.3.2 INSTITUTIONAL LOGICS AND COLLECTIVE IDENTITIES

Collective identities emerge through social interactions within a social group (White, 1992). As these identities become institutionalized, they evolve into distinct logics that are central to the social group (Jackall, 1988). This institutionalization process creates unique institutional logics that shape organizational practices and responses.

Institutional logics influence both individuals and organizations by creating collective identities within institutionalized groups, resulting in a common system of values and beliefs (Thornton & Ocasio, 2008; Tajfel & Turner, 1979; March & Olsen, 1979). These shared systems of values and beliefs guide how organizations interpret and respond to various internal and external pressures.

The creation of collective identities within institutionalized groups leads to a shared system of values and beliefs that significantly influences organizational behavior. Institutional logics shape how organizations respond to pressures, guiding strategic decisions and actions. The

interplay of different logics within an organization can result in complex dynamics, affecting everything from daily operations to long-term strategic planning.

Institutional logics provide a fundamental framework for understanding how organizations develop collective identities and navigate their internal and external environments. These logics not only shape organizational responses but also guide the strategic decisions that influence overall organizational success. Understanding the role of institutional logics is essential for comprehending the complex dynamics that drive organizational behavior and decision-making.

3.3.3 CONTESTATION FOR POWER AND CULTURAL MANIPULATION

Thornton and Ocasio (2008) argue that a universal mechanism behind organizational and individual action is the contestation for power and status. This contestation involves manipulating relationships through cultural symbols and practices, which institutional entrepreneurs may utilize across different institutional orders. These entrepreneurs, striving to change logics, leverage cultural resources as a strategy for motivation and justification of their actions. They must become skilled cultural operatives capable of storytelling to explain and justify the need for change within their organizations (Lounsbury & Glynn, 2001).

Institutional entrepreneurs play a crucial role in the transition from one logic to another. They use the strength of cultural resources (i.e., non-materialistic) to motivate and justify changes, making them essential actors in the process of institutional change. Thornton and Ocasio (2008) emphasize that logics competing are not the sole reason for change but serve as prerequisites or aftermaths of change initiatives. The conflict that arises from these changes is often a reaction to efforts by institutional entrepreneurs to shift existing logics (Thornton, 2004).

3.3.4 EMERGENCE AND TRANSFER OF INSTITUTIONAL LOGICS

Institutional logics emerge from the inter-institutional system rather than organizational fields (Friedland & Alford, 1991). These logics are shaped and tailored to fit the organizational field where the organization operates. Principles and justifications of an institutional order can be transferred across industries, transforming themselves to align with the organizational context (Thornton & Ocasio, 2008).

Lounsbury (2001, p. 50-53) found through field studies that public organizations with programs enacted based on status creation responded more comprehensively to institutional pressure compared to those staffed based on role accretion, which were more ceremonial. This finding has implications for institutional change and social movements, illustrating how organizational structure and staffing influence responses to external pressures.

3.3.5 DECISION-MAKING AND INSTITUTIONAL ORDERS

Decision-making in organizations is guided by institutional logics, which Friedland and Alford (1991) described as a convergence of conflicting perceptions and practices within institutions. They identified three main pillars of institutional order in Western societies: political democracy, state bureaucracy, and capitalism, each linked to a symbolic system and material practices in a perpetual reproductive cycle. These institutional orders, each with a central

guiding logic, provide organizations with overarching principles and a sense of identity (Thornton & Ocasio, 2008; Friedland & Alford, 1991). Institutional logics influence both individuals and organizations by creating collective identities within institutionalized groups (Thornton & Ocasio, 2008; Tajfel & Turner, 1979; March & Olsen, 1979), thus forming a common system of values and beliefs.

3.4 Multiplicity of Logics

The coexistence of different institutional logics within organizations can result in compatibility or incompatibility, as discussed by Friedland and Alford (1991) and Greenwood et al. (2011). Greenwood et al. (2011) provides a framework that dissects how these competing logics influence decision-making processes at various organizational levels. This framework reveals how different dynamics play out through hierarchy, transactions, and decision-making processes.

In organizations, multiple institutional logics such as sustainability logic, corporate business logic, and project logic often coexist and may be mutually incompatible. Greenwood et al. (2011) offers a nuanced view of how these competing logics influence decision-making processes, particularly in the management of sustainability within organizations. Decision-making is driven by multiple factors, often resulting in conflicts between means and goals, such as implementing non-profit processes in a for-profit organization where profit generation is a primary objective (Pache & Santos, 2010).

A constellation of logics, with a dominant few at the core, can exist within an organization, influencing its operations over time. Goodrick and Reay (2011) found that in the historical context of the professional work of pharmacists in the United States, one highly dominant logic often holds significant influence.

Besharov and Smith (2014) proposed a framework to understand this interplay by assessing two dimensions of each logic: logic compatibility (with each other) and logic centrality (position within the organization's sphere of logics). They argued that organizations could exhibit different settings over time, transitioning between various ideal types: contested, aligned, estranged, and dominant. In a contested organization, a high degree of centrality and low compatibility reveals a pattern of high conflict. Conversely, in a dominant organization, routines and processes are influenced by a single logic with high compatibility and low centrality, supported by lesser logics.

3.4.1 LOGICS CENTRALIZATION AND FRAGMENTATION

In organizations, the intensity of different institutional logics varies over time, with their impact depending on the organization's position within the field, ranging from central to peripheral (Greenwood et al., 2011; Besharov & Smith, 2014). To address the complexity imposed by this context, organizations adopt various strategies. Greenwood et al. (2011) provides a framework that describes the iterative process through which organizations manage institutional complexity, as illustrated in Figure 3-3: Institutional Complexity Organizational Responses (Greenwood et al, 2011).

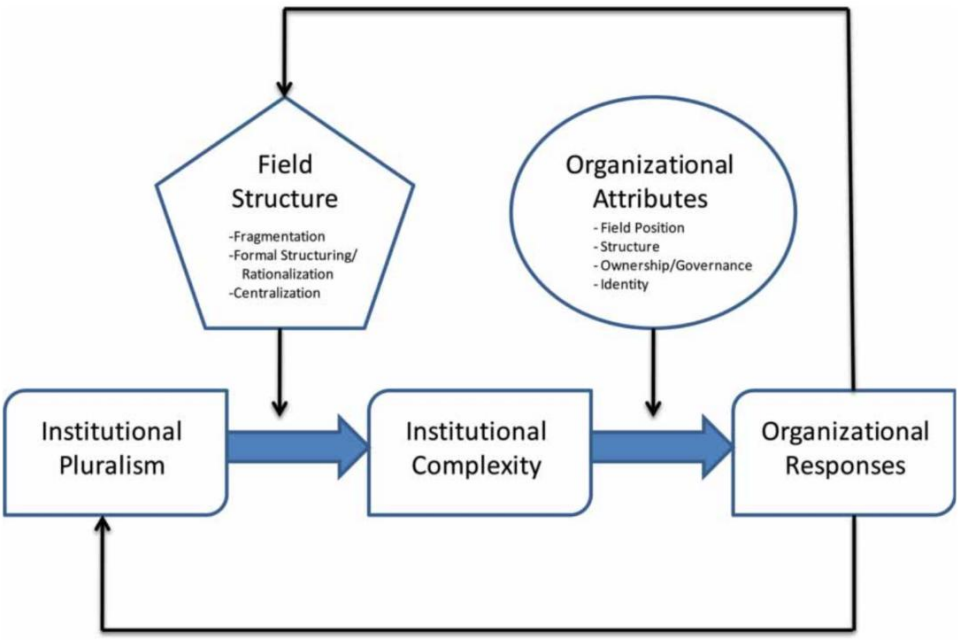

Figure 3-3: Institutional Complexity Organizational Responses (Greenwood et al, 2011)

Edvardsson et al. (2014) define institutions as collections of principles and norms within normative, regulatory, or cognitive environments that control interpersonal governance. These institutions are crucial for understanding their influence on value co-creation and the coordination of activities. Institutional theory explains organizational behavior within contexts such as markets, where organizations strive to uphold or increase legitimacy with various entities, including legislators and governmental bodies.

Institutional Logics play a significant role in decision-making processes, shaping behaviors and routines perceived as the "correct" way to act by organizational members. These logics guide organizations in conforming to or resisting changes demanded by their institutional environment (Oliver, 1991; Santos & Pache, 2010). The interaction between central and peripheral logics within an organization influences how it navigates and responds to institutional pressures, impacting its overall strategy and operational effectiveness.

3.5 Multiple Logics and Institutional Complexity

Institutional complexity arises when multiple institutional logics coexist within organizations, each exerting different forces and drivers. These competing logics significantly influence internal power dynamics and decision-making processes. According to Greenwood et al. (2011), this complexity often leads to tensions and conflicts, primarily due to ambiguity and disagreements over strategy implementation. Understanding these dynamics is crucial for comprehending how internal power struggles can either promote or hinder sustainability efforts.

Greenwood et al. (2011) explain that institutional complexity often results from organizations being pressured into unfamiliar territories by their contexts. Organizations frequently rely on

outdated prescriptions due to the presence of multiple, incompatible logics. This situation heightens internal tensions and poses significant challenges to long-term survival (Pache & Santos, 2010).

Høiland and Klemsdal (2022) illustrate that professionals often employ multiple logics when informally coordinating work, especially in overloaded and fragmented contexts. This contrasts with senior management, who typically apply logics as formal divisions of labor, exacerbating fragmentation and overload at the operational level. Thus, different levels within the organization use logics for distinct purposes, contributing to the overall complexity.

Scholars suggest that addressing this complexity requires a blend of collaboration and formalization. Collaboration allows for the integration of blended logics, while formalization enables organizational members to voice their views, explain motives, and understand current practices (Ramus et al., 2017).

The experience of institutional complexity is dynamic, not static. Greenwood et al. (2011) emphasize that this complexity is shaped by processes within organizational fields. These fields gain their uniqueness from the positioning of constituents within an industry, with different constellations of logics changing fluidly over time, thereby altering field perceptions. Scott (2008) defines organizational fields as systems that directly affect and transform organizational processes, acting as intermediaries between societal forces and organizations. Scott highlights several key aspects:

- Organizations operate within systems composed of both similar and diverse forms.
- These systems involve both competitive and cooperative relationships.
- The "environment" within which organizations operate is organized, exhibiting a distinctive cultural and social structure.
- The relational structure of fields provides diverse locations for individual organizations.
- Organizations are affected by both local and distant actors and forces.
- Organizations are involved in both horizontal (cooperative-competitive) and vertical (power and authority) connections.
- Organizations are influenced by exchange relations as well as the existence of similar systems.

Institutional complexity presents significant challenges, primarily through conflicts over goals or methods. These conflicts can lead to compliance issues, paralysis, or even organizational breakdown (Pache & Santos, 2010). Navigating these complexities is essential for the survival and effectiveness of organizations. Understanding the interplay of multiple logics and their impact on decision-making processes can help organizations manage internal tensions and enhance their strategic responses as will be illustrated in the following section.

3.6 Organizational Responses to Institutional Complexity

Organizational responses are strategic actions taken by companies to navigate and manage the pressures and demands of their institutional environments. These responses are critical for maintaining legitimacy, achieving goals, and ensuring long-term survival in the face of multiple and often conflicting institutional logics.

Greenwood et al. (2011) introduces an analytical framework, Figure 3-3, to interpret the relationship between the pluralism of logics and its implications for organizational complexity and responses. This framework helps to understand the intricate interplay of multiple logics and their impact on organizational behavior and decision-making.

Pache and Santos (2010) build on Oliver's (1991) framework of strategic responses to explore how institutional demands are represented within organizations. They assess different strategies based on the cost of action, resource mobility, and associated risks, such as potential legitimacy loss. Their model, Pache and Santos (2010, p. 464), highlights the dual effect of co-optation: while it can effectively integrate internal voices into daily practices, it can also elevate internal tensions by incorporating skeptical members who challenge central organizational goals. Dominant parties may use various tactics to influence decision-making, while less dominant parties might avoid conflict due to the high costs and low legitimacy gains associated with such conflicts (ibid, 466). The importance of organizational skills in successfully implementing strategies like acquiescence, compromise, avoidance, defiance, or manipulation is emphasized, as these capabilities differ across organizations.

Decision-making in organizations is often driven by conflicting objectives, particularly when implementing non-profit processes in a for-profit environment where profit generation is a primary goal Pache and Santos (2010). These conflicts, viewed from an institutional perspective, can be seen as a 'tug-of-war' between different logics, each trying to assert dominance. These logics, which are belief systems and practices, shape organizational behavior and responses.

Oliver (1991) conceptualizes organizational responses to institutional complexity as ranging from orderly conformity to hostile resistance. She identifies five typical strategic responses: acquiescence, compromise, avoidance, defiance, and manipulation, as illustrated in Table 3-1: Strategic Responses to Institutional Processes (p. 152, Oliver, 1991). These strategies are crucial for organizations to navigate the complexities and confusion arising from multiple logics.

Managerial responses to sustainability pressures vary across different organizational strata and functions. Besharov and Smith (2014) propose a framework based on logic compatibility and centrality to understand these variations. This framework explains why different managers prioritize sustainability differently and how institutional logics influence these priorities. They found that due to decoupling between the parent and project-based organizations, variations in logics interplay exist, in accordance with Binder's (2007) findings in large non-profit organizations.

Besharov and Smith (p.377, 2011) argue that shifts in professional institutions can affect logic compatibility. Organizations may adapt their compatibility by integrating previously non-compatible logics into new practices, potentially reducing conflict and improving performance. This adaptability is crucial to avoiding organizational breakdown, paralysis, or demise, especially given the increasing emphasis on sustainability and the influence of regulatory pressures such as the EU Taxonomy (EUa, 2020).

Arena et al. (2018) investigated the progression of Corporate Social Responsibility (CSR) strategies and where four ideal logic types, varying in relevance over time, were analyzed (market, state, community and professional and identified three responses to tension: focusing on one prevailing logic, hybridizing practices to balance contrasting logics, and decoupling initiatives to address different pressures "in parallel" (Arena et al, p. 353, 2011). Their research suggests that the multiplicity of logics evolves over time, and today's constellation may differ tomorrow.

Table 3-1: Strategic Responses to Institutional Processes (p. 152, Oliver, 1991)

Strategies	Tactics	Examples
Acquiesce	HABIT	Following Invisible, Taken-for-Granted Norms
	IMITATE	Mimicking Institutional Models
	COMPLY	Obeying Rules and Accepting Norms
Compromise	BALANCE	Balancing the Expectations of Multiple Constituents
	PACIFY	Placating and Accommodating Institutional Elements
	BARGAIN	Negotiating with Institutional Stakeholders
Avoid	CONCEAL	Disguising Nonconformity
	BUFFER	Loosening Institutional Attachments
	ESCAPE	Changing Goals, Activities, or Domains
Defy	DISMISS	Ignoring Explicit Norms and Values
	CHALLENGE	Contesting Rules and Requirements
	ATTACK	Assaulting The Sources of Institutional Pressure
Manipulate	CO-OPT	Importing Influential Constituents
	INFLUENCE	Shaping Values and Criteria
	CONTROL	Dominating Institutional Constituents and Processes

In organizations, different dynamics such as hierarchy, transactions, and decision-making are constantly at play. Institutional complexity is experienced differently across organizations due to variations in field structures, membership, and institutional demands, as described by Greenwood et al. (2011) and Friedland & Alford (1991). This complexity often arises when organizations lack the necessary prescriptions to navigate multiple institutional logics. To address this complexity, organizations may respond in various ways, which Oliver (1991) conceptualizes as ranging from orderly conformity to hostile resistance to contextual demands. Oliver provides a fundamental framework for interpreting these organizational responses,

identifying five typical strategies: acquiescence, compromise, avoidance, defiance, and manipulation, as detailed in **Error! Reference source not found.**.

Recent research by Bertels and Lawrence (2016) highlights that when a strong central logic is challenged by an emerging influential logic, organizations must adapt or reject practices aligned with the new demands. Organizational members, through their individual beliefs and experiences with logics, play a crucial role in shaping how the organization interprets and responds to new emergent logics.

Understanding these responses is essential for navigating the complexities of institutional environments and ensuring organizational longevity and effectiveness. Organizations equipped with the capability to manage and mobilize various strategies are better positioned to navigate the sea of conflicting institutional demands and sustain their operations effectively (Pache & Santos, 2010; Kraatz & Block, 2008).

3.6.1 REPONSES CENTRALIZATION AND FRAGMENTATION

Pache and Santos (2010) revisited Oliver's (1991) framework to investigate how organizations cope with conflicts over means or goals, focusing on the dimensions of centralization and fragmentation. They assessed how the internal representation of logics affects outcomes and constructed a model of organizational response strategies to conflicting institutional demands. This model compliments Oliver's work by proposing seven propositions, supported by both theoretical arguments and empirical examples, on the probability of different strategies arising in response to these conflicts.

This research ties in with Greenwood et al. (2011), exploring how the multiplicity of logics within an organizational structure affects decision-making. Pache and Santos (2010) found that when conflicts are centered around goals and there is an internal representation of at least two sides of the demands, organizations are highly likely to resort to manipulation as a strategic response.

The consequences of this are significant. First, when there is a plurality in power distribution, where different actors influenced by different logics can garner internal support, the complexity increases. Second, if the power distribution between competing logics is balanced, the likelihood of manipulation as a strategy leading to failure is high. This can result in organizational paralysis, such as worker strikes, or even organizational breakup.

3.7 Summary and Implications

Institutional Theory has provided a robust framework for analyzing decision-making, power dynamics, and sustainability pressures within organizations. Based on understanding institutional logics, institutional complexity and organizational responses to both external and internal pressures, this literature review will offer a valuable theoretical foundation to assess and interpret how the latter pressures shape organizational behavior and consequently how they operate and adapt in complex environments.

In the following chapter, Findings and Analysis, we will build on these theoretical foundations to explore how "The Organization" navigates its sustainability challenges and what institutional logics guide its decision-making processes at different management levels. This transition will provide a detailed examination of the empirical data, offering concrete examples and further interpretation of the concepts we have discussed in this literature review.

Institutional Theory is particularly useful for analyzing internal power dynamics by exploring how different institutional logics influence the actions of various stakeholders within "The Organization." Greenwood et al. (2011) highlights that institutional complexity arises when multiple logics coexist, leading to tensions and conflicts. This framework allows us to examine how power is distributed and exercised within "The Organization," particularly in promoting or hindering sustainability initiatives. Internal power struggles can lead to conflicts between departments or management levels, influencing the overall decision-making process. Oliver (1991) identifies strategic responses ranging from acquiescence to defiance, which help us understand how "The Organization" navigates internal and external pressures.

4 FINDINGS AND ANALYSIS

This chapter presents the findings from the conducted field research study and provides a consequent analysis of these findings. Understanding why Project Alpha is progressing while Project Delta has been put on hold requires a thorough investigation. To achieve this, we conducted extensive interviews with stakeholders of various seniority levels and functional areas.

The aim of this comparative analysis is to uncover the underlying decision-making logics, identifying both similarities and discrepancies that influenced the outcomes of the two projects. The decision to compare these two projects is rooted in their contrasting statuses and the valuable insights they provide into the organization's decision-making framework. Interviews with Project Managers, Business Development Managers, District Managers, and Sustainability Managers from both projects ensure a robust and balanced analysis.

This comprehensive approach allows for a detailed exploration of institutional pressures, such as financial constraints, regulatory requirements, and market conditions, and how they shape project trajectories. By comparing the ongoing Project Alpha with the halted Project Delta, the analysis will uncover the nuanced dynamics at play, offering a clearer understanding of the institutional complexity within the organization.

A key focus of this analysis is the response to sustainability demands. This study examines how sustainability considerations were integrated into the planning and decision-making processes of both projects. For Project Alpha, we will explore the extent to which sustainable practices influenced its advancement. Conversely, we will investigate whether sustainability demands posed challenges that contributed to the decision to halt Project Delta. By understanding the organizational response to these demands, we aim to identify the constellation of logics that promoted the continuation of Alpha while halting Delta.

Research Method Summary, recaps the research methods illustrated in detail in section, 2.4. This method bridges the Theoretical Framework explored in the Literature Review with the collected empirical data, allowing for an in-depth analysis and interpretation of the qualitative data. The analyzed data will then be further reflected upon in the following Discussion Chapter, where the relationship between the literature and the empirical findings will be displayed.

4.1 Case Studies

To illustrate and analyze the discrepancies in decision-making logics and factors influencing project outcomes, this research study includes two case studies at "The Organization":

- **Alpha, an Ongoing Project**
- **Delta, a Project recently put On Hold**

These projects were selected due to their similar natures, both being Large Commercial Office Buildings, in Stockholm, as well as their contrasting statuses and their potential to provide valuable insights into "The Organization" decision-making processes. A systematic comparative analysis will be conducted between the two case studies to identify the different applications and impacts of institutional pressures. The data collection will involve in-depth

interviews with key actors in both projects, after analyzing the company's organizational structure shown in Figure 4-1: "The Organization" Organizational Chart & Typology, including Project Managers, Business Development Managers, and District Managers, as presented in Table 4-1: Interviewees of "The Organization" ensuring a comprehensive "Apple to Apple" comparison.

Office Building Project Alpha

- Commercial Type: Office Building
- Investment: SEK 2 Billion
- Construction Cost Estimate: SEK 1 Billion
- GLA: 23,000 sqm
- Booking Date: Q4 - 2023

Office Building Project Delta

- Commercial Type: Office Building
- Investment: SEK 1.3 Billion
- Construction Cost Estimate: SEK 1 Billion
- GLA: 33,000 sqm
- Booking Date: Q2 - 2016

4.2 Comparative Analysis Approach

Understanding why Project Alpha is progressing while Project Delta has been put on hold requires a thorough investigation. To achieve this, we conducted extensive interviews with stakeholders of various seniority levels and functional areas.

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4.3 Research Method Summary

The research field study employed a pattern-inducing technique to identify and compare patterns within "The Organization" against the ideal type specified in the theoretical framework. This method aimed to uncover how "The Organization" responds to institutional complexity. To gather qualitative data, key internal stakeholders from various functions were interviewed using open-ended questions. This approach allowed participants to guide the conversation, providing an unfiltered perspective on sustainability. All interviews were recorded and transcribed for thorough analysis.

Interviews were structured around themes identified in the literature review, ensuring that predetermined themes were explored while remaining open to new, emergent data. Guiding questions encouraged interviewees to share examples of their practices. For instance, questions about decision-making during project inception aimed to identify the hierarchy level in decision-making and the influence of internal or external members. Another question probed the interviewees' driving values by asking what changes they would make if they had more influence on their latest project. This format aimed to reveal the logics and driving values of the interviewees identified in Table 4-1: Interviewees of “The Organization”.

The qualitative data were analyzed using pattern induction techniques (Reay and Jones, 2016) and structured through the Gioia Methodology. This approach helps identify and code recurring themes and institutional logics. The pattern-inducing method captures logics by analyzing qualitative data from a bottom-up, inductive perspective, focusing on both symbolic and material aspects of logics (Friedland and Alford, 1991). Unlike methods that convert text to variables or impose external frameworks, this approach allows patterns to naturally emerge from the data, grouping text segments into meaningful categories representing behaviors associated with one or more logics.

The Gioia Methodology was selected for structuring empirical data due to its effectiveness in making sense of qualitative data. The process involved transcribing interviews, coding the transcriptions to capture institutional logics, and grouping similar statements into first-order concepts. These groups were then assessed through the theoretical framework to develop themes, thereby creating a second-order structure. Finally, aggregated responses were identified by processing each theme based on Oliver’s (1991) framework of organizational responses to institutional complexity.

To assess "The Organization's" reaction to institutional pressure and apply the theoretical framework, two core research methods were employed: pattern-inducing techniques to qualitatively collect institutional logics (Reay & Jones, 2016) and the Gioia Methodology for data structuring (Gioia, Corley, & Hamilton, 2012). Oliver’s framework of Organizational Strategic Responses (1991) was applied to determine the strategic responses "The Organization" employs in response to institutional complexity. This framework includes a group of five typical responses, ranging from conformity to resistance, and incorporates Pache and Santos' (2010) additions addressing logic centrality and periphery.

An inductive approach to data capture, as proposed by Reay and Jones (2016), was used to identify the logics guiding the interviewees and understand "The Organization's" responses to

institutional complexity related to sustainability. The Gioia et al. (2012) framework was then applied to analyze and structure the data, answering the research questions and elucidating how "The Organization" navigates institutional complexity.

Table 4-1: Interviewees of "The Organization"

Informants	Occupation
Interviewee 1	Project Manager
Interviewee 2	Project Manager
Interviewee 3	Area manager
Interviewee 4	Area Manager
Interviewee 5	Environment & Sustainability Manager
Interviewee 6	Commercial Development Director
Interviewee 7	Project Manager
Interviewee 8	Residential Development Director
Interviewee 9	Project Manager

4.4 Interviews: Qualitative Data Analysis

Following the Research Method outlined in Section 2.4, we conducted ten in-depth interviews with key stakeholders from both projects. These interviews were meticulously recorded and transcribed to ensure the accuracy and richness of insights. The qualitative data was then analyzed using an inductive approach, as proposed by Reay and Jones (2016), in conjunction with the Gioia Methodology. This rigorous process allowed us to effectively compile, sort, and analyze the data, which is presented in Table 4-2: Interviews Qualitative Data Analysis.

In the subsequent sections of this chapter, we will present our analysis, highlighting the diverse responses, tactics, and strategies adopted by "The Organization." We will reference Table 3-1: Strategic Responses to Institutional Processes (p. 152, Oliver, 1991) to frame our discussion. Key quotes from the interviews will be used to illustrate the strategic responses and institutional processes observed. This analysis aims to provide a comprehensive understanding of the decision-making logics and institutional pressures faced by the organization.

The following sections will offer detailed insights into:

- **Sustainability Considerations:** Investigating how sustainability demands were integrated into or impacted on the decision-making process for both projects.
- **Stakeholder Perspectives:** Exploring how different stakeholders perceive the decision-making processes and the factors influencing these decisions.
- **Comparative Analysis:** Providing a side-by-side comparison of Projects Alpha and Delta, decision making processes, emphasizing the similarities and discrepancies in their trajectories.
- **Strategic Responses:** Examining the specific tactics and strategies employed by the organization in response to institutional pressures.

By analyzing these elements, we aim to uncover the underlying logics that led to the continuation of Project Alpha while putting Project Delta on hold. This chapter will provide a

thorough and insightful examination of the organizational behavior and strategic responses that shape project outcomes.

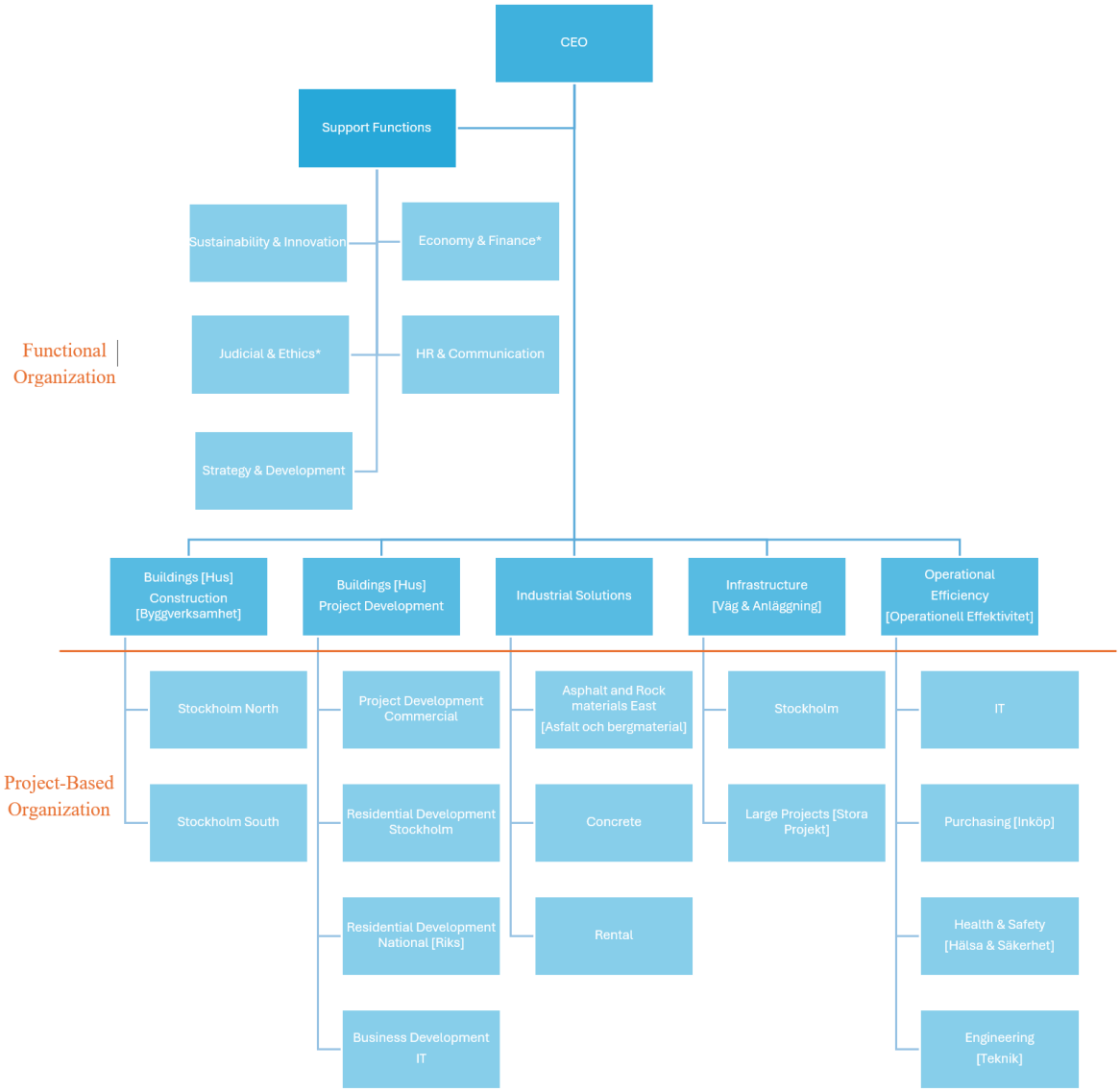

Figure 4-1: "The Organization" Organizational Chart & Typology

Table 4-2: Interviews Qualitative Data Analysis

	1st Order: Categories	2nd Order: Themes - Categories Summary and Interpretations	3rd Order: Aggregate Dimensions	Functions & Seniority
1	**Operational Project Tactics – Day to Day Actions** • Demand EPD's from suppliers. • Fewer transports. • Negotiations to secure better conditions	Operations - Way of doing business – setting high demands on constituents in field (e.g. suppliers and subcontractors).	Imitate (Acquiesce)	District and Project Managers
2	**Innovation/ Technology Adopters, Leaders and Maturity** • Early adaptors costly, those who follow less costly: necessary transition to show to the institutional context change is possible. • Sustainability projects prioritized: Two tenders, the one with a sustainability profile is selected/more valued by area managers. • Optimize design: Detect a balance between economic and sustainable metrics in projects. • Design Flexibility: Develop spaces to enable adaptability in use over time (i.e. parking lots into communal facilities). • Review system is being built where new products are assessed, to more easily select sustainable products in projects. Senior management investigates examples of success and curiously seek to learn more (legitimizing sustainability).	Tackling sustainability goals on all levels, being creative about it – finding creative solutions.	Imitate (Acquiesce)	Everyone
3	**Industry Specific** • Traditional as a response to uncertainty (risk) and warranties issues. Coercive & normative resolution before implantation (New materials and products as risk).	Mimetic isomorphism: Following Industry-specific traits by maintaining a steady – risk advert – position among the field.	Imitate (Acquiesce)	Construction Project Managers
4	**Regulations: Regulative & coercive context** • Always abide and achieve regulations. • Climate ambitions higher than regulative demands. Municipalities keen on maintaining rigid control in what is built: Detailed plans include dated design (i.e. voters as critical stakeholders for municipalities, dictates design of buildings and may often clash with what is sustainable).	Coercive environment (e.g. policymakers) not aligned with field and "The Organization" over optimized design to enhance sustainability (hindering innovation).	Comply (Acquiesce)	Everyone
5	**Market Demands** • Certification systems (e.g. BREEAM; LEEAD; Green Building Council) with baseline requirements and ambitious. • Showcasing customers the possibilities with implementing sustainability procedures. • Positioning as a "sustainable contracting alternative". • Adress sustainability as early as possible, when detailed plan is being created. • Suppliers more frequently offer climate-improved products upfront (i.e. without pressure). • Customers invested to build sustainable buildings, partly to gain legitimacy and achieve profiling as sustainable. Sustainability efforts increase the economic value of property and decreases operational costs.	Promotion and profiling to showcase compliance with contextual demands (market leader in sustainability and field).	Comply (Acquiesce)	Everyone
6	**Sustainable practices** • Involve environmental specialist across project. • Assess and optimize design to decrease carbon footprint (e.g. Removing redundant components). • Adress large components. • Scenario analysis, benchmarking different materials. • Provide external clients with sustainability options in tenders. • Traditional practices not applicable in the new sustainability-focused environment (organizational field). • Data to facilitate future digitization and digitalization initiatives. • Shift from fossil fuel into electric Heavy Machinery. • Climate reporting and economic reporting done at all operations (quarterly and annually).	Initiatives in operations to comply with regulative and internal corporate demands – decoupling.	Comply (Acquiesce)	Everyone

7	**Corporate Strategy** • If there is no economy in sustainability, we won't survive. • Transition into a more sustainable practice occurs rapidly. • Involvement and understanding of performance in project are needed by professionals: Senior management ask questions which demand detailed understanding. • PBO focus, and project is at the outmost importance, so if the project fails, then the PM fails, then the district, up to the top.	Business & Corporate Logic, balancing financial stability of districts and projects with contextual and sustainability demands.	Balance (Compromise)	Everyone
8	**Corporate Sustainability Strategy Vision** • Sustainability demands in every contract. • Internal targets set for country and parent organization both lower than what the coercive regulative bodies demand and goals for when the corporation is fully aligned with the EU Taxonomy set over a decade before due date (2030). • All economic decisions, up to certain brackets, must be sent through a corporate hierarchal process. • Internal risk-team as coercive control and monitoring mechanism. • Different operations segments are divided and limited to a certain project-type and region. • Hard-coded to be risk-adverse (all risks), "risk = cost" and business oriented. • Limits collaboration: to organizations and countries that align with policy code of "The Organization".	Decision-Making Hierarchy, governance, filters, levels, control and monitoring of risk and performance.	Balance (Compromise)	Everyone
9	**Knowledge sharing and Lessons learnt – Integration and Retainment** • Digital forums. • Physical workshops. • Project hand-over evaluation and assessment process. • Topic-oriented days (e.g. sustainability day). • Regional learning working. • Cross-country and divisional learnings not properly functioning ("untapped potential"). • Promote successful projects.	Informative, non-mandatory, approach over sharing sustainable practices and knowledge: Personal drive as mechanism for innovation in projects.	Balance (Compromise)	Everyone
10	**Social Sustainability** Building and maintaining a culture of: • Safety and Stability. • Employee satisfaction & loyalty. • Continuous career development & Training.Prioritizing the social aspect rather than immediate financial returns.	Transitioning current practices into more sustainable adaptations.	Pacify (Compromise)	Business Development Managers
11	**Future / potential Tactics to reach higher Sustainability goals and Sustainability Practices** Curiosity and embodied competence (untapped potential) • Mapping of buildings to use existing building stock as inventory for future construction • Avoidance or dismissal of utilizing products which are difficult or impossible to maintain • Dismiss "product/material as solution"-thinking (i.e. dismissing products as "bad"), instead perceive materials as useful depending on setting (e.g. geography: Wooden materials in desert locations not sustainable "one-size fits all" solution) • Adress the difficulties in customer expectations: how to link value to reused material	Innovative ideas among members over what can be done and testing best practices not formalized yet.	Bargain (Compromise)	Construction Project Managers
12	**Corporate Culture** Informal relationships shape networks and interactions, common values as a preference over traditional formal structures. • Engaged individuals more prone to securing contracts. • Internal networking as source to knowledge and best practice. • Collaborative settings with teamwork as core logic, perceived as the most critical criteria for success.	Knowledge and best practices shared partially through informal relationships.	Buffer (Avoid)	Everyone
13	**Sustainability Perception and Definition** • Difficulties in getting everyone (i.e. employees) to share the same vision with sustainability. • Collaboration as means to solve complexities. • Sustainability efforts is not always a cost – optimization and product changes may result in lower costs (savings) for the project, implicating both increased sustainability and economic performance.	Multiple and contrasting perceptions among members over the definition of sustainability.	Escape (Avoid)	Everyone

4.5 Institutional Responses to Sustainability Pressures

In the following sections, we will dig deeper into the 3rd Order Aggregate Dimensions results, examining both the tactics and subsequent strategies that define "The Organization's" Institutional Response to Sustainability Pressures. Based on Oliver's (1991) framework, each Theme and Category identified in the preceding Gioia Framework as detailed in Table 4-2: Interviews Qualitative Data Analysis, will guide and support our reflections.

Our assumption is that the findings from the project-level interviews reflect how the company typically operates as a Project-Based Organization, as represented earlier in Figure 4-1: "The Organization" Organizational Chart & Typology. The latter in turn, i.e. company's structure, significantly influences how "The Organization" acts and responds at a corporate level, as a Functional Organization.

By understanding these dimensions, we aim to highlight the delicate interplay between Sustainability Demands and Organizational Responses. This analysis will provide a comprehensive view of how "The Organization" strategically balances its Sustainability ambitions and requirements with operational realities.

4.6 Institutional Response-1: Acquiesce Strategy

4.6.1 STRATEGIC POSITIONING: COMPLIANCE WITH SUSTAINABILITY DEMANDS

Throughout all interviews, a sense of urgency emerged as interviewees emphasized the necessity of positioning "The Organization" as the sustainable contracting alternative amidst shifting market demands (coercive isomorphism). Many expressed the belief that for long-term survival and business longevity, it is crucial to capitalize on the momentum as more organizations align with contextual demands. Profiling and aligning the business with sustainability demands from its context is seen as essential. One Interviewee highlighted sustainability as an opportunity to create something new.

"It can indeed cause problems if one is innovative. But most of the time, it's what made it difficult in the beginning. Because one only saw risk and cost. Then it's very difficult to take these steps (dare to incorporate innovation). But I think that we more and more concluded that many of these initiatives have a positive effect. We probably don't see today that one can get better paid for it. But it is more like a hygiene factor that one is up to date. Because if you are not, then maybe you don't even have customers… One should always try to make business out of this. Think like that. Now we're in it and trying to make business opportunities in this." – Interviewee 8

The statement indicates a positive outlook on implementing sustainability measures within operations, but it is not without risk. When a new practice, innovation, or technology is initially introduced, it tends to be more costly and risky, as untested grounds may result in future issues (e.g., warranties, rapid obsolescence of old methods). An interesting perception implied in the statement is that instead of viewing sustainability measures as a cost factor, one should see

them as a ‘hygiene’ factor for the project, thereby attaching potential future increased value to the building.

Furthermore, the Interviewee perceives that failing to adhere to new coercive demands may jeopardize the organization's existence. Not fulfilling customer demands could lead to an inability to secure future contracts or deals, thereby deteriorating organizational legitimacy. This perspective highlights that sustainability is viewed by members of “The Organization” as a business opportunity.

Another Interviewee noted that their customer base promotes sustainability in contracts to fulfill their own sustainability agendas, as it is important to all constituents within the institutional context. There is also the matter of competition: positioning among the field as one of the first developers able to provide customers with new products that incorporate improved sustainability measures.

“Partly because they want to profile themselves. Simply because this is important for everyone… I think it's timing, so to speak. To be able to offer that, I think it's a matter of timing. That the product will be released, timed, before others. It's a competition.” &

“Plan not to get top-notch projects but to increase the bare minimum (of sustainability performance) in all projects” &

“we are still in the process of figuring out how to talk about and evaluate climate measures. But we do it. We do it every day.” – Interviewee 6

Several interviewees highlighted the necessity of raising the bare minimum standards across all operations as the first step towards aligning and conforming to contextual demands, rather than relying on niche projects. These statements indicate a lack of clear prescriptions on "how" to achieve “The Organization’s” vision of aligning the entire business with the EU Taxonomy before the 2030 deadline, implying institutional complexity. Similar observations were made in other interviews as well. The selected statements suggest a business logic when deciding whether to incorporate sustainability measures.

“All regions in Sweden have a climate and sustainability manager. And this decision was made because there is a wish, we need to speed up the work in the regions and distribute (knowledge) projects. And then you could see that this service was missing in the regions… we have the EU that puts pressure on us and we have our customers who have their requirements that they need to meet. So it's incredibly important that we include the sustainability issue in our business. And I think this role in the regional management will help with that.” – Interviewee 5

“we've noticed that perhaps 5-6 years ago, they spoke very highly of it at a high level in the company's leadership, but then when meeting with the client's representative on the project and on the project leadership, they didn't have that perception at all that it was important.”- Interviewee 4

A decoupling between what is stated at the senior management level and the project and operational core appeared to exist a few years ago. However, this gap seems to have narrowed as sustainability pressures from constituents have increased over the years, as indicated by Interviewee 4.

"It's also about showing our customers that we are driving sustainability. Because we believe that this will generate more projects in the future. It will create a better profile... Usually sustainability and economy go hand in hand, we save money by making sustainable choices." – Interviewee 3

The decoupling between different layers of management seems to serve as a motive or consequence to showcase a high degree of organizational involvement and action within the sustainability logic. This is aimed at maintaining and gaining further legitimacy within its field, creating a sustainable profile in the institutional context. This effort is primarily guided by a corporate business logic to capture market share as the market transitions from linear to circular (European context). There is a strong emphasis on how sustainable actions can contribute to both the sustainability and financial goals of a project.

4.6.2 MIMETIC ISOMORPHISM: MAINTAIN A RISK-AVERSE POSITION

The construction field is deeply rooted in traditionalism, particularly in the selection of materials and best practices. This inherent conservatism results in innovation being perceived as risky, thereby impacting the adoption of new technologies and the replacement of old methods—a phenomenon known as mimetic isomorphism.

"you have to dare to make a transition. It can make you build in things that aren't so good. In the form of things that are critical to quality. This is the risk with changing to new materials and methods. After a while, you realize that this was not so good over time. It lacked durability. Water seeped in. It had very high costs. Therefore, care and caution have been very conservative. One works with proven methods. There will be enormous guarantee costs if you have to go to a project and tear down and rebuild" – Interviewee 8

Interviewees expressed a clear understanding that transitioning from traditional practices to modern, sustainability-focused methods requires a willingness to test new approaches. However, they also acknowledged that if these new methods or products fail, the implications could be severe. Potential warranty costs could escalate, snowballing beyond the organization's financial capacity and increasing the risk of bankruptcy.

To navigate this complex landscape, personnel throughout the project delivery chain must balance innovation with caution. Embracing new methods is essential for sustainability, but it must be done with a clear understanding of the associated risks and a strategic approach to mitigate potential financial repercussions. This insight underscores the delicate balance required to drive progress in a traditionally risk-averse industry while maintaining organizational stability.

4.6.3 OPERATIONS: SETTING HIGH DEMANDS ON SUPPLIERS AND SUBCONTRACTORS

The calculating agent responsible for modelling the project object's associated GHG emissions is part of an internal support function involved in all projects within a geographical area. This function communicates with the client and contracted PBO over the project lifetime, where actuals, when contracts are signed, replaces the calculated generic values as indicated by Interviewee 3. The relative power of the calculative agent is high since they establish the comparative numbers and provide recommendations to the project members on what can be done to decrease emissions.

"Internal support functions, specialists procured to create the basic calculation sheet. EPD's are requested when tendering for suppliers, when tender is selected, the calculated general figures are changed to match the actual data (EPD from supplier)" – Interviewee 3

Interviewee 2 highlighted the power of negotiation in tenders, setting tough and perceived "impossible" demands as a breaking point to supplier selection can trigger an innovative mechanism within the supplier organization, thus encouraging cross-organizational change. Other interviewees highlighted similar thoughts in which awareness of what needs to be done (i.e. lowering emissions), this can be communicated to suppliers and contractors in the managers' context and through both negotiation and signaling of an urgent need, can trigger this innovative internal mechanism and encourage cross-organizational collaboration.

"In the negotiation with frame suppliers we notice their tenders were around 5,500 to 6,000 tons of CO2. So we said you can't get the job if you can't do it for 2,500. Pure negotiation technique… We wrote a contract for 2 600" – Interviewee 2

An aspect which further legitimizes the sustainability logic is addressed by Interviewee 1 is the addition of a benchmark to which each project-based organization can compare themselves and set solid tangible targets as competition between managers and themselves (i.e. becoming a better self). The tendering demand to include supplier-specific EPDs has increased in relevance last five years as described by Interviewee 1, today it is expected to be attached to tenders and may result in a make-it-or-break-it situation between the procurement agents and tendering organization, indicating a strengthened sustainability logic. This is not only something the project organization perceives as a voluntarily climate-improvement but as a response to fulfill contractual demands. Most internally developed projects (internal market) utilizes the contract type Early Contractor Involvement (ECI). This implies the contractor has been involved early in the design process as an expert councilor in production techniques, with mandate to influence design and production decisions, increasing the level of contractor responsibility over design decisions.

"A benchmark (sustainability, comparing project performance) of where we are (in project), enables comparability. EPD's more or less demanded from every supplier" &

"Because if it's such an important issue, for example, for reinforcement, then if we didn't have an EPD that says this, then we absolutely wouldn't buy it, and not the frame either. At that time [five years ago] no one cared, it was neglected. Then you would have bought it [without caring if the product was supplied with an EPD or not]. No one asked that question back then. – Interviewee 1

Project-specific goals and scope of sustainability initiatives must be communicated to members of the project, to spread awareness of what project actions are reasonable and legitimate (Engwall, 2003). Furthermore, compatibility between members of the project team is understood as one of the most critical success factors to overall project performance. Inviting personnel from other districts is seen as a positive action to legitimize the sustainability logic within projects by encouraging motivation to dare something different which a colleague has successfully tried, where tangible results (accomplishments) increases the justification of sustainability initiatives.

Aspiration to over-achieve in sustainability demands is shared by Interviewee 1, . Many changes have occurred recent years, where sustainability practices and routines have sailed up in relevance, which have crystalized as tougher supplier demands; optimization of project's materialistic composition by pressure on key design stakeholders.

Each project themselves decide who owns the project's sustainability reporting and monitoring but reassures that everyone on the project need to change their behavior towards more sustainable practices/routines/thinktank. Interviewee 1 assumes the project engineer is best suited for this mandate, since their scope of work includes procurement and quality of deliveries to the project, positioned closest to the market interface and external organizational entities.

"no matter how 'Green' / Sustainable you want to be, we can never work for something we do not get paid to do. Our corporation is expected by the shareholders to make profit" – Interviewee 1

Participants in the qualitative study highlighted the necessity of a decision that is perceived as sustainable must carry its own economic weight and bring profit to the overall project performance in one way or the other. Other participants perceive sustainability to be a certain fitness-symbol, in sense that buildings with a sustainable rating may fetch higher interest from the environment thus increasing future value of estate and potentially a higher cash-flow generation.

"If you know your organization well, you know that for example Kalle, Stina and Lisa work well together and so maybe we should hire someone with a new skillset. Then we will do it. But we won't have Lisa plus three new ones, so to speak… It's about the best team and it should last over time. Be aware of project conditions and if initiatives are not possible, this must be communicated to colleagues. Discuss success factors with colleagues where sustainability initiatives succeeded. Invite personnel from other districts to present what they found to be success factors. To spread knowledge. People are often eager to share what they have accomplished" – Interviewee 4

In the qualitative study it was found that the company has plenty of different internal systems or mechanisms in place to implement sustainability procedures to conform and even over-achieve its context's demands. These include internal departments (sustainability/LCA specialists; operational department control and implementation regulation); directives from executives (senior management) and the board/CEO through renumerations to the general code of conduct; new routines; contractual sustainability requirements (internal projects) anchored through Certification systems like LEED Platinum and BREEAM and new internal routines (increased legitimacy).

4.6.4 TACKLING SUSTAINABILITY GOALS WITH CREATIVE SOLUTIONS

An idea voiced by members of "The Organization" is the necessity of having many innovative processes within as many projects as possible, to increase the probability of finding successful initiatives, who may serve as an internal role model for future shaping of project objectives and practices.

"Everyone needs to pull their weight. The more bubbling pots and boiling, that's at least my take on it, the more you have going on where people are examining things, testing small stuff, looking at things, analyzing things. The greater the chance that a real innovation will pop. But if you don't have enough pots close together and not enough pots going, then you have quite a small condition to make innovative things happen. And I think we need to make sure we have enough going on and that everyone feels they have time to be in those areas." – Interviewee 6

"Our partner (Contractor) is responsible for the ambition that we want. We see a project that meets a certain carbon footprint. They indeed present which products are to match. They have been experts and said that these solutions must be pursued. They match our requirements and our customers. When we arrive here (production phase), there should be no more talk. The uncertainty should be addressed beforehand. Otherwise, there is a risk here. We should minimize risk. We should take as few risks as possible. – Interviewee 8

Innovation in projects, as described by Interviewee 8, should occur at an early stage of project maturity before the contracting entity initiates the execution phase to mitigate and avoid unnecessary risks (e.g. sudden costs) emphasizing the business logic. Furthermore, as an ECI constellation, the contracting member is involved as a consultant in the early design phase, serving as contracting experts (professional logic) implying all decisions or propositions presented by the contracting member (guided by a professional logic) will be linked to responsibility and described explicitly within the contract. The dynamics between the two

internal members, client and contractor, showcase an interplay in which a business and professional logic guides decision-making and responsibility. Sustainability is thus incorporated as a condition and objective within the contract, indicating a sustainability logic as part of the client's means in contract governance.

4.6.5 MISALIGNED POLICIES HINDERING INNOVATION

"I think it's the business sector that drives the sustainability agenda, even if there are high ambitions from the government's side. But out in the municipalities, there are many other things that they prioritize much higher. Such as? High values, but they do want to build a city that is beautiful and pleasant to be in. These aren't bad values and they have always existed. But sometimes you can decide on, for example, the choice of building type that gets a certain aesthetic appearance. How important is it to build something that has a large carbon footprint just for that it feels like the most beautiful thing to experience when you're there in the hallway?"- Interviewee 8

A discrepancy between what is sustainable, and municipality key stakeholders is identified by the interviewee, where in some circumstances traditional designs – perceived as more 'valuable' - is prioritized over sustainability measures (sustainability as design). Furthermore, an aspect found to hinder innovation and the adoption of new technologies is municipalities indifference and perseverance to enable less rigid technical descriptions in the program documents (a steppingstone for construction and all down-stream activities). There is an important but obviously sensitive discussion over the necessity for municipalities to decide upon the balance in selected design (architecture) between what voters/citizens perceive as valuable/sought-after (e.g. traditional stone city) and sustainable design (e.g. reused components, 'beauty' compromised to optimize as many sustainability measures as possible). The reasoning indicates, as shared, a less flexible and change-oriented coercive body with the business sector taking the lead towards transitioning towards an aligned context.

"You have private customers and then you have public customers. Public customers are, of course, state, region, municipality. And then I would say that there are mainly or primarily on the public side who develop spearhead projects that are extremely advanced. Slakthusområdet only dealt with CO2 on becoming fossil-free. But it's a tip of the spear. So the same buyer, Stockholm municipality or Stockholm city, in the next project at the execution stage may accept the use of concrete that does not comply with these advanced fossil-free ambitions."&

"But recycling (reuse) is fully possible. What we need is to clean up the responsibility parts. If I bring in old tires, who takes responsibility for them meeting the required standards? Those who had the old house will not want to take responsibility. I will not take responsibility either." – Interviewee 2

"We are more stable [rigid vision]. Even if we change people in the company leadership, the strategies will still be clear. It becomes more stable...We have higher ambitions than what the municipalities have. We understand the severity of this issue more. We see it as business critical." – Interviewee 8

There is a vivid discussion over who is responsible for the material subject for reuse purposes, no constituent is eager to accept direct responsibility since this perceived as a major liability risk, if failure occurs the responsible entity will face not only costs in damages but also damages to its organization's reputation in its context: (i) customers will hesitate to work with a party facing a damaged reputation (risk of a spill-over effect), (ii) coercive constituents most likely will investigate the liable organization to avoid further damages, thus continued negative implications on their contextual legitimacy.

4.6.6 OPERATIONAL COMPLIANCE INITIATIVES - DECOUPLING

"We have a huge responsibility. We must always make sure that we are working within the law. And we have specialists, support functions that, what are the laws? What are the new requirements? That we can integrate into our management system. So that projects can feel safe that we are working within the management system, we do what we should according to the law… Because there must be somewhere our baseline, that we meet regulatory requirements" – Interviewee 5

The Interviewee acknowledges the central position of "The Organization" within its field, emphasizing the importance of prioritizing sustainability when performing business development and within the project delivery phase. Adherence to the regulatory body where operations is underway is highlighted as utmost importance, with coercive bodies influencing the baseline conditions at all levels of management and operations.

"To use Reused products, you need to have an agreement (acceptance) with the property owner. Demands onto property owners needed (to enable reuse)"&

"New standards must be set. You can't set hard demands if you're going to reuse materials. Then the regulations must change… If society demands that we should be climate-neutral by 2030, then that's the standard we should work towards. Then we can't work against old standards" – Interviewee 1

The coercive environment's 2030 goals within the institutional context, including national and union legislation, seems to drive "The Organization's" strategic goals by responding to this implied complexity through administratively secure compliance with legislation within operations. The means to reach the final goals (i.e. full EU Taxonomy alignment) are indicated by interviewees to be insufficient, highlighting the necessity of normative regulation and field-specific standards and quality assurance practices needs to change, to enable and demand change efforts across all organizations. Multiple instances occurred in interviews stating regulation as bare minimum threshold for work-to-be-done within operations as highly and that "The Organization" is highly persistent in compliance with legislation where operations take place. The legitimacy risk of non-compliance is much too great for the business, it is indicated as one of the most important principles of its policy code.

4.7 Institutional Response-2: Compromise Strategy

4.7.1 ADAPTING CURRENT PRACTICES FOR SUSTAINABILITY

When dissecting statements during the round of interviews, many underscored the importance of culture within "The Organization" to foster a community where collaboration, safety awareness and 'making the right decision' are prioritized.

"We also know that in this collaboration, we usually solve most things quite well. That's why, with that feeling in your back, you can also say 'maybe it's okay to lower it (financial return) to make the right decision. These are the deals we should do (incorporating sustainability). And it's true in all aspects." &

"We are schooled in knowing that when we have ambiguity in the risks, the costs will go up" – Interviewee 6

The background and history of "The Organization" are explained as potential answers to why it is careful when entering new markets and involved in day-to-day operations. This approach may not be the cheapest, but it has, through long-term maintenance and growth of legitimacy, positioned itself as a contracting agency linked with quality, thus enabling competition for quality instead of price in lowest-cost tenders. Indications where competitors confine different soft values within projects to win tenders or increase their financial performance is shown in the qualitative study to persist within the field.

"It's very hierarchical on many other markets. One doesn't really think for oneself, one just does. If you don't do it, you get scolded. It's driven by some sort of risk of repercussions. But that's not the case here. I think it's some kind of Swedish mentality in that. Democratic, Collective agreements on the working environment. Everyone should have good and equal conditions and so on. We know there are competitors that will tweak these factors. But we don't, which may make us more expensive. Which is why we want to work with recuring customers, who share our values"- Interviewee 3

4.7.2 DECISION-MAKING HIERARCHY AND RISK MANAGEMENT

"There are project-specific prerequisites. But we don't have any such sustainability exchange network. I won't say that. Instead, it is managed through our sustainability support function. They inspire us. So our climate and sustainability manager, she inspires us in our Geographic Area and she does it through her climate and sustainability network. So I wouldn't say that we are project managers with each other or in project networks inspired, in a systematic way. Then we have networks and have conversations but then it's more about leadership and the challenge of steering groups and contract signings that are problematic for us to achieve the expected results." – Interviewee 2

The newly established support function (sustainability manager) within the geographic area, is perceived as beacon of spreading success factors and knowledge over newly identified best practices within the geographic area. The sustainability managers within their own network

discuss different means to achieve best practices and present successful factors in other districts, then share with the District and Project managers within their geographic area. The managers themselves have their own set of network channels but where topics over contract conditions, financial performance, leadership and steering group challenges are addressed, supported by a quote from interview 2: “it's still the money that rules”. The managers interviewed share a sense of backing regarding sustainability initiatives from their sustainability managers as support function. However, it is noted that the sustainability managers has a busy schedule with many projects/districts to direct attention to indicating this support is not always available. All in all, these factors indicate a business logic is involved where financial performance in operations influences what decision is greenlit.

“We consult someone from Contracting, address ‘we need help’ and we have to make a decision about this (building proposal), it's easy to establish the basics You must decide here regarding the foundation. We need to consider how difficult it is. That's what historically costs money. Yes, and when it comes to sustainability, it's a factor that increases. Because there's a lot of carbon footprint in steel, in foundation work and in concrete that you always need there” &

“I think as a colleague, the company also feels that what we contribute is the overall result... ... We work hard to learn from each other, if I make a bad decision I need to learn that and improve myself” – Interviewee 6

The perception among colleagues, regardless of department, is that decisions taken where implications perceived as bad, the involved parties must address what went wrong and improve to avoid confusion in future settings. Total performance seen as important to Interviewee 6 when asked over how to maintain the client-contractor dynamics internally, it is up to all parties to be actively involved in the project delivery process and to contribute, in their capacity, to total performance towards “The Organization”.

“We started [sustainability reporting] a couple of years ago. Since then, it has become more and more pressure. One (e.g. senior management) can follow up on something to gather information. when one feels that the recipient (senior management) is very interested and asks many questions and demands that I have done my job. Then there is a bit more pressure in the question. A question that is only reported and no one will ask about it. In that case, it's not that serious… Now, it's a bit more about knowing why we haven't succeeded in taking those steps (investigating the ‘how’ in sustainability).” – Interviewee 8

“For example, in Project Delta. there has been an ambition to certify as 0 CO2 from the beginning. And it was more of an idea in the beginning, and we have Only after we've signed the contract for the project, have we not fully dared to make the decision. And say that we'll go ahead without it, it has been an option that we've priced in the contract. And then we've asked for example the main suppliers, yes, but if we want climate-improved concrete in the entire structure, what does that cost then, based on meeting these requirements? And then they said that adds another 4 million, yes we know, 4 million for the frame. And we have made a list in the contract, it's located under a heading in the contract, 0 CO2. Yes, but we think we require an additional employee in the project to handle the issue, to keep counting all the time. It costs

a bit on the budget, and it corresponds to several other items. Yes, but there might be an option to say that it costs 15 million extra, So what I mean is, even if we say it costs 10 million, they will still pay what it actually costs in the end. So it's more of a budget thing. It depends a bit on how the contract looks. Yes but it goes something like that, and the decision grows from there somewhere. But it's a discussion based on what's reasonable and possible." – Interviewee 3

4.7.3 BALANCING FINANCIAL STABILITY WITH SUSTAINABILITY DEMANDS

Due to the size of the corporation, an internal market for corporate funding exists within "The Organization". Different markets compete thus indicating potential tension or rivalry between different internal departments or operational business units.

"We compete for "The Organization" money… So we're competing with projects in New York or in Prague or somewhere else" – Interviewee 8

The change to contextual demands has implications for the field level where more and more products and services are procured not only on price but also on sustainability metrics (e.g. EPDs). However, the sustainability logic is not the strongest, still the business logic overrules most other. A financial calculative baseline must exist if any sustainability initiatives are to take place within operations, thus the business logic guides decision-making. Shareholders of "The Organization" are pinpointed as the utmost important stakeholder within "The Organization", since it is the shareholders whose operations work for. Thus, all else initiative gravitates towards this constituent, that is all work should in a sense contribute to shareholder value. If a sustainable building increases more in value over time compared to a traditional building with no or less than average sustainability classifications (i.e. through normative certification systems), the effort will pay of even if there is no instant monetary gratification (increased future value).

"Major change in recent years… Affects the construction industry… Product selection, how much carbon we emit… These are not in unique projects (i.e. it occurs everywhere in all projects)" & "no matter how 'Green' / Sustainable you want to be, we can never work for something we do not get paid to do. Our corporation is expected by the shareholders to make profit"- Interviewee 1

"Because it is also a business decision. Not to give up on things that might look interesting and might have potential. But it doesn't fit our strategy. And we can't do everything. We have limited resources and we need to make sure our entire cash flow works. It's like a machine that somehow needs an inflow, ripe things at the right time and then there will be an outflow of results"& "it's fun to compare yourself. Because then you will have a saving power.…you know what project to investigate. 'What have you done here to succeed?' And then you will know" &

"it's a matter of finding what gives the most effect for the money" - Interviewee 6

Yet again, the business logic guides decision-making in what is implemented in day-to-day activities, a balance between what is sustainable and financially viable is required (e.g. "creating a business out of sustainability").

""The Organization" has a climate plan. It's like everyone needs to put their stamp on the basis that comes from like, from Head of Operations (country) or Head of Business in Sweden. What I like with "The Organization" is that you still have an opportunity to do this (sustainability initiatives). You need certain things but then you can also address what is important to us? How do we perceive what our customers demand? What do our district managers want? What does our geographical manager want? There are multiple possibilities to participate and influence" - Extract from a discussion over how the business sustainability plan trickles down from corporate to project level" &

"There is also very difficult given the situation we are in with the economy and that it's tough, so to speak. We need projects to survive… But I would say that we have many customers who, despite this situation, choose to invest in sustainability issues (solutions). Partly because it's available, but also because of regulatory requirements and because we need it, you know, they also need to report and still have goals they need to reach" – Interviewee 5

As per above, it indicates that sustainability measures are still being requested by clients even during stressed market conditions, perceived to be a response to customers' contextual demands to achieve a certain level of sustainability ranking in their operations, hence reporting as means to showcase the market that they are working to achieve contextual demands and gain and/or maintain legitimacy (DiMaggio & Powell 1983).

"It's clear that we've been part of saying no (to sustainability measures), 'but this becomes too expensive, we're scraping everything, we're removing all CO2', we're removing, we're removing, we're removing. And we must somehow listen to it, but there are certain parts that we cannot accept to go below, it's just that there are certain requirements we must meet. Yes. And it's again about legality."- Interview 5

Client demands are highly relevant to what means are pushed into projects. If the client say no to certain sustainability measures as a response to maintain/cut on budget/costs, the contracting department cannot bypass this and neglect their interests. However, it is important to "The Organization" that a certain level of baseline for what is acceptable to do or not to do (values) exists within its culture and practices, exemplified in its policy code for employees and suppliers. Relating back legality, it is a strategic decision by corporate that operations should not engage parties who do not share the same values as the corporation. An interesting note to this is that operations in markets with non-aligned values (e.g. trust, normative conditions and transparent tenders) have been eliminated, to mitigate corporate risks.

"If the choice is, can you deliver 5% or can you deliver 10% i'm quite sure our bosses will say 10%. But then they will add on. But you should be able to manage it anyway. If the choice is tough, 5 or 10 percent delivery I still think they will say 10%. But they won't offer it that way. But it's still the money that rules… It ["The Organization"] is a stock company with owners who expect us to provide a return. If we say no, we lower your expectations as we are still supportive. In the long run, we will not be competitive." – Interviewee 2

Managers who pursue ambitious sustainability targets in projects may do so but whilst still maintaining the financial return (business logic) of the project, as motivated by Interviewee 2 that shareholder value is of great importance to longevity survival in the market (maintaining competitive edge).

"The contract type is either performance contract or turnkey contract. And in turnkey contracts, we're the ones who do the design. We get the system documents. Yes. And it's against function [function & execution responsibility]. When it comes to an execution punctuation, if we come up with proposals, then we stand for the technical solution. If we are not paid for it [creating a new technical proposition], then we will not suggest anything. So if they have a concrete recipe that says, this is just 'ugly concrete'. If we then step forward and say, we want to change this, they say, 'fine, you may do it. But then you take responsibility'. And then say, 'no, that's not what we're interested in doing' [i.e. non-aligned EU Taxonomy projects]. That's the motivation and there I think we still have a way to go before we say, 'no, "The Organization" is not leaving [a tender]. We're not there yet." &

If we have two different projects with one which includes a sustainability-profile, which one do we choose? Then we [the PM's district and operations] choose the one that's better. But we are not forbidden [by the corporation] to never go with those 'bad' contracts. But we are going in that direction without any explicit statement. But then my picture is that the buyers are extremely driven in this and want to be part of doing the job. But then they still haven't gotten the decision-making ready for themselves. So sometimes they imagine that: 'but if we reuse that lighting fixture, it will be cheaper'. It won't be. It won't be cheaper. There are many challenges in reusing it from a technical perspective." – Interviewee 2

Managers from the operational core (project and area level, closest to operations) are able to still participate in tenders for less sustainable or traditional projects, they are not forbidden to participate. But Interviewee 2 provides a hint that the operational core is heading towards such a context, where a certain sustainability benchmark must be reached if a contractor is to be allowed to participate in a tender. However, this done without mandates from senior management, however it is apparent that the corporate/senior management logic, through their vision of where they want the business headed, influences how managers position themselves and their organization going forward. Business and/or corporate logic is thereby influencing how operational managers plan their day-to-day and year-to-year operations (business plans). The successful manager, as per Engwall (2003) implications, seeks to strike a balance between what is most rational for the project (e.g. area, portfolio of projects and assets (employees)) and what actions are deemed most legitimate given its context.The context of "The Organization" is highly infuenced by constituents demands (e.g. customers demanding more sustainable buildings; EU demanding alignment with their GHG emissions framework; Country or regional demands; Field-specific standardization codes) which shapes how the corportation position themselves. As the topic of sustainable development has become more influential in today's context, it is apparent that corporate leadership has adopted a sustianability logic, which it employs in a constellation where business and corporate logic coexists. The operational managers most likely tacidly perceives sustainability as something senior management tries to justify (motivate) and in their strive to gain legitimacy by

leadership, they resort to increase the level of sustainability measures in their sphere of influuence, leading to an adoptation of the sustainability logic at both corporate and operational level.

4.7.4 CLIENT VS. PROJECT LOGIC: OPTIMIZING BUSINESS DECISIONS

"There are many requirements. And then there is, I think, both in Stockholm in our Geographical area we also have requirements. There is an expectation of what all projects should deliver economically. And that is one, I believe, should I say that it is a bit simpler with an external customer. Because then the money is only counted once at "The Organization". But if you work with the Commercial Developer (CD), First, CD will invest them and then we will make a good deal out of it. And there is also another balancing act. Will we get better paid on the production side, so to speak? Will it be a worse business for CD? What is best for "The Organization"?" – Interviewee 7

Tension exist over what is best for "The Organization" as discussion within the two different construction departments, the internal client and contractor. An observation made over all interviews is that there is a question of who is to make best use of "The Organization" money, is it the client or is it the contractor? The contracting party must secure approval from its client before they make any improvements e.g. design or implementations within their scope of project work. Competition among different departments across countries and regions compete in an internal market for capital finance from the corporate office.

4.7.5 TESTING UNFORMALIZED INNOVATIVE IDEAS AND BEST PRACTICES

"We have great support functions who spread knowledge within geographical areas. There is an internal review where every project is evaluated based on what is done (practice) which is envisioned to detect and spread examples of success. If you go somewhere where they say they haven't done anything, then it's easy to say that 'you should talk to personnel in this successful project'. So you learn from each other in that way. I think we're quite good at learning from each other within the geographical areas, but we're not so good at learning from each other between geographical areas and above all not between different countries. we are significantly worse at it. That's where I think there is an untapped potential" – Interviewee 3

Learning from project to geographic management layer works quite well today but when learning between different geographical or country context it is less frequently done. It is perceived that this aspect could be improved to enhance the internal distribution of knowledge and experience. For example, a newly developed and adopted product may have been tested in one country or region (experience) but not in another country, where a PBO contemplates whether to go ahead or not with the product solution. If an internal mechanism for spreading such knowledge across boundaries similar to normative isomorphism was adopted at a corporate cross-functional level, awareness may increase thus decreasing uncertainty and increasing rational decision-making which could lower overall total project risk.

4.8 Institutional Response-3: Avoidance

4.8.1 PERSONAL DRIVE AND RELATIONSHIPS IN SHARING SUSTAINABLE PRACTICES

"We have internal trainings, where we have a discussion forum. We hang out and discuss the question together. It allows us to relate to each other and address shared question marks." &

"We have a requirement level and we have a target level We've been doing this for many years… Priced at inception of contract… 'certification systems' at certain level set as bare minimum. We now then just crank up all these parameters (i.e. increased certification level.)"- Interviewee 6

Knowledge sharing between members of "The Organization" takes place regularly in formal meetings, presentations and workshops. These forums enable members to discuss questions and share potential and actual solutions to commonly shared issues. Furthermore, these settings enable the responsive manager to widen their personal network to gain knowledge over success factors from other entities (business units). They can then utilize this network within their operations or district to channel members to other members within "The Organization", thus creating an informal networking effect.

"This is a business idea that I still believe can become something. Then you move on and investigate it. And in that process, it looks a bit different on (Residential development) and (commercial development). But there seems to be some involvement from Contracting. But then, who do you contact. It depends, of course, on where in the country you are and how "The Organization" is structured. I think a lot depends on personal relationships. Who do you know in the other unit? But in theory, there is a designated customer responsibility on our part in Contracting. So the clients should engage me first if the project proposal concerns my responsibility/project type… If they (internal client) only have a question for us (contracting). Then they go to the one they worked with last. Or the one they are most familiar with. That's the usual thing." &

"We often receive information that they are now looking into this area. That's when we know that this is a school, and this is the person. We do meet both at (Residential development) and (commercial development) at least once a quarter. Then the regional manager and responsible head of each development unit meet. And we have general alignment meetings. What's happening with you right now? What's happening with us? We inform them about what's happening on what we see is going on in the external market. And that way, you also catch new project opportunities." - Interviewee 3

Interpersonal relationships within the corporation influence how knowledge and attention is directed. A client may engage a contracting professional on basis of prior experience and co-created trust between the parties, which may influence who is hired as a contracting consultant. However, internal mechanisms to avoid certain individuals gaining too much power (in our perception) by limiting what type of project and region where a contracting department is to control how they participate in tenders.

"We work so much in teams. If we had been specialists, it would have been more difficult to share our knowledge. Then my knowledge will be unique to me. But you can still try to share it with someone else who is from another place. That person has unique knowledge and it's never possible to think 100%. It's my competitiveness as an employee. It allows me to package, my background and my personality. Then I can share it. But no matter how much I write down and try to give a note, that's all I can do. But I can contribute something to the discussion." &

"Hard part of knowledge transfer. Have we done well and less well? Then one summarizes this. The ambition is that this should be spread. But it's difficult when one is to spread things in writing. It's always difficult to understand what one means in writing." – Interviewee 8

The relationship between organizational members, shaped and maintained over time, provides those members with a personal network which may increase their influence and legitimacy within "The Organization". Knowledge may be gained and shared through these networks, resulting in potential gatekeeping of information. Furthermore, there seems to be an overreliance on the sustainability support function as main source of sustainability knowledge and innovative practice, increasing the work burden to combat any complexities in projects or districts. Some managers have voiced a need for designated sustainability personnel within the projects or districts to serve as motivator and responsibility to govern what sustainable activities to implement, report and test to boost the sustainability logic's legitimacy in operations, in accordance with corporate interests.

4.8.2 VARIED PERCEPTIONS OF SUSTAINABILITY AMONG MEMBERS

The question to how sustainability is perceived by different organizational members provided similar but different answers. Communication of the corporate strategic vision trickles down to each operational layer, thus influencing how members perceive sustainability goals (filtered to fit each district and geographical area. The concept of a circular economy seems to still be a topic linked with confusion among members, the central explanation to the concept seems to have not reached all members yet, which some perceive as an organic process rather than directives (sustainability training).

"we are governed by the same corporate business plan. So what is formulated in the corporation that we are supposed to stand for, it leaks out both business areas anyway. So there is actually no difference. We don't have a contradiction in that regard" &

"Circularity definition not clearly defined by corporate. It naturally/organically evolves within 'The Organization'"– Interviewee 6

Indications from the collective of interviewees is how the scope of "The Organization" has created an ambiguity in tracing where the pressure stems from. Is it mid-management, client or shareholders? Pache and Santos (2010) mention institutional conflicts over means and goals as potentially detrimental to the longevity of organizations, thus it is necessary for the corporation to find a more uniform framework over what is to be done in order to avoid unfavorable logics to gain influence over decision-making.

"There is pressure to work on this topic (sustainability), but it is not clear where that pressure stems from" – Interview 1

"'The Organization' has been working on, in some projects, with the support function that has driven a lot of questions and driven a lot to the market. But it has not, it has not fully sunk in in all projects, in the entire leadership system, so to speak, everywhere. And that's the change we have seen in the past few years. And it looks like now." – Interviewee 5

Sustainability initiatives seem to not always be prioritized in some districts; thus, a conflict may exist between different members within "The Organization" where the logic of sustainability and others are in conflict. As per precedent paragraph, this goal-conflict should be addressed internally to avoid the detrimental consequences of organizational paralysis or dissolution as per Pache and Santos (2010).

"No, more or less the same (perception of what is sustainable within organization). Different Project-specific conditions steer what solutions are implemented" – Interviewee 4

The perception of sustainability indicates to be similar between members of the organization with conditions unique to project as driver in what sustainability activities are implemented, indicating a project and business logic influencing decision-making (project logic as contract conditions and business as fulfilling the contract terms).

4.9 Summary: Findings and Analysis

Our analysis of the qualitative data identified three types of organizational responses based on Oliver's (1991) framework: Acquiesce, Compromise, and Avoid. These strategies manifest at different managerial levels and functions, reflecting the organization's approach to balancing sustainability with financial performance.

The Acquiesce Strategy, or conformity, emerged as a central reaction to institutional complexity. Most interviewees recognized the strategic importance of adhering to sustainability legislation, such as the EU Taxonomy. However, the dominant decision-making logic remains business-oriented, requiring that sustainable actions are linked to profit-generating activities within the overall project scope. This approach suggests a peripheral commitment to sustainability, driven by the need to comply with regulatory demands while maintaining financial viability. At the project management level, imitating institutional models and mimicking best practices are common tactics to ensure compliance without compromising financial goals.

The Compromise Strategy emerged as a means to balance client and stakeholder demands with financial returns. A notable example is the recently adopted regulation that restricts the use of a traditional material recipe to reduce GHG emissions, creating a new internal normative standard. This requires project teams to seek permission from the geographical sustainability manager to use traditional recipes, effectively balancing sustainability, business, and project logics. Business development managers often employ pacifying tactics, accommodating institutional elements, while construction project managers use bargaining tactics, negotiating

with institutional stakeholders to incorporate sustainability measures without undermining financial objectives.

The Avoidance Strategy was primarily observed within operational management at the project and district levels. Some managers do not perceive the sustainability logic as legitimate and urgent compared to the business logic. This results in actions such as delegating sustainability efforts to a single individual in projects, thereby decoupling some activities from external parties. Even the sustainability manager emphasized prioritizing financial returns over extensive sustainability initiatives, as the nature of project management implies that expanding the scope of operations affects cost, time, and quality.

Additionally, operational managers find value in labeling projects as sustainable for legitimacy purposes. However, as highlighted by a project manager, there are challenges in responsibility and liability, particularly in recycling and reuse efforts. Addressing these concerns is essential for advancing sustainability practices within the industry.

Overall, the responses indicate that "The Organization" actively incorporates sustainability into day-to-day activities, conforms to legislation, targets ambitious sustainability gradings through certification systems, and fosters mutual learning through corporate meetings and forums. However, these efforts are balanced with the need to maintain financial returns in operations, reflecting a dominant business logic.

Multiple logics have been identified within "The Organization," with business logic being the most central. Sustainability initiatives enforce demands on suppliers based on what is reasonable and possible. Management attempts to legitimize sustainability logic through new management functions to implement a baseline in all projects, viewing sustainability as a business opportunity rather than a cost. The aim is to effectively balance sustainability and financial performance.

This multi-layered approach demonstrates how different managerial levels and functions within the company adopt varying strategies and tactics to address sustainability pressures, ensuring that the organization remains competitive while progressively integrating sustainable practices.

5 DISCUSSION AND REFLECTIONS

In this chapter, we will elaborate on the Findings and Analysis, projecting them against the Theoretical Framework discussed earlier in the Literature Review Chapter. This discussion will integrate the insights gained from our qualitative data analysis with existing theories, thus offering a deeper understanding of the Strategic Approaches and Tactics, i.e. Organizational Responses, employed by "The Organization" to balance Financial Performance with Sustainability pressures.

5.1 Visualizing Aggregate Organizational Responses: Tactics and Strategies Analysis

To simplify and visualize the organizational responses discussed in the Findings and Analysis chapter, it is helpful to refer to the 3rd Order Aggregate Dimensions detailed in Table 4.2: Interviews Qualitative Data Analysis. Figure 5-1, Figure 5-2 and Figure 5-3 provide valuable insights into these dimensions:

- Figure 5-1: Statistical Bar-Chart Representation of Tactics illustrates the various tactics employed by the organization in response to sustainability pressures.
- Figure 5-2: Statistical Trends Representation of Tactics shows the trends and shifts in these tactics over time.
- Figure 5-3: Strategies Distribution Pie-Chart highlights the distribution of different strategies adopted by the organization.

By examining these visual representations, we can gain a deeper understanding of how "The Organization" strategically navigates its sustainability and business goals. These charts offer a clear and concise overview of the tactical and strategic approaches, making the complex data more accessible and insightful.

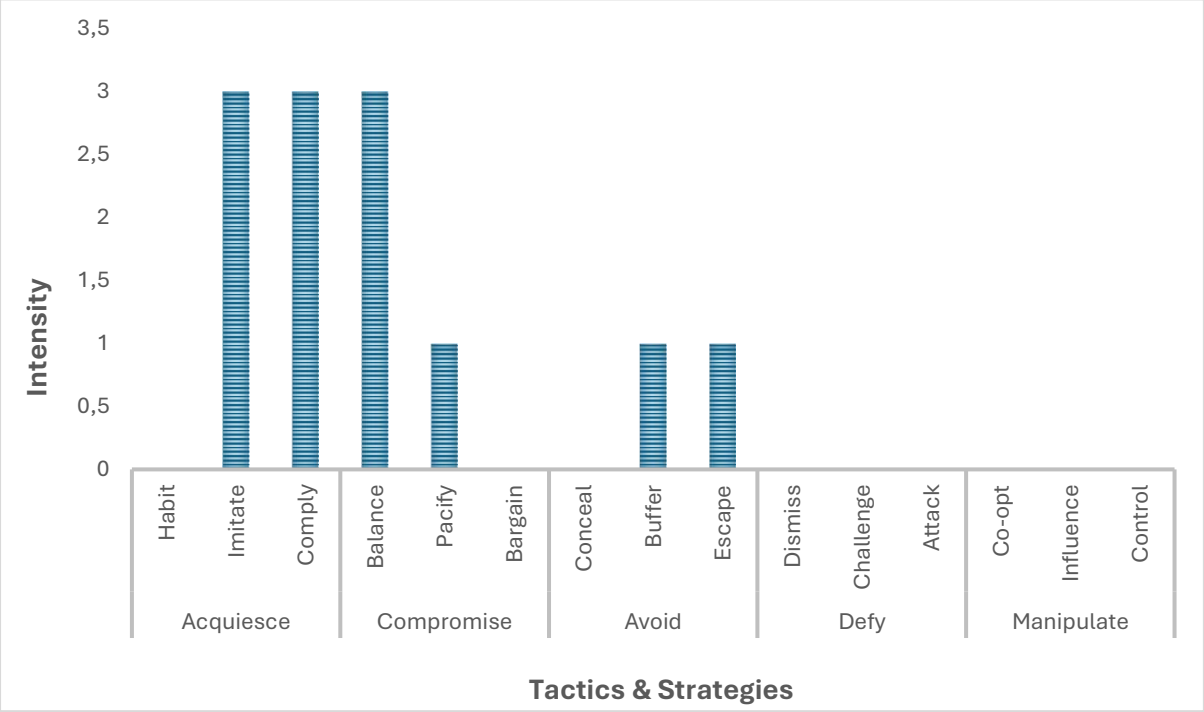

Figure 5-1: Statistical Bar-Chart Representation of Tactics

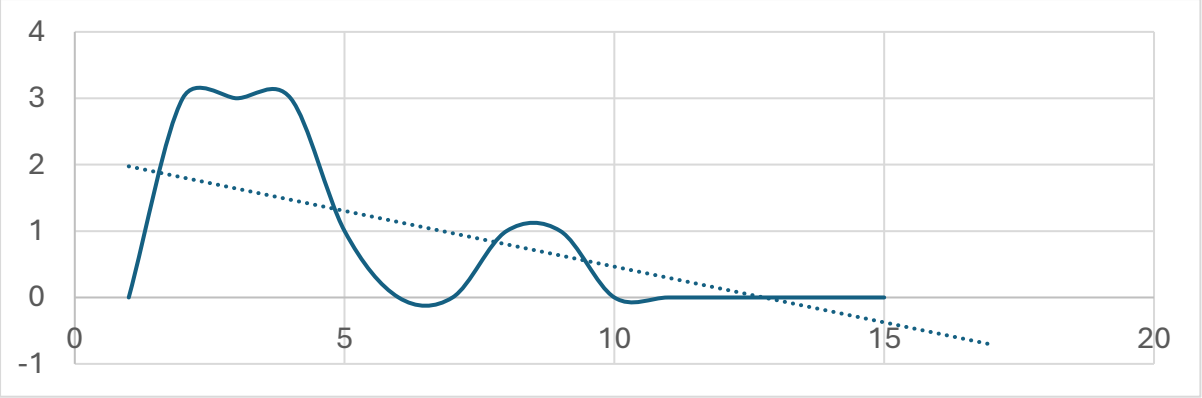

Figure 5-2: Statistical Trends Representation of Tactics

In Figure 5-1: Statistical Bar-Chart Representation of Tactics and Figure 5-2: Statistical Trends Representation of Tactics, we observe that nearly 75% of the responses are focused on Imitate, Comply, and Balance tactics. Another 8% of the responses are classified under Pacify tactics, while the remaining 17% fall into Buffering and Escaping tactics. These insights become even clearer when examined in conjunction with Figure 5.3, which shows the concentration and distribution of response strategies.

Figure 5-3: Strategies Distribution Pie-Chart on the other hand, reveals that Defy and Manipulate strategies have zero responses, which is logical given the corporate emphasis on promoting sustainability. The Acquiesce strategy dominates with 50% of the responses, followed by Compromise at 33%, and Avoidance making up 17%.

Analyzing these figures together provides a clearer and visual understanding of what type of Tactics and Strategies has "The Organization" been employing to address Sustainability Pressures.

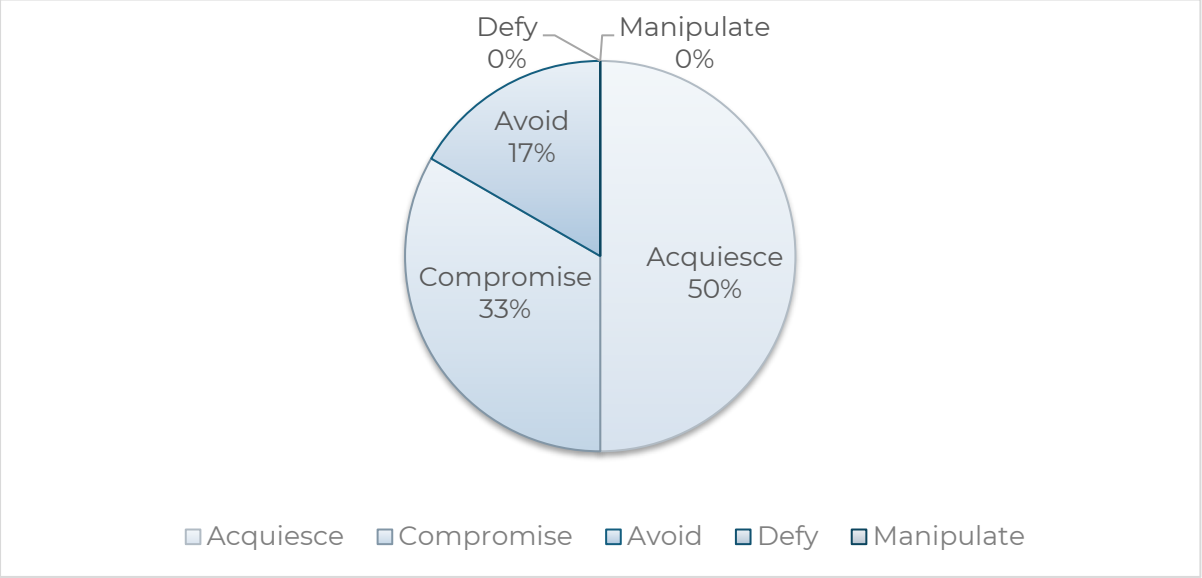

Figure 5-3: Strategies Distribution Pie-Chart

5.2 Organizational Structure and Internal Mechanisms for Strategic Response

The organizational structure of “The Organization” is sophisticated, encompassing a wide range of support, technical, operational, and management functions across all layers. These management layers are detailed in Figure 5-4: Operations Decision-Making Governance Chart. The project work serves as the operational core, linking all senior management layers and driving the division of labor, rules of competition, and strategy implementation.

Despite describing itself as a decentralized organization, a closer examination of different organograms reveals that "The Organization" operates as a functional organization at the corporate level while adopting a project-based approach at the regional level, as illustrated in Figure 4-1: "The Organization" Organizational Chart & Typology. This dual structure allows for flexibility and adaptability, enabling the organization to respond effectively to various internal and external pressures. Understanding these internal mechanisms helps us better appreciate how “The Organization” aligns its strategies and operations to meet both sustainability and business goals.

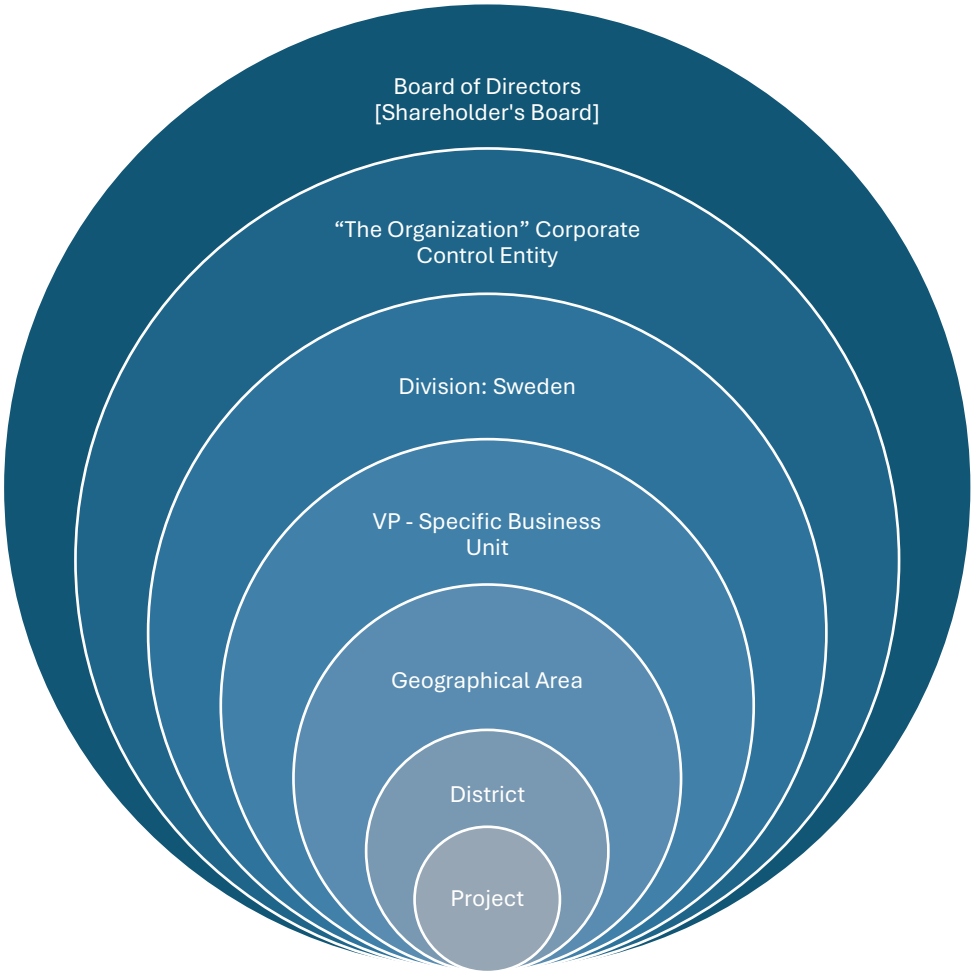

Figure 5-4: Operations Decision-Making Governance Chart

"The Organization" has implemented a mechanism for contractors to follow during tenders, likely to avoid overly influential managers, akin to what Pache and Santos (2010) describe as internal representation of different logics and competing demands. To successfully proceed with a bid, the contracting department must pass through the corporate decision-making mechanism:

- Customer Type: Is the customer public, private, or an internal client?
- Product Type: What type of building is involved (e.g., commercial office or residential building)?
- Agreement/ Contract Type: What kind of agreement is in place (e.g., design-build where the contractor is responsible for both design and execution, or design-bid-build where the contractor is only responsible for execution)?

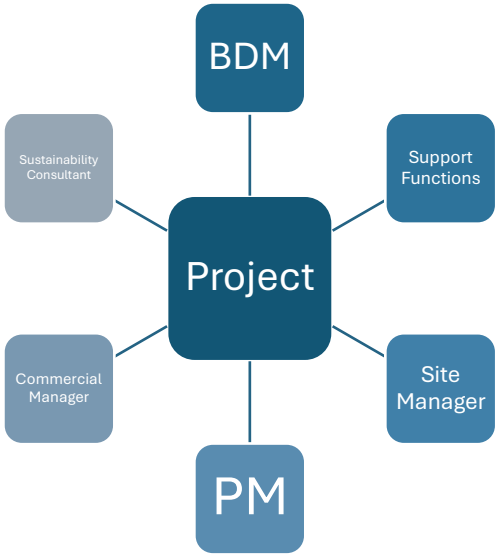

Figure 5-5: Project Management Team

Product specialization is linked to geographical areas. Districts are involved in different project trades to develop a unique set of capabilities. Collaboration across districts is encouraged by corporate and business leadership (e.g., country level). Projects with a large scope are often divided between different districts, with one district maintaining primary control of the project to mitigate the risk of running out of employee allocation between projects.

5.3 Institutional Logics and External Sustainability Requirements

Based on the qualitative data collected through interviews, illustrated in Table 4-2: Interviews Qualitative Data Analysis, the following findings have been deduced. The responses of "The Organization" to external sustainability demands are shaped by its dominant institutional logics. For instance, sustainability logic drives long-term environmental goals, while corporate business logic emphasizes profitability. Understanding this interplay helps clarify how institutional logics shape organizational responses to external pressures, such as those from regulatory bodies and market expectations.

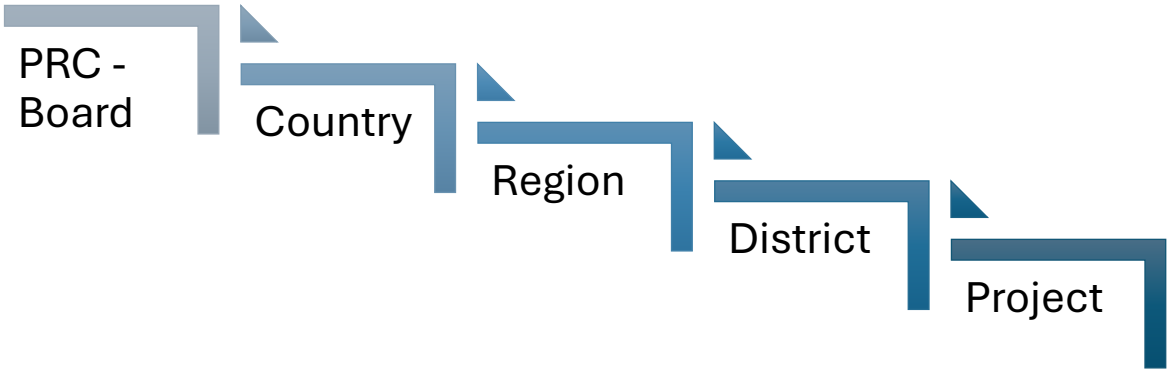

Figure 5-6: Sustainability Integration: Top to Bottom Approach

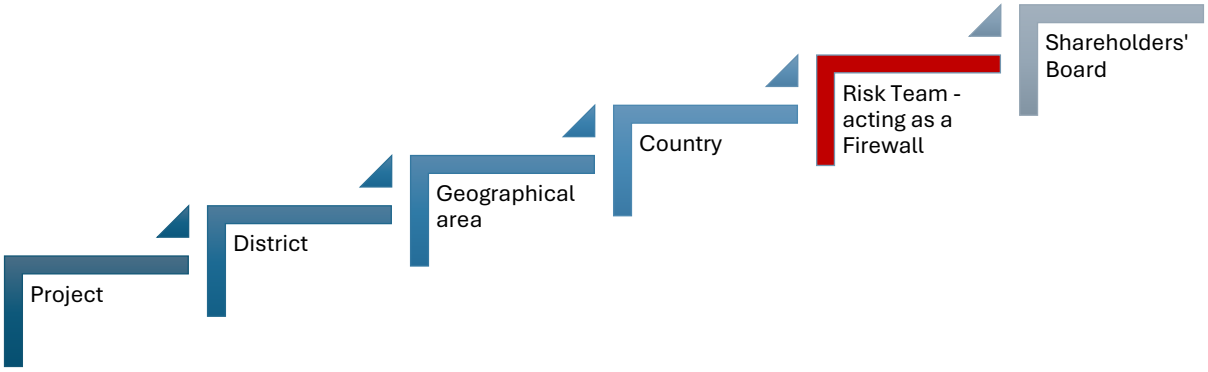

Figure 5-7: Decoupling as Risk-Mitigation

5.4 Discussing the Research Questions

In the introduction chapter, we proposed eight research questions to guide our investigation in this thesis. Now, after conducting a thorough analysis and gathering extensive data, we will examine each question and provide comprehensive and insightful answers.

This discussion aims to clarify the specific findings of our study while also highlighting broader implications for the industry. It will contribute to a deeper understanding of how organizations like "The Organization" navigate the complexities of integrating sustainability with business objectives.

Each research question will be explored in detail, drawing on the qualitative data, theoretical frameworks, and practical insights gained throughout the study. By addressing these questions, we aim to provide a nuanced understanding of the challenges and opportunities that organizations face in aligning their strategic goals with sustainability demands. This, in turn, will contribute to the ongoing discourse on sustainable business practices.

RQ1: Defining & Perceptions of Sustainability: How do different management levels and functions within "The Organization" define and prioritize aspects of sustainability in their strategic and operational decisions?

Organizational Approach to Sustainability: From Strategy to Implementation

Project managers prioritize meeting contracted sustainability conditions and aim for ambitious targets if budget, scope, and time allow. District managers adopt and refine the sustainability plans provided by geographical area management, who in turn refine and filter plans from country management. This hierarchical approach ensures that sustainability is treated as an urgent and business-critical issue at both district and project levels (see Figure 5-4: Operations Decision-Making Governance Chart and Figure 5-7: Decoupling as Risk-Mitigation).

Sustainability is perceived as a critical topic in operations, influencing how projects are executed. To enhance internal legitimacy, the corporation mandates both coercive and voluntary participation in sustainability activities. These activities include quarterly project reporting, workshops, management forums, and meetings where successful internal sustainability initiatives are showcased. This structured approach ensures that sustainability efforts are integrated into the organizational culture and operational practices, driving continuous improvement and alignment with strategic goals.

RQ2: Drivers and Barriers for Adoption of Sustainable Practices: What are the key factors driving or hindering the adoption of sustainable practices at "The Organization"?

Navigating Institutional Complexity and Innovation Barriers

Institutional scholars explain organizational complexity through the presence of multiple, and sometimes incompatible, institutional logics (Greenwood et al., 2011; Santos & Pache, 2010). Conflicts often arise from differing means and goals, with organizational members striving to support both sides of a resolution to gain legitimacy. Our analysis of "The Organization" revealed tendencies toward avoidance at the operational level, likely due to conflicts between sustainability and project logic or sustainability and business logic. This avoidance could also result from decoupling at the interface between geographical areas and districts, (see Figure 5-7: Decoupling as Risk-Mitigation).

Despite these conflicts, many interviewees and managers expressed a willingness to innovate in operations, aiming to deliver both sustainable and financial value. However, there are significant barriers posed by field constituents who block necessary local legislation for innovation. For example, issues of liability regarding warranties for reused materials and the perceived control municipalities exert over field constituents hinder the adoption of more lenient and less formal technical descriptions in new detailed plans.

Interviewees highlighted that the development time for such plans can take 8 to 10 years to complete and approve. Including less rigid technical descriptions could enable consultants and contractors to incorporate new technical innovations, thereby favoring sustainability in future projects. This dual perspective showcases the challenges and opportunities within "The Organization" as it navigates institutional complexity and strives to balance sustainability with operational and business goals.

RQ3: Internal Power Dynamics and Decision Making: How do internal power dynamics, characterized by institutional logics, influence (promote, block or slow down) decision-making processes related to sustainability efforts at various organizational levels?

Financial Decision-Making and Performance Monitoring in "The Organization"

Our analysis reveals that "The Organization" maintains a stringent and tightly coupled financial decision-making process between the corporate headquarters and individual projects (see Figure 5-7: Decoupling as Risk-Mitigation). This structure is designed to monitor and control performance, encompassing both sustainability and financial aspects, and, importantly, to mitigate risk. Consequently, decision-making is primarily influenced by Business Logic, complemented by sustainability and project logics that identify what can realistically be delivered and implemented. This approach ensures that financial performance remains a key driver while also integrating sustainability goals into the decision-making process. By coupling these logics, "The Organization" aims to achieve a balanced and effective implementation of its strategic objectives, ensuring that projects are both financially viable and aligned with broader sustainability targets.

RQ4: Institutional Logic and External Sustainability Demand Pressure: How does institutional logic shape "The Organization" respond to external sustainability demands?

Organizational Responses to Sustainability: Compromise, Balance, and Avoidance

Our analysis identified three types of organizational responses: Compromise, Balance, and Avoidance. Decision-making within "The Organization" is predominantly influenced by a business logic, as previously discussed. Senior management, identified as geographic area and above, pursue various activities to bolster sustainability initiatives and embed sustainability logic within operations. This is exemplified by the newly assigned role of sustainability manager within geographical regions, transitioning from a central country support function (see Figure 5-4: Operations Decision-Making Governance Chart).

The underlying reason for this shift is not entirely clear, but it is likely due to the recent implementation of the EU Taxonomy, enacted in 2022. This move indicates an interest in positioning and profiling "The Organization" as a sustainable alternative in its field, thereby seeking to gain legitimacy from its context. By integrating sustainability managers at the regional level, the organization aims to enhance its sustainable practices and align more closely with regulatory requirements and market expectations. This strategic positioning underscores the organization's commitment to sustainability while balancing it with business objectives.

RQ5: Financial Analysis and Project Evaluation: How do financial considerations like net present value (NPV) and discounted cash flows influence the prioritization of projects (Sustainable or Less Sustainable) within "The Organization"?

Assessing Projects Alpha and Delta: Financial Viability and Strategic Alignment

When assessing the two cases, Alpha and Delta, interviewees provided various reasons for why Alpha was continued and Delta was paused, despite their similarities. Financial considerations were a major factor, with Alpha having a higher percentage of leases compared to Delta. Additionally, internal market dynamics played a role. All internal developers compete for limited funding, so each project must clearly demonstrate its value to the entire corporation.

If the risk team identifies significant risks with a project (see *Figure 5-7: Decoupling as Risk-Mitigation*), the corporate motivation to cancel or pause the project until market conditions improve increases. Interviewed developers emphasized the importance of a concise and concrete economic plan detailing how a project will deliver value and identifying associated investment risks. Sustainable activities, such as certifications, if linked to an increase in future building value, may justify a slight decrease in financial performance. However, this compromise cannot be too great, as shareholders expect a financial return on their investments for organizational longevity.

Moreover, it is crucial for "The Organization" to provide a clear strategic vision and justification for decisions to avoid internal conflicts over competing logics, as highlighted by Pache and Santos (2010). Ensuring that all stakeholders understand the strategic motivations behind project decisions helps align efforts and maintain organizational cohesion.

RQ6: Variations in Managerial Responses to Institutional Pressures: Differences in how sustainability pressures are handled on different managerial functions within "The Organization", what are the motivations and institutional logics driving these differences?

Decoupling between Operations and Senior Management

There appears to be a decoupling between operations and senior management above the district level, where sustainability becomes a matter of reporting and formality. Operations are required to report both financial and sustainability performance to their seniors multiple times per year. However, sustainability activities within projects are less formal compared to meetings focused on financial performance or operations management.

In contrast, activities related to managing field constituents, such as subcontractors and supplier relationships, are more structured and align closely with business logic. This disparity suggests that while sustainability is acknowledged and tracked, it may not receive the same level of strategic integration and rigor as financial performance. This decoupling indicates that sustainability efforts, although present, might not be as deeply embedded in the operational fabric of the organization as financial imperatives. This differentiation in emphasis highlights the ongoing challenge of balancing sustainability with traditional business objectives.

RQ7: Profitability and Sustainability Conflict and Trade-Offs: How does "The Organization" resolve potential conflicts between external sustainability requirements and internal profitability goals?

Balancing Sustainability Ambitions with Financial Objectives for Internal Clients

Ambitions for sustainability are set as targets and baseline objectives with all internal clients, reflecting the client-contractor contractual relationships. These targets can be achieved if certain conditions are met, such as allocating additional hours for sustainability initiatives and adhering to project delivery time constraints. If project leadership identifies that sustainability initiatives can attract more interest or increase the future market value of real estate—especially if high-performing certifications are seen as advantageous in an EU Taxonomy market—then a decrease in the project's direct financial return can be accepted, provided there is thorough justification.

However, shareholder value remains the most influential factor in decision-making, reflecting the prevailing business logic. This means that while sustainability targets are important, they must be balanced against the need to ensure financial returns. The motivation for accepting a potential decrease in financial performance must be compelling, linking sustainability efforts directly to long-term value creation. This approach underscores the necessity of aligning sustainability ambitions with financial objectives to satisfy both organizational goals and shareholder expectations.

RQ8: Sustainability as a Strategic Response: To what extent are “The Organization” sustainability efforts influenced by market demand trends, adaptation to economic conditions, and/or genuine environmental concerns?

Emphasizing the Urgency of Sustainability and Risk Mitigation

All interviewees emphasized that sustainability is an important and urgent subject that the organization must address. Adherence to legislation in the regions where operations occur is of utmost importance. "The Organization" avoids markets where "under-the-table" negotiation tactics are required, instead closely monitoring market and legislative trends through district and development managers. This approach enhances the organization's ability to adapt to new market conditions and conform to regulations.

None of the interviewees downplayed the urgency of sustainability concerns. On the contrary, all expressed a keen interest and understanding that current construction-related practices, from project inception to dismantling, must evolve to align with the EU Taxonomy. However, it was also noted that all decisions must mitigate risk. Risk is deeply ingrained as something to avoid whenever possible due to its association with costs, warranty issues, and unfavorable scrutiny from stakeholders such as institutions and field constituents.

This dual focus on sustainability and risk mitigation underscores the organization’s strategic approach to balancing compliance with legislative demands and maintaining financial stability. By aligning operations with sustainability goals while rigorously managing risk, "The Organization" aims to achieve both regulatory conformity and long-term viability.

5.5 Collaboration or Conflict in Organizational Management

After processing, dissecting, and assessing statements from all interviews, our understanding of “The Organization” has evolved from uncertainty to clarity. The divisions and management layers investigated are highly synchronized regarding organizational priorities. There is no means-to-goal conflict between management layers; instead, they all adhere to a business logic where financial performance and stability are favored over volume and ventures linked with risks.

Sustainability is regarded as an important aspect at the corporate and senior business management levels, essential for complying with changes in the institutional context where coercive demands linked to sustainability legislation transition from vision to enforcement (e.g., the EU Taxonomy in continental Europe). "The Organization" is transitioning from a traditionally coercive stance—typically reluctant or indecisive—to an active change-initiator aiming for early alignment of all operations with regulatory demands.

However, there is an apparent decoupling between district management and senior management layers. This may be due to decentralization practices or the nature of the construction industry, where decentralization and decoupling naturally evolve. In a project-based organization, cooperation and balancing logics among different companies and organizations involved in a project—often external to each other—add a degree of uniqueness to each project. This uniqueness makes central coordination and management of projects or

sites nearly impossible, necessitating decentralized governance and a natural decoupling between project-level (or district-level) and central parent organization management (Dubois & Gadde, 2002; Mitrev, 2017; Bergman et al., 2013).

Engwall (2003) highlights the importance of understanding both history and context when describing a project. Successful project managers strategically position themselves in an optimal balance between what is best for the project and what is most legitimate within the context. This mirrors "The Organization's" approach to project management, balancing business, project, sustainability, and market logics. The most legitimate actions within the context of an area or project gain traction compared to other contemporary alternatives.

Projects cannot independently govern without full approval and trust from the parent organization. All major decisions linked with costs must flow upwards in the hierarchical ladder for approval. If senior management perceives anything abnormal or potentially damaging to the business, their reaction will be influenced by their dominant logic. This hierarchical oversight ensures alignment with broader organizational goals while allowing for the necessary flexibility at the project level to adapt to unique challenges and opportunities.

5.6 Sustainability and Financial Stability - a Dual Management Role

A recurring statement found throughout all interviews is that "The Organization" cannot implement innovation or sustainability at the cost of financial profit or incur financial losses (i.e., unpaid contracting activities). This approach is underscored in the company's annual reports, which state “economic stability before revenue,” indicating a risk-averse approach to business. The importance of economic stability and its connection to the longevity of for-profit organizations is emphasized by Alchian (1950), who describes that “success is based on results – not motivation” and that “those who realize positive profits are survivors; those who suffer losses disappear.”

“No matter how Sustainable you want to be, we can never work for something we do not get paid to do. Our corporation is expected by the shareholders to make profit” - Interviewee 1

The structuring of "The Organization" into different management layers, with decisions filtered through every layer from project up to the board of directors, and separated by a financial support department, provides a risk-precaution mechanism. This mechanism may potentially block bottom-up innovation of new 'best practices' across layers, but it serves as a buffer to avoid unnecessary economic losses. As Alchian (1950) explains, the role of economists is to predict economic interrelationships induced by environmental changes. While individual organizational members may not fully understand their revenue and cost context, economists predict how changes in the organizational context may impact revenue and cost (see Figure 5-4: Operations Decision-Making Governance Chart).

This structured approach provides certainty when navigating through uncertain environments, such as the Green Trend. While it may lead to less innovation across "The Organization," it allows for corporate-controlled innovation in niche projects. Experience gained from these projects is transferred across the national organization through corporate events, where

sustainability and innovation are addressed by successful implementers in projects or units. Interviewees highlighted these events as pivotal for implementing new practices within their work, providing direct links to sources of lessons learned (i.e., the presenting employee). This adds another contact node to the inter-personal network of the audience, offering acute and fundamental information or knowledge about a certain technology or practice. This approach helps reduce institutional complexity and supports the effective adoption of innovative practices.

5.7 Sustainability Implementation in the Scandinavian Construction Sector

"The Organization" is actively pursuing numerous sustainability initiatives. These include stricter demands on suppliers, establishing a baseline in all projects to decrease emissions, and spearheading sustainability projects that are launched, in progress, and delivered to clients. Lessons learned and best practices are disseminated through sustainability managers in each geographic area, encouraging project-based organizations (PBOs) and districts to make changes that enhance sustainability performance.

Senior management is pushing sustainability, indicating the strategic position "The Organization" aims to secure within its field. Bold project and district managers may view this as a new target to gain legitimacy from senior management. Marketing their personal brand can boost a manager's reputation, power, and influence on decision-making, potentially altering the balance of different logics to fit their interests.

In "The Organization's" 2023 annual report, sustainability is mentioned roughly 800 times, and 'Green Bonds' have been issued to finance sustainability activities in commercial development and investments linked to the climate transition. This is enabled by a portfolio of high-graded buildings adhering to normative standardization frameworks. The sustainability reporting outlines the value-chain activities with embodied emissions from greatest to lowest impact: purchased materials, usage, and operations.

Our qualitative study revealed that most interviewees are aware of the necessary changes. Many highlighted the importance of negotiation skills when procuring suppliers or contractors. Developers and managers working with internal clients emphasized the need to optimize building performance to balance sustainability initiatives with economic performance, stressing that changes become more complex and costly as the project progresses.

The sustainability logic within "The Organization" appears to be gaining influence, potentially competing with the business logic, especially during market downturns where the cost of capital and competition for project tenders increase. Other organizations may model themselves after "The Organization" due to its centrality and legitimacy within the field. For instance, health and safety standards developed within this organization have become normative legislative practices for other contracting organizations.

The qualitative study identified high ambitions within operations and management to push for more sustainable practices in projects, despite not yet having designated the means to achieve EU Taxonomy alignment. The aim is to position "The Organization" as a sustainable contractor

within the circular economy to secure future deals, guided primarily by a business logic, with sustainability and project logics as secondary.

The analysis of "The Organization" demonstrates how a leading contracting company in Scandinavia responds to sustainability pressures. The strategy is top-down, with subordinate departments adjusting operations to fit the overarching strategy down to the project level. Performance reporting, initiative planning, and execution are conducted bottom-up, with each management level responsible for their objectives, reflecting a degree of professionalization. Poorly performing units are addressed by senior management through corporate control mechanisms to stabilize or boost performance.

At or above the project level, avoiding or neglecting sustainability procedures is challenging. Corporate mechanisms, such as reporting and directives stipulated in contracts between internal clients and contractors, monitor and control all business streams to fulfill or exceed corporate sustainability goals and align with EU Taxonomy demands. Furthermore, the company recognizes the benefits of a strong market position as a sustainable construction alternative in the transformed market.

5.8 Summary

Three strategic responses (Oliver, 1991) were identified within the investigated organization: Acquiesce (conformity); Compromise; Avoid. A constellation of guiding institutional logic was found with a strong business logic at core, a semi-strong sustainability logic, semi-strong project logic and strong professional logic within "The Organization". It is indicative the contextual coercive constituents are motivators behind change effort, inducing a sense of urgency to adapt and conform to sustainability legislation (e.g. EU Taxonomy) in which organizational constituents at all layers perceive this urgency as a legitimate threat to business survival in a scenario where alignment fails. Thus, constituents within an organizational field, perpetuated by a business logic (Gluch & Hellsvik, 2023), identify a fundamental necessity to rethink sustainability as a cost and turn the concept into a viable business proposition to enable financial returns whilst conforming to sustainability contextual demands, aligned with George et al. (2006) description on how patterns of both resistance and change rest on how those with decision-making power perceive the shift within field as threat to or opportunity for in their strive to gain legitimacy.

6 CONCLUSION: DECISION MAKING AND SUSTAINABILITY

6.1 Strategic Decision-Making and Organizational Alignment

The decision-making process within "The Organization" is significantly influenced by the alignment between project proposals and strategic business objectives. If there is no strategic fit, even seemingly favourable projects may be rejected at various stages of the decision-making ladder, as illustrated in Figure 5-7: Decoupling as Risk-Mitigation. The corporate evaluation mechanism oversees and controls all projects, with senior management posing challenging questions that signal the importance of specific topics to subordinate managers. This process helps embed these priorities within the organizational culture. Connecting our analysis with the frameworks of Oliver (1991), Pache and Santos (2010), and Greenwood et al. (2011), we observe that "The Organization" reacts to sustainability pressures through several strategies: Conformity, Compromise, and Avoidance. Conformity involves adhering to regulations and incorporating sustainability initiatives to meet legislative demands. Compromise result in balancing financial performance with sustainability efforts, driven by the understanding that profitability is essential for business continuity. Avoidance occurs when operational managers neglect sustainability initiatives deemed infeasible due to design-to-reality transformations or budget constraints. These strategies reflect a blend of sustainability and business logics, with business considerations often prevailing due to their direct impact on financial outcomes.

6.2 Implications and Recommendations

The findings suggest that the most influential institutional logic within "The Organization" is the business logic, guiding how sustainability is perceived and implemented. A decoupling in sustainability activities occurs between district and geographic management areas, likely as a risk mitigation strategy. This approach allows senior management to demonstrate high involvement in sustainability to external stakeholders while balancing financial and sustainability returns at the project level.

For industry professionals, we recommend establishing an internal innovation department focused on enhancing sustainability performance. This department should research and disseminate best practices, success factors, and smart design strategies at both national and international levels. By fostering bottom-up creativity and knowledge sharing, organizations can develop unique capabilities that may evolve into normative standards, thereby gaining legitimacy within their institutional context.

6.3 Lessons Learnt

The research highlights the importance of aligning sustainability initiatives with business objectives to ensure strategic fit and organizational buy-in. It also underscores the need for flexible structures that allow for both centralized strategy and localized project-based execution. Sustainability is recognized as crucial by corporate and senior management, who aim to position the organization as an industry leader in this area. Operational adaptation is

encouraged through initiatives that align contract targets with project ambitions. Sustainability is viewed not as a cost but as a business opportunity.

6.4 Future Research

This Thesis explored the responses and guiding logics of a large, central contractor within the Scandinavian construction industry. Future research could investigate how smaller, peripheral contractors respond to institutional complexity arising from sustainability transitions, such as the shift from a linear to a circular economy. Key questions for further study include:

- How do peripheral contractors in Scandinavia react to the EU Taxonomy's institutional complexity?
- What institutional logics guide their decision-making in response to these pressures?
- How do small to medium-sized contractors perceive, implement, and price sustainability in tenders?

By examining these elements, this Thesis provides valuable insights into how large construction organizations navigate the complexities of sustainability demands while maintaining financial viability. Future research should continue to explore the interplay of institutional logics in smaller firms to provide a more comprehensive understanding of the industry's adaptive strategies.

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