**Title: Pragmatic Ambiguity in Situations of Enduring Institutional Complexity**

**RELEVANCE AND TIMELINESS**

Corporate social responsibility (CSR) plays a central role in the way we understand the relationship between companies and larger society. As CSR practices have become more commonplace at firms, management scholars have devoted increasing attention to why firms engage in CSR (i.e., antecedents) and how such activities may result in firm benefit (i.e., outcomes) (Aguinis and Glavas 2012, Wang et al. 2016). For example, scholars continue to debate how these practices impact profit (Margolis and Walsh 2003), affect consumers (Burt 1983), and influence reputations (Brammer and Millington 2005). Yet, in their dedication to studying firm-level effects, many researchers have taken for granted the processes by which firms make decisions about and implement socially responsibly activities (Wang et al. 2016). While a growing literature reveals how social enterprises and hybrids navigate conflicts between social welfare and profit goals (e.g., Battilana and Lee 2014), we know much less about the how large, for-profit firms conceptualize and carry out socially responsible action.

Corporate philanthropy is typically regarded as the oldest and most prominent CSR activity, alongside other activities such as employee volunteering, ethical governance, and sustainability. Corporate philanthropy consists of the voluntary transfer of cash, products, or other assets from firms, typically to nonprofit organizations, for public purposes. Partly because the activity dates back to the 1950s (and even before, Clemens 2015), corporate giving has been one of the most frequently studied CSR activities (for a review, see Gautier and Pache 2013). However, much like studies on CSR and sustainability more generally, existing research does not adequately explore *how* companies implement their philanthropy programs. Much of the gap can be attributed to methodology. The bulk of research on corporate philanthropy uses quantitative, pre-giving, post-giving comparisons of firm profit that are unable to explore how funding decisions are actually made. Ultimately, studies of this nature provide some understanding of different antecedents and outcomes of philanthropy, though little sense of how the activity is carried out. We do not yet understand, for example, how firms prioritize social problems or choose one philanthropic recipient over another, nor who is involved in these decisions.

This article seeks to deepen our understanding of the processes by which companies implement corporate philanthropy, along the way revealing insights about how companies conceptualize and structure their relationships with communities and larger society. The paper uses a qualitative analysis of how corporate grantmakers – the professionals companies employ to oversee philanthropy programs – navigate competing demands of generating both business and social value. The insights about how a growing professional field manages and relies on ambiguity extend to more general activities of the CSR and sustainability professionals within companies.

The argument extends how we think about professionalization of the nonprofit sector. Existing scholarship suggests that donors influence nonprofits toward professionalization not necessarily as a result of the money they donate, but because that money comes alongside orders for more market-based practices like strategic plans, consulting, and management training (Hwang and Powell 2009). The findings presented in this paper depict a more nuanced picture. The story presented is neither one of companies coopting nonprofit missions nor companies mandating metrics. The theoretical conclusions help explain why ambiguous goals and metrics persist.

**ABSTRACT**

Existing literature suggests that organizations reduce institutional complexity by ridding themselves of competing demands or by creating new hybrid identities that integrate competing elements. However, some organizations reside in environments of enduring institutional complexity where competing elements cannot be dismissed or perfectly integrated. I use corporate philanthropy as a case study of enduring institutional complexity, as corporate grantmakers who oversee corporate donations must navigate both the business and nonprofit fields. They cannot reduce complexity by eliminating competing elements, nor can they perfectly integrate elements. Drawing from 40 interviews with corporate grantmakers as well as participant observation of corporate foundations, I argue that the successful navigation of enduring institutional complexity can be achieved through *pragmatic ambiguity*. Infusing ambiguity into the process of corporate philanthropy – including via ambiguous goals, ambiguous definitions of success, and imprecise outcome metrics – fosters multiple interpretations and strengthens the ability to appease various audiences. I outline two mechanisms by which ambiguity assists organizational actors in complex situations: *multivocality* and *myth-making.* Ambiguity allows actors to project fit with multiple audiences and address competing dimensions without engaging in costly negotiations (multivocality). Moreover, ambiguity provides the space to for organizational actors to construct coherent identities from incommensurable demands (myth-making). I argue that ambiguity is most successful as a response to enduring complexity when complete hybdrization of competing elements is not the primary goal. In the case of corporate philanthropy, ambiguity leads corporate grantmakers to rely heavily on other signals of legitimacy as they make funding decisions, namely nonprofit reputation and corporate norms.

**PAPER OUTLINE**

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2. RESPONSES TO INSTITUTIONAL COMPLEXITY
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3. PRAGMATIC AMBIGUITY AS A COMPLEXITY MAINTENANCE STRATEGY
4. METHODS
	1. Case Selection
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	2. Multivocality: Using Ambiguity to Appease Multiple Audiences
	3. Myth-Making: Ambiguity Allows for Coherent Identity among Competing Parts
6. COUNTER EXAMPLE: PARTIAL DISMISSAL AND COMPARTMENTALIZATION
7. CONCLUSIONS