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The Role of Relational Work

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Managing legitimacy in business-driven social change:
The role of relational work

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Abstract

This paper examines how companies manage their legitimacy in driving social change, drawing attention to how companies proactively negotiate their involvement with nonmarket actors. Building on the legitimacy-as-process perspective, I argue that companies construct the legitimacy of their involvement by engaging in relational work, i.e. by investing efforts in shaping their relations with others and thereby redefining roles and responsibilities. To explore the role of relational work in business-driven social change, I present an inductive, interpretive study of a pharmaceutical company's efforts to build a market for its products by improving diabetes care in Indonesia. Grounded in the empirical study, I develop a process model to explain how legitimacy is redefined from the bottom-up, i.e. how a company's involvement is re-negotiated *in situ* and crafted to attain the social approval of a wider audience. Advancing the micro-foundations of nonmarket strategy, my model offers new insights into how companies can organize with nonmarket actors and how they can effectively publicize their involvement as socially responsible. I also discuss the model's implications for a more critical research agenda on the political responsibilities of companies in social change.

Key words: business in society; legitimacy; nonmarket strategy; relational strategies; social change

Companies are increasingly addressing social problems such as environmental degradation, poverty, and public health crises, especially in developing countries and emerging markets where resources are scarce. In doing so, they are filling gaps in local governance and providing public goods, thereby catalysing social change and saving lives (Matten & Crane, 2005; Scherer & Palazzo, 2011; Scherer et al., 2016). For example, most pharmaceutical companies now invest in public health and improving access to care for people in need (Access to Medicine Foundation, 2014). Such involvement is rarely motivated by managerial philanthropy or societal expectations alone; rather, companies fill governance gaps and shape their nonmarket environments with a view to attaining competitive advantage (Baron, 1995, 2016; Doh et al., 2012; Marquis & Raynard, 2015; Oliver & Holzinger, 2008; Yin & Jamali, 2016). Companies drive social change in order to realise market opportunities, thereby ideally creating value for both business and society (Husted et al., 2012; Porter & Kramer, 2011).

Companies' political activities aimed at driving social change are often met with suspicion, in many cases being considered controversial or even outright illegitimate (Bhanji & Oxley, 2013; Palazzo & Scherer, 2006). With regard to public goods, the legitimacy of companies' activities is beset by moral concerns as to whether they are "the right thing to do" (Palazzo & Scherer, 2006; Suchman, 1995). The intrinsic problem with business-driven social change is that whenever business and societal objectives collide the risk arises that business interests will dominate the trajectory of change (Banerjee, 2008; Barley, 2007; Crane et al., 2014). Even when companies espouse a commitment to societal objectives they are still perceived as making public welfare choices from a business mindset and as prioritising strategic considerations over the needs of local communities (Valente & Crane, 2010). For these and other reasons, companies lack legitimacy as political actors and hence as agents of social change (Bhanji & Oxley, 2013; Lawrence, 1999).

The nonmarket strategy literature has highlighted how companies manage their legitimacy by engaging in public discourse around social problems and by deliberating their involvement with regulators and with the public (Joutsenvirta & Vaara, 2015; Patriotta et al., 2011; Reinecke & Ansari, 2016; Scherer & Palazzo, 2011). When their involvement is construed as socially responsible, they may legitimately participate in political activities and drive social change (Palazzo & Scherer, 2006; Scherer et al., 2013, 2016). This perspective is too narrow, however, in that it does not account for companies' strategic efforts and their idiosyncratic involvement in local contexts (Frynas & Stephens, 2015; Mäkinen & Kourula, 2012; Whelan, 2012). Indeed, it is widely known that companies pursue their self-interests by driving or influencing change through their relations with social or political actors (Doh et al., 2012; Hillman & Hitt, 1999; Marquis & Raynard, 2015; Mellahi et al., 2016; Oliver & Holzinger, 2008). Since the literature has mainly focused on how companies gain legitimacy in public discourse, however, we know little about how they negotiate their involvement with those they aim to co-opt, consociate or collaborate with.

In this paper I aim to provide new insights into how companies manage their legitimacy as they cultivate relations with nonmarket actors. In doing so I argue that companies can redefine legitimacy from the bottom up as they engage in relational work - defined as the activities and practices through which actors purposely craft, maintain and shape their relations and thereby renegotiate roles and responsibilities. To explore the role of relational work in business-driven social change I present an inductive, interpretive study of a pharmaceutical company's efforts aimed at building a market for its products by improving diabetes care in Indonesia. Because the company's interest in social change was seen as being business-driven, nonmarket actors sought to protect their own legitimacy by avoiding relations with the company. In detailing the company's sensitive and inconspicuous efforts, my case study highlights four types of relational work through which the company, in spite of such challenges, built strong relations and co-constructed its legitimate participation in social change.

THEORETICAL MOTIVATION: MANAGING LEGITIMACY IN NONMARKET CONTEXTS

Legitimating companies' political involvement entails renegotiating the conventional division of roles and responsibilities between business and political actors, thereby expanding the range of activities that companies may legitimately perform and the processes they may legitimately influence (Höllerer et al., 2017; Scherer et al., 2013, 2016; Scherer & Palazzo, 2011). Previous studies grounded in a deliberative model of democracy and participative public will-formation have described the ways in which the business-society relation is re-negotiated in public discourse (Castelló et al., 2013; Joutsenvirta & Vaara, 2015; Reinecke & Ansari, 2016). Ideally, the legitimacy of corporate involvement is "socially and argumentatively constructed by means of considering reasons to justify certain actions, practices, or institutions" (Scherer & Palazzo, 2011, p. 916). Such deliberative quality and openness to public scrutiny are important for the legitimacy of these processes insofar as they compensate for their democratic deficit (de Bakker et al., 2019; Castelló et al., 2016; Scherer, 2018). In this view, companies' roles and responsibilities in social change are – and ought to be – outcomes of public discourse.

In practice, however, companies effectively shape social change by resorting to relational strategies (Mellahi et al., 2016). Relational strategies entail companies cultivating and managing dependency relations with governments and key constituents who enable access to political processes and their political influence (Doh et al., 2012; Hillman & Hitt, 1999; Marquis & Raynard, 2015; Oliver & Holzinger, 2008). Strategies include traditional corporate political activities such as lobbying and advocacy (Hillman et al., 2004; Mellahi et al., 2016). Using such strategies, companies often work *through* nonmarket actors: they lubricate their relations with financial support and co-opt social and political actors to endorse specific courses of action (den Hond et al., 2014; Oliver & Holzinger, 2008; Schuler, 2008). When targeting social ills, companies usually work *with* others: they directly shape change by participating

in collective action such as cross-sectoral partnerships (Bhanji & Oxley, 2013; Doh et al., 2012; London & Hart, 2004).

The effectiveness of relational strategies hinges on the legitimacy of the nonmarket actors through and with whom companies operate. Legitimate nonmarket actors such as experts and regulators are attributed a generalised mandate, affording them access to other actors and resources that enable them to effectuate change (Greenwood et al., 2002; Greenwood & Suddaby, 2006; Rao et al., 2003; Reay & Hinings, 2005; Suddaby & Viale, 2011; Tolbert & Zucker, 1983). Relations with legitimate actors thus allow companies to extend their sphere of influence by compensating for their own lack of legitimacy as participants in public politics (Bhanji & Oxley, 2013; Dahan et al., 2010; Galaskiewicz, 1985; Jia, 2018). They can then strategically shape their environments, for example by developing best practice solutions to policy problems and establishing standards that shape regulations to match company interests (London & Hart, 2004; Oliver & Holzinger, 2008). Because relations enable companies to craft a good fit of their activities with government policies and societal expectations, they may contribute to legitimacy in the long run (Banerjee & Venaik, 2018; Mellahi et al., 2016).

Yet the literature has insufficiently acknowledged that companies must negotiate their involvement with the nonmarket actors they aim to work with. Insofar as relational strategies evade public scrutiny and lack transparency (Mellahi et al., 2016), they exacerbate suspicions that companies' political activities are undertaken to advance narrow corporate self-interests at the expense of public goods (Barley, 2007; Hillman & Hitt, 1999; den Hond et al., 2014). Such suspicions not only escalate concerns around the company's legitimacy but also jeopardize the legitimacy of any of their associated social and political actors (Baur & Schmitz, 2012; Haack et al., 2014; Kostova & Zaheer, 1999; Suddaby et al., 2017). The risk of such negative legitimacy spillovers not only constrains the relational activities companies have at their disposal (Getz, 1997) but also causes other actors to seek to protect their own legitimacy, for example by asserting their independence and avoiding working with companies altogether (Chen et al., 2019; Herlin, 2015). Legitimacy concerns thus render a company's efforts to build and use relations with nonmarket actors utterly delicate. Hence, I formulate my research question as follows: How do companies manage the legitimacy of their involvement as they craft, cultivate and use relations with nonmarket actors to drive social change?

MANAGING LEGITIMACY THROUGH RELATIONAL WORK

Following the turn to work (Phillips & Lawrence, 2012), I propose to view relations as ongoing works-in-progress and to focus attention on their *in situ* negotiation. When companies use relations strategically (Oliver & Holzinger, 2008), other actors are not merely passive recipients of their efforts. Rather, agency is distributed among a variety of different actors who – collaboratively or contentiously – bring about change

or maintain the status quo together (Garud & Karnøe, 2003; Lawrence et al., 2011). Relational work thus pertains to a company's strategic efforts but also highlights that other actors participate in or oppose these efforts. From this relational perspective, legitimacy is the context in which relational work takes place. Furthermore, viewing legitimacy as process (Suddaby et al., 2017), this perspective entails that *in situ* negotiations may over time accumulate and constitute changes in "generalized social approval", thus redefining the legitimacy of a company's involvement in social change from the bottom-up.

In the context of legitimacy concerns, companies cannot build and use relations *ad libitum.* Legitimacy defines the range of appropriate actions, which actors interpret reflexively (Berger & Luckmann, 1966; Suddaby et al., 2010). Nonmarket actors accordingly act on the basis of how they themselves interpret a company's efforts and how they think the broader public interprets these efforts. For example, nonmarket actors may fear co-optation or corruption and perceive close involvement with the company as a threat to their own legitimacy. While companies may counter such concerns, for instance by proposing synergistic solutions to social ills, no single actor can control interpretations (Bitektine & Haack, 2015; Maguire & Hardy, 2009; Suddaby et al., 2017). Building relations thus challenges companies to negotiate interpretations of their involvement with the nonmarket actors they aim to collaborate with.

Redefining legitimacy from the bottom up also requires that companies manage the exposure of their efforts to public scrutiny. Any negotiations that are publicly espoused invite evaluation by external observers, thus constituting input for public discourse (Bitektine & Haack, 2015). By entering into observable relations such as a collaborations or partnerships, for example, nonmarket actors signal that they consider the relation desirable and thereby invite the public re-negotiation of its legitimacy (Galaskiewicz, 1985). Yet public negotiations often entail ideology-laden contestation that may fuel controversy (Joutsenvirta & Vaara, 2015; Patriotta et al., 2011; Reinecke & Ansari, 2016; Waldron et al., 2015). It is then likely that perceptions of manipulation will persist so that companies will not be able to convince contestants through reasonable arguments (Palazzo & Scherer, 2006; Reast et al., 2013). To redefine their involvement as legitimate, companies thus face the challenge of deciding when and how to publicize their involvement and when to remain strategically silent (Carlos & Lewis, 2018).

This relational perspective on legitimacy has two immediate methodological implications. First, it does not view other actors as passive recipients of companies' relational strategies but rather as reflexive challengers or participants. To understand the negotiations around a company's involvement, empirical studies of relational work should accordingly aim to capture all involved actors' interpretations. Second, since we may expect that actors strategically manage the public exposure of their relations, tracing re-negotiations in public discourse enables us to study only what the involved actors present for public scrutiny (aside, that is, from any information that might have been leaked). To distinguish between renegotiations of relations and the staged presentation of such renegotiations, therefore, we must seek to capture the activities – however inconspicuous – that unfold under the public radar.

In the remainder of this paper I further explore the intricacies of relational work in business-driven social change. In doing so I present an interpretive case study of a Danish pharmaceutical company's efforts to build a market for its products by improving diabetes care in Indonesia.

RESEARCH DESIGN AND METHODS

Research context and case study: Novo Nordisk in Indonesia

Diabetes has increasingly taken hold in emerging markets like Indonesia that are undergoing rapid economic growth and development. At the time of this study, Indonesia had the seventh-highest number of diabetes patients in the world, with approximately 8.5 million Indonesians suffering from diabetes (International Diabetes Federation, 2013). As is often the case in emerging markets and developing countries, however, Indonesia's healthcare system was still geared toward fighting infectious diseases like typhus, polio and tuberculosis, and poorly equipped to diagnose and treat chronic diseases such as heart disease and diabetes. The inadequacy of the healthcare system severely reduced people's quality of life and caused many premature deaths. It also impeded the business of pharmaceutical companies, since they were not allowed to market anti-diabetic medication (insulin, most importantly) directly to patients and depended instead on prescriptions issued by healthcare professionals. To build the market, companies had to improve diabetes care in ways that would increase the number of insulin prescriptions.

I present the efforts of Novo Nordisk, a Danish-headquartered pharmaceutical company with more than 30,000 employees and global offices in 75 countries, including subsidiaries in several developing countries and emerging markets in Asia, Africa and South America. In 2007, as part of the company's global strategy and supported by strategic investments, Novo Nordisk's fully-owned Indonesian subsidiary set out to improve diabetes care. Local actors were suspicious of the company's efforts and raised concerns that salient synergies veiled complicated practical issues regarding which kinds of care and treatment should be provided and by whom – issues with substantial implications for social outcomes. Determined to protect their healthcare system and their own legitimacy, they were reluctant to work with the company. Over time, however, Novo Nordisk nonetheless became their preferred partner. In 2012 the company formalized its collaboration with local organizations and launched extensive education programmes to enable doctors to diagnose and treat diabetes. In 2013 the company published a report that publicized its involvement and attained the approval of a larger audience, including political and business leaders. In recognition of its involvement as best practice, Novo Nordisk won the Frost & Sullivan's 2015 Diabetes CSR Company of the Year Award. This case thus offers an exceptional opportunity to study how a company successfully redefined the legitimacy of its involvement in business-driven social change.

Data

Since the company engaged in relational strategies that at least partly unfolded under the radar and hence not detectable in public discourse, I designed my study to present the voices of involved actors and conducted interviews and participant observation both within the company and with local stakeholders. The aim of the interviews was to produce narratives (Czarniawska, 2004) of how diabetes care had been evolving and what the roles of the different actors were. By complementing interviewees' narratives with specific questions on activities and practices, the interviews covered interpretations of practices as well as actual activities, thus producing both presentational and operational data (Van Maanen, 1979). I thereby reduced reliance on overt statements (Flick, 2007) and captured everyday and inconspicuous efforts that the interviewees did not necessarily find remarkable. The interviews with the subsidiary's management team lasted between 30 and 45 minutes, and the interviews with field actors averaged about 60 minutes. All interviews and meetings were audio-recorded, transcribed verbatim, and organized into two main categories: data collected at Novo Nordisk and data from other actors. Table 1 provides an overview.

Insert Table 1 about here

I was able to gain privileged access to the company through a key informant at the Danish headquarters who was preparing a publication on the Indonesian subsidiary's efforts to improve diabetes care. At headquarters, I participated in meetings with the subsidiary's executive managers at which my key informant discussed Novo Nordisk's relational strategy and the difficulties they referred to as "the legitimacy barrier." During a 14-day field trip to Jakarta in Autumn 2012 I conducted interviews with seven managers at Novo Nordisk Indonesia. These interviews centred on how the subsidiary attempted to change diabetes care, how they interacted with other organizations, who they collaborated with and how, what challenges they faced and how they attempted to tackle them. I observed a three-hour monthly meeting of the Indonesian subsidiary's management team, during which managers updated each other on their efforts. I collected documents used for internal communication between the subsidiary and the headquarters. This approach not only afforded insights into the corporate context but also allowed me to understand the subsidiary's strategy.

During fieldwork in Indonesia, I additional interviewed local actors included senior public health officials, leading academic experts and non-profit health professionals (see table X for more information). Access to these professional health networks was facilitated by a key informant from the University of Indonesia in Jakarta. The interviews included questions on how they conceived of their own roles in diabetes care, what their ambitions were, what roles other actors assumed, who they collaborated

with, and whether and how they interacted with private companies – and specifically with Novo Nordisk. In order to gain a first-hand understanding of the Indonesian context and practices, I observed a training day for general practitioners co-organised by Novo Nordisk and visited two clinics. Finally, I gained access to the documents in which Novo Nordisk and local organizations formalized their relations, including two Memoranda of Understanding (MoUs), three Implementation Guidelines, and a follow-up letter on the implementation of collaborative initiatives. In the course of the analysis I obtained member's reflections on my emerging understanding through follow-up meetings with both key informants, staff at headquarters, a member of the Indonesian management team.

Data analysis

My interpretive analytical strategy was inspired by the grounded theory approach (Charmaz, 2006; Corbin & Strauss, 2008) and narrative analysis (Czarniawska, 2004; Langley, 1999) and is best described as a process of constant comparison of the data with emerging themes and theoretical ideas. As a first step, I described the company's involvement over time by tracing how diabetes care in Indonesia was organized. I coded interviewees' explanations of who did what, with whom, and why and summarized the coded section in an extensive role-ordered data display (Miles & Huberman, 1994). Paying attention to temporal pointers like references to dates or events, I constructed narratives of each organization that explicated how relations among them had developed. The narratives made explicit that a redefinition of the company's involvement had occurred, from controversial intervention to desirable partnerships.

As a second step I aimed to understand how this redefinition of the company's involvement had been constructed. Exploring the involved actors' relational work, I descriptively coded all episodic activities and practices, paying particular attention to Novo Nordisk's efforts. Comparing and linking the coded passages to each other, I summarized them into 20 first-order concepts (Gioia et al., 2012; Langley & Abdallah, 2011). For example, since both Novo Nordisk staff and others explained how they were in touch through voice calls or Blackberry messenger, I summarized this practice as "being in touch through digital communication". I grouped related themes into eight researcher-centred second-order themes (Corbin & Strauss, 2008). For example, "being in touch through digital communication" and "attending conferences and symposia" formed the second-order theme of "sustaining exchange of information and interpretations".

As a third step I thought about how various activities shaped relations and I integrated the second-order themes into four aggregate dimensions that constitute types of relational work. To illustrate, "generating mutual understanding" and "sustaining exchange of information and interpretations" both aimed to strengthen personal relations at individual level. I noticed that the relation defied the expectation that relations with business managers would involve self-interested transactions such as exchanging resources for favours. To highlight that the efforts created a shared orientation toward addressing the social

ill, I labelled this type of relational work "cultivating communal relations". Table 2 presents the ways I grouped the narrative themes into four types of relational work, while Table 3 offers empirical illustrations. Finally, I aimed to understand the temporal trajectory and develop a process model. Using temporal indications of when activities and practices first emerged and when they co-occurred, I constructed an overarching composite narrative (Czarniawska, 2004). I noticed that the redefinition of the company's involvement had occurred in two phases that featured distinct patterns of relational work. Emphasising these two patterns, I labelled the phases "embedding the company in the social system" and "positioning as a socially responsible company".

Insert Table 2 about here

Insert Table 3 about here

CHANGING DIABETES CARE IN INDONESIA

Novo Nordisk's strategic objectives in Indonesia were to build and upgrade the insulin market by promoting high-quality treatment. Most general practitioners (GPs) in Indonesia had received insufficient training and did not recognise diabetes symptoms, so that the condition often remained undetected or misdiagnosed until patients suffered from severe or even life-threatening complications. Even if diabetes was correctly diagnosed at an early stage, patients had to be transferred to one of the 74 endocrinologists in the country to receive prescriptions of insulin at a hospital. By building GPs' capacities to diagnose diabetes and prescribe insulin, Novo Nordisk aimed to bring insulin into primary care and thereby expand the market. Importantly, in contrast to least developed countries where the company sells an outdated type of insulin – human insulin – at a discount, the strategic objective in this emerging market was to close access to human insulin and instead upgrade to the company's branded high-quality modern insulin products. In this scenario Novo Nordisk would not only achieve what were considered right returns on investments but also protect the market from Chinese and Indian companies competing on human insulin. Novo Nordisk would only have to face two Western competitors, who offered branded modern insulin products but had not demonstrated interest in building the market.

Before I present how Novo Nordisk became involved and drove change, I introduce the main actors and their concerns about the company's involvement. Figure 1 provides an overview.

Insert Figure 1 about here

The two most influential organizations in diabetes care in Indonesia were the government and the Perkeni professional organisation of endocrinologists. Perkeni leaders held professorial positions at local universities and headed the patient organization Persadia. They were considered "the key opinion leaders", commonly referred to as "KOLs". As experts, Perkeni members constructed the medical guidelines for diabetes care to be followed in clinical practice and disseminated by the government. They worked closely with the government, for example, to construct the universal health insurance scheme that was eventually launched in 2014. This scheme entailed that all registered residents received a "Health Card" granting them access to basic care. The government decided on the formularies specifying which types of care and treatment would be covered by the scheme. In addition to making policy, the government also acted as a gatekeeper, and thus many undertakings required government approval. For example, public doctors needed the government's permission to participate in education programmes. As a result, Novo Nordisk had to work with both Perkeni and the government to improve and shape diabetes care.

Perkeni members and government officials were concerned that the company's strategy might adversely affect public health. First, the idea to make insulin available in primary care was controversial. Some Perkeni members warned that GPs lacked the necessary training and were unable to administer insulin appropriately. Indeed, inappropriate treatment risked patients' lives, since if insulin is applied in inappropriately high doses it can lower blood sugar to dangerous levels and rapidly cause organ and brain damage. Second, they voiced concerns about costs. The government problematized the use of insulin as an expensive form of treatment and instead focused on prevention as the most viable strategy for lowering the financial burden on the healthcare system. Perkeni members, in contrast, promoted insulin treatment but voiced concerns about the type of product that would be appropriate for the Indonesian healthcare system. One key opinion leader expressed this criticism to Novo Nordisk staff in the following words:

> You are pricing insulin based on your economic and life condition in the Western countries. But insulin should be used, and has to be used, by many people in developing countries. So, if we are talking about the pricing, we cannot afford insulin, and the people cannot afford insulin. […] You sell the better insulin with a higher cost. So, you know it makes it difficult. […] It's too expensive. That's why we still use human insulin, even if it may cause hypoglycaemia. We realize this, but we have to use it. Otherwise, you know, we cannot take care of our patients. (Perkeni member A)

While Perkeni members acknowledged the advantages of "better insulin", they faced a scarcity of public resources and pervasive poverty in their daily practice and therefore doubted whether Novo Nordisk's objective of promoting high-quality care was appropriate for their country.

Because the trajectory of diabetes care remained unsettled and Novo Nordisk's business interests were perceived as potentially having an adverse effect on public healthcare, Perkeni and the government were suspicious of the company's involvement and believed that close engagement with Novo Nordisk would pose a threat to their own legitimacy. For Perkeni, in particular, it was crucial to protect its reputation as the professional organization of independent medical experts, as was acknowledged in a statement of Novo Nordisk's Medical Affairs Manager on Perkeni's stance: "They need to maintain their independence." For the government, Novo Nordisk's involvement was even more problematic because the universal health insurance scheme was under construction. In competition with other companies, Novo Nordisk strove to ensure that its high-quality insulin products would be included in the formularies stipulating insurance coverage. Given that the stakes were high and coincided with consequential anti-corruption campaigns, government officials feared being accused of corruption. As Novo Nordisk's financial manager explained: "The government is very afraid of taking any decisions on anything, very afraid of collaborating with private partners. Corruption is a big issue; people will end up in jail, so they are afraid." In sum, the combination of Perkeni's need for independence and the government's fear of corruption made it difficult for Novo Nordisk to become involved.

Infusing diabetes care with people and resources: embedding the company in the social system

To overcome the legitimacy concerns around its involvement in driving diabetes care and attain social approval, Novo Nordisk went through two phases that feature distinct types of relational work. First, the company embedded people and resources in the system by cultivating communal relations and extending organizational support.

Cultivating communal relations. The first type of relational work involved constructing personal relations centred on addressing the social ill. Novo Nordisk managers cultivated communal relations by generating mutual understanding and sustaining communication to exchange information on and interpretations of ongoing activities and developments directed at improving diabetes care.

To begin with, Novo Nordisk managers visited influential people and introduced themselves. In Indonesia, personal contact is considered a signal of genuine interest and personal visits are highly appreciated, especially in Jakarta where traffic jams are the norm and even small distances are time-consuming, hazardous and stressful. The general manager explained as follows:

> I have visited, I think, all the stakeholders in the first few years to develop a relation, to know them, to understand them. […] I even also make my management team work in the

field, because other companies don't go much. So whenever they go, [the key opinion leaders] appreciate that they are coming down to the customer level and they are trying to understand. So therefore I make sure not only me but also my management team go out and meet some key opinion leaders.

This quote highlights two important aspects of the company's effort. First, the purpose of the managers' introducing themselves was to develop mutual understanding. My interviews indicate that members of Perkeni and government officials did indeed recall the visits paid by Novo Nordisk's general manager, whom they referred to by his first name, and that they appreciated how he had approached them "just to introduce himself" (Perkeni member B). By focusing on generating mutual understanding, the company's approach defied local actors' expectations that initial contact would involve proposals of self-interested transactions such as swapping resources for favours. Second, the company continued these efforts over years. According to the general manager, it was only through continued efforts that he could convincingly convey the following central message: "We have the same goals here: how to educate doctors and treat patients." Defying widespread expectations of transactional relations thus involved much more than a merely short-term endeavour.

Because personal visits were time-consuming, Novo Nordisk staff sustained communication in two ways over the following years. First, to make sure they could meet key opinion leaders personally, Novo Nordisk managers selectively attended symposia or conferences where they could meet many such leaders at once. Second, in addition to face-to-face meetings, the managers used Blackberry messenger to "be in touch" and "engage" with stakeholders, as well as to "follow up" on meetings or activities. As the General Manager explained:

I am in constant touch with what's happening. I am not keeping myself away from the situation. I am not sitting in an ivory tower. I want to be in the field, one amongst them, just to listen and see what else we can do. If there is good feedback or bad feedback, we will know.

From the company's perspective, sustaining communication thus afforded information on ongoing activities and developments and thereby enabled the company to identify timely opportunities for increasing its involvement. Furthermore, it enabled managers to access any feedback communicated in daily interactions and thus to understand and shape others' interpretations of the company's activities.

From the perspectives of other actors, this communication allowed intensified interaction with Novo Nordisk managers. A government official explained:

I've known Novo from the start of the NCD [non-communicable diseases] division. The department started in 2006. […] I know them very well. And also the personnel, the persons.

> […] And you know that sometimes the feeling is influenced by, like, a personal approach.
> […] Not only official. Sometimes a personal approach is very important.

This quote shows that the official was confident she knew and understood Novo Nordisk managers and that their mutual understanding had become emotionally anchored. Overall, cultivating communal relations thus produces experiences of close personal relations centred on efforts to address the social ill.

Extending organizational support. The second type of work in which Novo Nordisk invested effort involved channelling resources into the activities of other organisations targeted at addressing the social ill. Novo Nordisk extended organisational support by filling resource gaps while strengthening extant relations.

Novo Nordisk filled local organizations' resource gaps and thereby supported their activities through diligently targeted investments of human and/or financial resources. These investments aimed to demonstrate the value of Novo Nordisk's involvement in improving diabetes care. For example, although Novo Nordisk's strategic objectives centred on insulin treatment, the company supported the government's initiatives aimed at raising public awareness of diabetes. As a government official explained: "They are very helpful. For example, the last years, we celebrated World Diabetes Day, and then Novo sent T-shirts and some other things also." To illustrate the value of its involvement, the company also downplayed its own remarkable expertise and instead balanced interests by emphasizing complementarities between the organizations. The general manager explained:

> You have to be careful about their sentiments and their sensitivity. If somebody is sensitive about that, if somebody doesn't like someone, or there is an overlap of jobs, which creates a problem, you have to be careful about not overstepping the line. Just make sure that there is a proper understanding, do the background work properly and then proceed. There are some undercurrents which you will only know if you work in the market.

In addition to emphasizing that resources had to be allocated with great sensitivity to local actors' interests and positions, this quote reiterates the importance of continued efforts to cultivate communal relations, which provide the required understanding of the local context. Consequently, the company's resource investments were understood as valuable support of others' extant activities and agendas.

To pre-empt any accusations of corruption, resources were extended to organizations rather than individuals. A member of the professional organization clarified:

> So Novo, when we are going to meet to make new guidelines for Indonesia for Perkeni—we make a little booklet, around 30 pages, which we distribute everywhere for free. All the costs are carried by Novo Nordisk. We fly to Jakarta, stay at a hotel, and they carry all the costs. But it's of course not for private purposes. We are meeting to make the guidelines. And Novo pays for accommodation and all those things. (Perkeni member B)

This quote illustrates that it was important for local leaders that corporate resources were not used for private purposes but rather supported their organisation in performing its role in new and improved ways. Nonetheless, the attractiveness of corporate resources did incite attempts to use them opportunistically for personal gain. When asked about conflicts, Novo Nordisk's sales manager explained that some individuals attempted to extend their stays and bring their families to the resorts at which

symposia or meetings were held: "So sometimes [we have conflicts] about the arrangements. Sometimes, they ask for additional rooms and a longer stay. […] So we have to stick to our rule that we cannot accommodate this." The quote shows that Novo Nordisk had rules about how resources could be used, and other managers echoed that it was important to stick to these rules. The company thereby actively protected its involvement against opportunistic practices that would be perceived as corrupt.

By successfully avoiding the perception that its resources were being used either to advance corporate objectives or offer personal gain, the company built a track record of supportive action which in turn strengthened its relations with central actors. For example, a member of Perkeni proposed that Novo Nordisk's support of local initiatives had served to foster the company's relation with the Ministry of Health:

> When they go to the Ministry of Health, they can prove to them that Novo has already done many things. So Novo does not come to the Ministry of Health without anything. They can prove that they've done this and this and this. And that means a lot to the Ministry of Health. (Perkeni member C)

As well, after years of continued involvement in which Novo Nordisk established a track record of effective and appropriate activities, Perkeni was willing to rely more heavily on the company's resources. In particular, Perkeni began to consider using Novo Nordisk's resources to educate doctors, thereby boosting their capacity to diagnose and treat diabetes in primary care. As Novo Nordisk's general manager explained: "Even Perkeni, previously they were not very keen on training GPs to use insulin but now they realize that they cannot handle ten million people alone. So they need more support. So that realization is coming." Novo Nordisk's efforts had thus changed how the involved actors evaluated the company's involvement.

Changing diabetes through partnerships: Positioning the company as socially responsible

By cultivating communal relationships and extending organizational support, Novo Nordisk had strongly embedded itself in the social system. As the company's embedding prompted a re-evaluation of its involvement, it enabled the company to engage in two additional types of relational work: defining the partnership and differentiating Novo Nordisk as a socially responsible company.

Articulating the partnership. The third type of relational work in which Novo Nordisk engaged pertains to achieving a formal definition of the new collaborative relation. Articulating the partnership entailed defining roles and responsibilities as well as describing a shared practice.

Perkeni's willingness to collaborate on education programmes offered an opportunity for Novo Nordisk to redefine and formalise the company's role in improving diabetes care. To this end, Novo

Nordisk negotiated and signed Memoranda of Understanding (MoUs), which stipulated the general purpose of the collaboration as that of improving healthcare and defined the company's role, for instance as follows: "The second party [Novo Nordisk] is responsible for carrying out the development of CSR programs." This passage in the MoU with the Ministry of Health signals that Novo Nordisk's involvement was to be understood as CSR. The MoUs were conceived by local actors as umbrellas under which collaboration could be developed. With Perkeni, Novo Nordisk developed the "Inspire Program", an extensive education course for internists and general practitioners to be conducted throughout Indonesia. The program's Implementation Guidelines allocated concrete tasks and specified funding commitments. In general terms, Novo Nordisk's responsibility was to provide financial support and to organise practical matters. Indeed, Perkeni members consistently presented "their" education programmes as "supported by" Novo Nordisk. Novo Nordisk managers equally attributed the education programmes to Perkeni, with one Sales Manager saying "We will do a lot of Perkeni activity in all of the cities in Indonesia." The collaboration thus downplayed the company's involvement while leveraging Perkeni's legitimacy.

Further to ease agreement with Perkeni, Novo Nordisk proposed including Steno as an independent third party in the collaboration. Despite being partly financed by Novo Nordisk's global profits, Steno was a not-for-profit organization that provides education on diabetes care for healthcare practitioners. Because of Steno's explicitly formulated non-profit objectives, Steno's participation guarded the legitimacy of the collaboration. Novo Nordisk's MoU with Perkeni explains as follows:

> Novo Nordisk and Perkeni see the need for trainings on the treatment of diabetes for general practitioners and specialists to meet the needs of qualified health personnel so that they can cooperate with the endocrinologist in the management of diabetes. The training is expected to be supported with a complete curriculum and standardized quality. Therefore, Perkeni and Novo Nordisk partnered with Steno Diabetes Centre.

This quote highlights two strategically important aspects of the education programmes agreed upon. First, the programmes targeted general practitioners, which shows that Perkeni now supported Novo Nordisk's strategic objective of bringing insulin treatment into primary care. Second, the standardized quality ensured by Steno's participation entailed adherence to international standards, and thus that the training would emphasize the scientifically proven advantages of modern insulin while disregarding the cost-concerns pertinent in the Indonesian context. While the company's position was thus defined as supporting others through CSR programmes, the education programmes effectively advanced Novo Nordisk's strategic objectives of expanding the market by bringing insulin treatment into primary care and upgrading the market to modern insulin by promoting high-quality treatment in accordance with internationally-recognized standards.

However, the articulation of the company's partnership as a type of relation enabled the two other Western pharmaceutical companies operating in Indonesia, Novo Nordisk's competitors, to imitate Novo Nordisk's collaboration. Perkeni welcomed these other companies' initiatives because entering into additional partnerships with other companies lessened their dependence on Novo Nordisk and allowed them to signal independence. Novo Nordisk acknowledged that other companies also occupied positions as partners, as the company's medical affairs manager confirmed: "Officially, we have the same relation." While Novo Nordisk's competitors could not consociate Steno, they increased the legitimacy of their education programmes by using the standards of the American Diabetes Association (ADA). As Novo Nordisk's Marketing Manager explained: "They collaborate with the ADA. Some doctors maybe see that the ADA is more valuable, it's America, not Europe. So that's a challenge." While the competitors' education programmes thus contributed to the legitimacy of Novo Nordisk's collaboration, they also challenged its competitive position.

__Differentiating as a socially responsible company.__ The fourth type of relational work in which Novo Nordisk invested positioned the company as committed to social objectives. In this way Novo Nordisk differentiated itself from its competitors by protecting the practice and compartmentalising social and business activities.

When competitors began to imitate Novo Nordisk's strategy, the company set about differentiating its involvement. To attain first-mover advantage, Novo Nordisk invested heavily in training programmes with courses scheduled every week and extending all over Indonesia. As the marketing manager explained:

> So we make sure that we actually execute the program fast. So by the time, say some city. There is a limitation of doctors in that city. So we have to make sure we are in that area first, before they secure. So by the time they are coming, Novo has already worked with this kind of program. So that's quite a challenge.

Competitors' activities thus motivated Novo Nordisk to increase the number of trainings. A member of Perkeni estimated that Nordisk conducted seven out of ten activities aimed at improving diabetes care in collaboration with private companies.

Because the scale of the company's education programmes surpassed the capacity of the leaders of Perkeni, Novo Nordisk was granted a high level of discretion in executing the training. The Implementation Guidelines stipulated that the speakers at all trainings had to be members of Perkeni and that Novo Nordisk would financially remunerate the speakers for their efforts. However, the leaders of Perkeni were unable to participate in a large number of activities and therefore delegated speaking at the trainings to their local branches. In order to ensure the quality of training while implementing these

guidelines, Novo Nordisk staff found it necessary to brief the speakers before each training session. As the company's medical affairs manager elaborated:

> They are always there as lecturers. They give the lecture, it's not from us. And then one day before we conduct it, we always have a speaker briefing, so they know. Usually they are professors, they are having lots of things to do, and they forget. So we have to brief them again: 'Tomorrow you talk about this.' 'What, tomorrow? I thought it was next week.' It happens. We, medical, are still there also as a partner during the course.

By briefing the speakers in this way, Novo Nordisk avoided undermining its relation with Perkeni while guarding the partnership by ensuring the quality of the training and their scientific standards. Moreover, while the speakers at the training sessions were members of Perkeni, Novo Nordisk reported back to the leaders of the professional organization in Jakarta: "They asked us to give feedback on every INSPIRE [training course] we conducted" (Medical Affairs Manager, Novo Nordisk). The trainings were thus considered Perkeni activities, though Novo Nordisk led and executed them.

By handling this discretion responsibly, Novo Nordisk protected the agreed-upon practice. In addition to training general practitioners and adhering to internationally-recognised standards, the MoU with Perkeni emphasised that education had to cover "the complete curriculum". Accordingly, trainings were not supposed to exclusively centre on insulin treatment but also to educate doctors about other options such as exercise, dietary changes and oral antidiabetic drugs more appropriate at earlier stages of the disease and in fact helpful for avoiding or postponing a patient's need for insulin. Perkeni members found that Novo Nordisk guarded this practice while other companies did not:

> Companies usually limit activities to the products, the marketing. If they send doctors and they provide trainings, they only link it with sales. But Novo Nordisk is a little different. (Perkeni member A)

Other Perkeni members echoed this perception that Novo Nordisk differed from other companies because it conducted the trainings in accordance with formally stipulated standards.

In addition, Novo Nordisk compartmentalised its social and business activities. Enabled by its strong relational embeddedness, Novo Nordisk had gained an understanding of how Perkeni interpreted the stipulated standards. Specifically, for Perkeni members 'quality' meant the absence of commercial content. Novo Nordisk's medical affairs manager explained:

> It comes back to the stigma or paradigm that when a pharma company is doing something there must be some commercial aspect. That is the thing that I heard from Perkeni, that they want a medical person to be there to ensure that there is no promotional content or something. And I know exactly that no promotion should be involved in that at all. That's

why also the sales and the marketing people are not involved much during the course. They are doing the preparation, the hotel.

This quote illustrates that the company's medical affairs manager knew that Perkeni expected the trainings not to be used for marketing purposes and that they valued the fact they were not used for such purposes. Novo Nordisk conformed to this normative expectation through a clear internal assignment of tasks during the training sessions. The distinct roles of medical staff and marketing and sales staff were clearly visible throughout the training, as described by the sales manager: "Sometimes it's a real pity, we have to wait outside, because it's really scientific there. We want to give a different atmosphere to the course."

Novo Nordisk's protection of the shared practice and compartmentalisation of its social activities shaped understandings of the company's involvement: local actors found that, in contrast to competitors, Novo Nordisk had established a remarkable "give-and-take" (Perkeni members A and C) and described it as "the social company" (Perkeni members B and C). As a result, the government was willing to become more strongly involved. A member of Perkeni (C) explained:

I know how they work, because I have been working with them for a whole year. […] So I hope after this there will be another program, another huge program. I don't know what exactly it will be, but because the Ministry of Health is working with us now, I believe the program is going to touch every place in Indonesia.

Novo Nordisk's different way of working thus mobilized stronger involvement on the part of the Ministry of Health, which enabled a concerted effort on diabetes education. Novo Nordisk played a central role in this effort. Not only were the company's modern insulin products included in the formularies of Indonesia's universal public health insurance scheme launched less than two years after the formal articulation of the partnership. Around the same time, Novo Nordisk publicised its involvement and was publicly endorsed and celebrated by Perkeni and political leaders. Following the publication, Novo Nordisk organized the Diabetes Leadership Forum, a roundtable in which local political leaders and local as well as international NGOs participated to discuss the future of diabetes care in Indonesia. Through its relational work Novo Nordisk had thus eventually built both a favourable competitive position and the legitimacy of its political role.

A PROCESS MODEL OF RELATIONAL WORK IN BUSINESS-DRIVEN SOCIAL CHANGE

How do companies manage the legitimacy of their involvement as they craft and use relations with social and political actors to drive social change? My findings have identified four interrelated types of relational work through which the case company overcame concerns around its involvement and built legitimacy

from the bottom up. The process model presented in Figure 2 connects these four types of work and shows how they redefined the company's role in addressing the social ill.

Insert Figure 2 about here

Embedding the company in the social system

Legitimacy concerns make it difficult for companies to participate in social change insofar as nonmarket actors protect their own legitimacy by maintaining independence from companies' business interests. My study highlights two mutually reinforcing types of relational work through which a company may nonetheless become an integral part of the social system (London & Hart, 2004).

First, *cultivating communal relations* pertains to constructing personal relations centred on addressing a social ill. Personal relations with individual members of nonmarket organisations allow companies to become involved with members of other organizations at a level of closeness that would be considered illegitimate at the organisational level. By not publicly exposing such personal relations, nonmarket organizations may continue to claim independence from the company. As they entail foregoing any direct benefits, communal relations defy expectations of direct reciprocity such as self-interested exchanges of resources for favours. Instead, communal relations replace this expectation with the experience of personal relations that put a social ill front and centre. By enabling intense negotiations of interpretations and the construction of mutual understanding among the individuals involved, communal relations instil a common orientation or communicative coorientation (Koschmann et al., 2012).

Second, e*xtending organizational support* involves diligently targeting resources that enable other organisations to address practical problems and to boost their initiatives. This type of relational work strengthens the co-orientation toward the social ill under the following conditions. First, organizational support must be extended so that nonmarket actors' experience these resources as merely filling their resource gaps and hence view the company's involvement as leveraging complementarities to create value (Dahan et al., 2010). Second, resources must be extended at organizational level and safeguarded against diversion for personal gain by self-interested members of the targeted nonmarket organizations to protect against potential accusations of corruption. Third, extending organizational support must not imply any reciprocity as even a suspicion of indirect reciprocity (Jia et al., 2019), such as might arise when politicians owe favours to firms that have helped social actors, would likely undermine the communal orientation by seeming to approve self-interested – albeit complex – exchanges.

Taken together, the two types of relational work that embed the company in the social system defy expectations of how companies usually operate by constructing relations centred on addressing the social ill. They thereby disrupt the reciprocal typifications that structure expectations of which categories of actors perform which types of activities (Berger & Luckmann, 1966; Höllerer et al., 2017). In addition, the two types of relational work produce salient practical outcomes that prompt the actors involved to re-evaluate the company's involvement as being effective and to assign pragmatic legitimacy (Meyer & Rowan, 1977; Suchman, 1995; Suddaby et al., 2017). By disrupting expectations and evaluations, the company's embedding in the social system opens a window of opportunity for redefining roles and responsibilities (Lawrence, 1999).

Positioning the company as socially responsible

So long as its embeddedness enables a company to work through but not with others, the company only participates indirectly in social change. To legitimate its involvement and thereby enable its direct influence, the company has to publicly position itself as a private partner in the fight against the social ill. To this end the company must expose its involvement to public scrutiny. My study highlights two additional types of relational work that position a company's involvement as socially responsible and lay the groundwork for its for social approval.

The third type of relational work, *articulating the partnership*, entails formally defining what the company's roles and responsibilities are in contributing to a social cause in an idiosyncratic local context. Formalizing emerging relations contributes to new collaborative arrangements by "establishing the parameters of future or potential institutional structures and practices" (Lawrence & Suddaby, 2006, p. 222). As the first mover, the company has the opportunity to craft the relations and practices in ways that meet its business objectives. Yet because articulating the partnership exposes the relation to public scrutiny, the involved actors need to pre-empt accusations of co-optation that would jeopardize the legitimacy of the nonmarket organization (Baur & Schmitz, 2012). To present practices as independent of business interests and hence as appropriate, the involved actors may include an independent third party. Additionally, by publicizing their relations, nonmarket actors also invite imitation by competitors who will mimic the first moving company's nonmarket strategy insofar as they perceive the company's involvement as successful (Banerjee & Venaik, 2018; DiMaggio, 1983). Nonmarket actors may then reproduce the partnership with other companies to demonstrate their independence from a particular company, thereby further pre-empting accusations of co-optation and contributing to legitimacy.

Finally, *differentiating as a socially responsible company* entails differentiating the company from competitors in regard to how the partnership is performed. Embeddedness is what enables the company to organise and perform the partnership in ways that conform to the expectations of the involved

organisations. By performing the defined practices effectively and appropriately, the company demonstrates that it creates value for society and is "right for the job" (Suchman, 1995, p. 581). My study confirms that the imitation of such socially responsible involvement by others is less strategically valuable insofar as they are perceived as mere imitators and as less sincere (McWilliams & Siegel, 2011). The company's involvement can thus be mimicked but would be too costly to duplicate. As a result, differentiating as a socially responsible company protects the company's competitive position (Baron, 2016). It also enables the company to present superior compliance with the expectations it has co-constructed and to position itself as the most socially responsible company. In combination with strong embeddedness in the social system, positioning thus produces a convincing surface for attaining the social approval of a wider audience.

DISCUSSION

Companies strategically address social ills to realise business opportunities and obtain competitive advantage. Such efforts are fraught with legitimacy concerns, however, since companies are suspected, for good reasons, to exploit the social systems they aim to fix at the expense of public goods. The purpose of this paper was to advance our understanding of how companies manage their legitimacy in business-driven social change. Drawing attention to relational work, I explain the construction of legitimacy from the bottom-up, i.e. how a company's involvement is re-negotiated *in situ* and crafted to attain the social approval of a wider audience. This paper contributes to nonmarket strategy research in the ways detailed below.

Advancing the micro-foundations of nonmarket strategy

The central contribution of this study is to forefront the micro-foundations of nonmarket strategy by presenting a relational perspective on legitimacy. Previous studies have documented that companies benefit from relations with nonmarket actors as they seek legitimacy to advance their competitive positions (Doh et al., 2012; Marquis & Raynard, 2015). Indeed, companies build relations with legitimate social or political actors, use them to anticipate or shape societal expectations and policy, and thereby achieve superior compliance vis-à-vis competitors (Bhanji & Oxley, 2013; Jia, 2018; London & Hart, 2004; Oliver & Holzinger, 2008). However, these predominantly firm-centric explanations have insufficiently acknowledged that nonmarket actors need not accept a company's advances, especially when they perceive relations with the company as a threat to their own legitimacy. Introducing the notion of relational work, this study takes other actors seriously as reflexive opponents or participants in the company's relational strategy. By detailing and theorizing the micro-sociological processes through which a company

renegotiated its involvement with nonmarket actors and legitimated its political influence, the study extends our understanding of the role of relations in building legitimacy in the following ways.

First, the process model provides new insights into how companies can use personal relations and resources to drive social change. The nonmarket literature has long emphasized that companies advance their self-interest through personal relations with legitimate actors and thereby gain competitive advantage (Doh et al., 2012; Marquis & Raynard, 2015). Similarly, companies offer resources in exchange for political influence, and resources are therefore commonly associated with a transactional approach to relations (e.g., Hillman & Hitt, 1999; Reast et al., 2013). This study reiterates that personal relations and resources indeed play a crucial role in constructing companies' involvement social change. Yet the process model explains that to embed themselves in the social system companies have to forego any direct benefits from their relations and extend resources without expectations of reciprocity. Insofar as a companies' relational work disrupts targeted actors' expectations of how companies usually operate and prompts a re-evaluation of their involvement, this foot-in-the-door approach then enables companies to renegotiate their own role and expand their legitimate influence.

Further, this study speaks to the question of how companies can effectively communicate their involvement in social change (Crane & Glozer, 2016). From a nonmarket strategy perspective, companies face the challenge that public exposure may fuel controversy around their involvement and thus may choose to remain strategically silent (Carlos & Lewis, 2018). A lack of transparency about their involvement, conversely, may exacerbate legitimacy concerns (den Hond et al., 2014; Rasche et al., 2019). The process model explains how companies can solve this dilemma by crafting the legitimacy of their involvement through relational work before exposing it to public scrutiny. Specifically, together with the involved nonmarket actors, companies may pre-empt accusations of co-optation by constructing their relations as being independent of controversial business interests. In the case studied here, for example, the company's strategic objective to promote higher quality rather than cheaper medication was met by including an independent third party, thereby reorienting diabetes care toward international standards. Highlighting these efforts, the process model explains how involved actors may stage a transparent presentation of the company's involvement for social approval by a wider audience.

Finally, my process model sheds new light on how companies may reconcile the tension between business-driven involvement in social change and their legitimacy. Nonmarket strategy research has long treated separately controversial political activities that advance business interests on the one hand, and socially responsible activities that foster the company's legitimacy on the other (Mellahi et al., 2016). Recent contributions have turned to the question of how companies can integrate these adverse activities and create value for both business and society (den Hond et al., 2014; Lock & Seele, 2016; Rehbein et al., 2018). These studies have pointed at the institutional context as a source of alignment yet have not unfold the processes through which such alignment is constructed. My model provides a contextually grounded

explanation of how companies integrate business-driven and socially responsible political activities: they co-construct new relations and practices with the nonmarket actors with whom they work, thereby rendering self-interested involvement socially responsible and thus legitimate. In addition, insofar as the company's involvement is too costly to duplicate for competitors, any imitation by competitors is likely perceived as less sincere and is hence less valuable (McWilliams & Siegel, 2011). The relational work underlying the company's positioning as responsible company thus also protects its competitive position (Baron, 2016).

Implications for critical research on the responsibilities of companies in social change

This study has pressing implications for the emerging critical research agenda on the role of companies in social change. In contrast to previous studies that have focused on the renegotiation of companies' political roles in public discourse (Joutsenvirta & Vaara, 2015; Palazzo & Scherer, 2006; Patriotta et al., 2011), this study answers calls for closer examination of companies' proactive and often business-driven efforts in local contexts (Frynas & Stephens, 2015; Mäkinen & Kourula, 2012; Whelan, 2012). Explaining the situated relational work through which companies may negotiate their political role, this study illustrates how companies can strategically use public discourse to gain approval for their already diligently crafted and performed involvement in addressing a social ill. Because the company's involvement is a *fait accompli*, crucial and contestable considerations will likely have been settled pragmatically by immediately involved actors. Public discourse in this scenario hence does not produce or critically evaluate but merely consolidates changes in roles and responsibilities (Banerjee, 2018). This study thus confirms that while companies present a surface of socially responsible involvement, their impacts on social change may in fact be more profound (Matten et al., 2003). To understand the involvement of companies and the influence of business interests on social change, we hence need to look beyond public discourse and study the concrete relations that underlie the surfaces with which we are presented. This study has demonstrated that the relational perspective on legitimacy is well-suited to take on this challenge.

Despite focusing on processes that unfold at least partly under the public radar, this study also offers new insights into how companies can be incited to assume greater responsibility for social ills (Reinecke & Ansari, 2016). Drawing attention to how companies organize *with* social and political actors (Rasche et al., 2013), the relational perspective highlights how companies cannot pursue their strategic objectives without impediments but inevitably face challenges from nonmarket actors, especially in sensitive areas such as healthcare. As this study has illustrated, professional organizations may emerge as guardians of morally legitimate practices (see also Shadnam et al., 2018). As they negotiate their involvement, therefore, companies need to extend organisational support and assume responsibilities beyond their immediate business interests. In addition, because relational work anchors new roles and

responsibilities in situated relations and practices, it influences the ways in which companies compete for market share. Specifically, as competitors mimic the successful nonmarket strategy, the first-mover company has to maintain or increase its social investments and differentiate itself as the most socially responsible company in order to protect its competitive advantage. This study thus shows that relational work may drive responsibilization.

Boundary conditions and future research

The explanations and theorization offered in this paper are grounded in an exceptional empirical case. The case of Novo Nordisk in Indonesia represents a company that demonstrated remarkable persistence and invested substantial resources in relational work. These efforts were enabled by the company's commitment to the Triple Bottom Line and its long-term orientation, which allowed local management to enact a strategy that yielded uncertain and intangible returns on investments. Companies that lack such a commitment cannot invest in social change without measurable evidence for a business case. A further distinctive factor is that Novo Nordisk's insulin products were differentiated from cheaper alternatives by being of high quality and meeting international standards. Because treatment with high-quality insulin differs from treatment with cheaper alternatives, Novo Nordisk were able to fend off their Chinese and Indian competitors from capturing the market with cheaper insulin. Socially responsible involvement may thus work well for differentiated products (McWilliams & Siegel, 2011). Conversely, competition on price may quickly erode the competitive advantage of such investments, which raises the questions of whether and how different types of companies manage to raise competitors' costs (McWilliams et al., 2002) or even build "stable shelters from price competition" (Fligstein, 1996, p. 659). This study thus invites further research into how companies with different business models and market strategies foster both their business interests and their legitimacy when driving social change.

A second boundary condition of this study pertains to the idiosyncrasies of the emerging market context. As is typical of emerging markets, the research context featured strong economic and social development and the country's social systems were relatively under-developed yet developing (Marquis & Raynard, 2015). In this context the company's change effort was in line with the country's development, resource gaps were easily identified, and the company's investments saliently saved lives. These aspects of the research context are conducive to provoking a re-evaluation of a company's involvement and thereby render relational work particularly relevant. In other contexts it may be more difficult to foreground pragmatic considerations and companies may need, for example, to construct the urgency of social change through temporal institutional work (Granqvist & Gustafsson, 2016). To this end they may also engage in framing efforts (Lefsrud & Meyer, 2012; Reinecke & Ansari, 2016) to shape interpretations of the problem and potential solutions, thereby building a platform for their own contribution. To understand how such

additional efforts may render relational work more effective in various settings, future research could usefully connect to recent debates on CSR communication, in particular drawing on insights from formative or "constitutive" perspectives (Crane & Glozer, 2016; Schoeneborn et al., 2019).

Finally, I hope that my study encourages further research on the actors who participate in the construction of companies' political roles and social responsibilities. In particular, further research should work with the conditions under which the needs of local communities are prioritised. As the case at hand has shown, Western companies often bring in international standards that may or may not meet the needs of local communities. Not only is there a risk that companies' involvement in social change might reinforce neo-colonial tendencies (Banerjee, 2018), but Western ideals combined with insufficient sensitivity and commitment to local needs may also unintentionally backfire when efforts to address one particular social ill exacerbate other social ills (Khan et al., 2007). In the spirit of intellectual activism (Contu, 2019), I propose that future research take seriously the idiosyncratic distribution of power in local contexts and draw attention to otherwise overlooked actors, including not only local NGOs (Bhanji & Oxley, 2013) but also marginalized groups (Ehrnström-Fuentes, 2016; Mair & Martí, 2009).

CONCLUDING REMARKS

Whenever companies address social ills to realise market opportunities there is a risk that the social change they promote will prioritise business objectives at the expense of society. In this paper I have shown how relational work enables companies to construct their involvement in social change as legitimate and socially responsible. By explicating the subtle yet consequential efforts that redefine a company's responsibilities in social change, my study has highlighted both the potential benefits and the risks for social outcomes. On the one hand, my study has shown the case of a company taking on responsibilities beyond its immediate business interests and the significant social impact produced by corporate resources. On the other hand, it has illustrated how business interests decidedly yet inconspicuously determined the trajectory of social change. Given the increasing involvement of companies in addressing social ills, we urgently need a richer understanding of the relational dynamics that underlie and constitute their legitimate influence.

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TABLE 1: Overview of Data

Type of data	Novo Nordisk	Local actors
Interviews	7 interviews, including the GM and the management team in relevant functions (sales and marketing, medical affairs, public relations)	8 informants, including leading members of Perkeni (3); the University of Indonesia (2); the Ministry of Health (1); the Steno Diabetes Educators (1); and the World Diabetes Foundation (1).
Observations	1 meeting of GM with management team (3 hours) 14 days with staff at headquarters who were preparing a report on the Indonesian subsidiary's activities, including 3 meetings of Indonesian GM and financial manager with headquarter staff (approximately 4 hours in total)	1 day of training in diabetes care for GPs 2 days of visits to community clinics
Documents and archival data	3 internal documents and 3 presentations on the subsidiary's operations intended for internal use only	6 documents (1-36 pages): 2 Memoranda of Understanding, 3 Implementation Guidelines, and 1 follow-up letter from Novo Nordisk to Perkeni
Member reflections	1 meeting with subsidiary staff 2 meetings with headquarter staff	1 meeting with key informant (University of Indonesia, on Skype)

TABLE 2: Data structure

First-order concepts	Second-order themes	Types of relational work
- Introducing themselves - Paying personal visits	Generating mutual understanding	Cultivating communal relations
- Attending conferences and symposia - Being in touch through digital communication	Sustaining exchange of information and interpretations	
- Supporting research - Enabling construction of guidelines - Sponsoring events and supplies	Filling resource gaps	Extending organizational support
- Balancing interests - Guarding against individuals' opportunism	Protecting relations	
- Signing Memoranda of Understanding - Delineating duties and responsibilities - Designing implementation plans - Specifying tasks and commitments	Defining roles and responsibilities	Articulating partnership
- Setting training goals - Using Steno's standards	Describing shared practice	
- Organising training - Briefing speakers	Protecting practice	Differentiating as a socially responsible company
- Ensuring absence of commercial content - Internal division of labour - Excluding marketing from training	Compartmentalising social and commercial activities	

TABLE 3: Empirical illustrations of relational work

Type of relational work and second-order themes	*Novo Nordisk*	*Local actors*
Cultivating communal relations *Creating mutual understanding* and *sustaining exchange of information and interpretations*	All of our resources are going there. Our funding, our people. And it seems that Novo people are meeting them more often than other companies. And that's not only the sales representatives, but also the managers. We meet them all. Regularly. (Medical Affairs Manager) Right now I am not able to go so much, but for example, tomorrow I am going to … a big congress. So now I target these kinds of places where there is a congress and doctors are coming, so I can meet them, at least I keep in touch with them, I interact with them, so I can know what is happening in the market. (General Manager)	Yes, I have met [the general manager] a few times. He was here only rarely. As a general manager, he can barely find the time. So he can't visit every doctor. But he introduced himself. For the first time, around three to four years ago, when he came here for the first time, when he started here. And else I mainly meet his assistants. (Perkeni member B). So I thought, actually, that pharmaceutical companies have a good idea on how to drive their products to the market. But actually, they do not. They are just exploring that. So they rely more on the opinion leaders, the have to work with the opinion leaders. (Perkeni member A).
Extending organizational support *Filling resource gaps* and *protecting relations*	I think we have to maintain our relationship with them by helping, or by supporting them. (Sales Manager) You can talk to Persadia, but make sure that you know both of their interests. Like if you're talking about some programs with	They don't give money directly to us, but they give activities, so they help us to communicate more with doctors as well as to patients. … They support us to make guidelines. And they are interested in research as well. So we can make a multinational multi-centre research together, and then they

Perkeni, then make sure that you know you are not hijacking some of the programs of Persadia. So you should know with whom to work on what. … Sometimes, they will say that you should be working with Perkeni. Then they say no, you should be working with Persadia. So you have to choose which one is better for you. Those are difficult choices. (General Manager)

support us to make a publication. So they don't give money directly, but they give the opportunity to us to increase our own capacity as doctors. (Perkeni member A)

Sometimes there are a lot of minor things that need to be solved, and this is where Novo Nordisk is extremely helpful, because they would always back up where they can. (World Diabetes Foundation staff)

Articulating partnership

Defining roles and responsibilities and *describing shared practice*

The government, we have started working with recently, so it's still new for us. But we have been able to make some roles, you know, we have signed the MoU with the government. (General Manager)

We work together with Steno, and Steno is composing or writing on the workflow, the modules, together with Perkeni. So Perkeni and Steno here are working together on the modules. And then the implementation for Indonesia is by us. (Medical Affairs Manager)

The purpose of this Memorandum of Understanding is to implement collaboration between the first party [Ministry of Health] and the second party [Novo Nordisk] in an effort to accelerate the achievement of health-related MDGs [Millennium Development Goals]. (MoU between the Ministry of Health and Novo Nordisk)

The Inspire Implementation Guidelines specify that Novo Nordisk is responsible for arranging and funding accommodation and transportation for participants, and practical issues such as booking the venue and "meeting package", i.e. breakfast, coffee breaks and dinner. Moreover, they must pay remuneration to invited speakers. (Author's summary of document)

Differentiating as a socially responsible company

Protecting practice and *compartmentalizing social and commercial activities*

We are there, medical are there, to ensure the quality: that each training is given according to the Steno modules. … It doesn't mean we have to force them to use our products. Some people think that when the pharma company does something for society that it must have commercial content. That's where the medical department wants to change the paradigm. (Medical Affairs Manager)
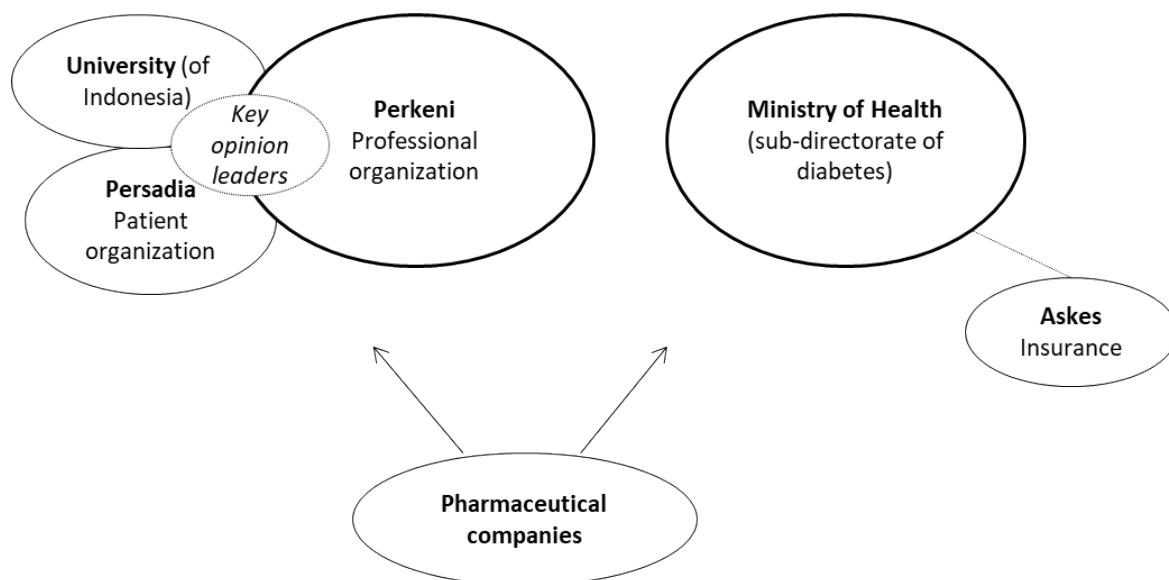
As a company, we invest so much money in that activity. We have to do it in a proper way, with high quality. … The

It has nothing to do with marketing, it is purely related to education and medical. So what you see is only medical staff, because they deal with GPs. There is no marketing, no sales person here. It's free from that. I love it. (Perkeni member C)
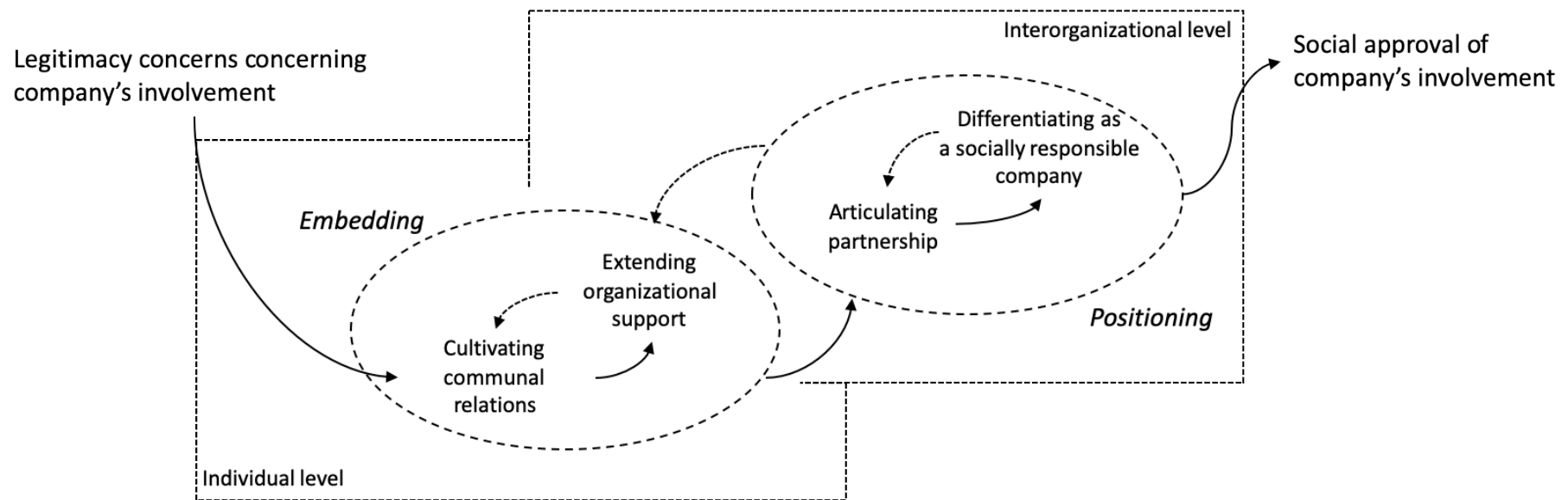
Companies usually limit their activities to the product, the marketing. If they send doctors they provide training, they only link it with sales. But Novo is a little bit different. … The other companies said that Novo Nordisk can spend more money on diabetes since they are only focused on diabetes.

medical department has more role on that. Because they have to talk with the KOL [key opinion leader], the speaker, and participants. Evaluate them, make sure they pass the test. The marketing is preparing the program, and we make a deal with the hotel. (Marketing Manager)

Their products are all on diabetes. But I don't think it's the case. Because Eli Lilly also focuses on diabetes. But the way they work is different … it seems not their higher priority to invest in an area like Indonesia. But actually Novo Nordisk has a higher commitment to Indonesia. (Perkeni member A)

FIGURE 1: Map of key actors

Legitimacy concerns concerning
company's involvement

Interorganizational level

Social approval of
company's involvement

Embedding

Differentiating as
a socially responsible
company

Articulating
partnership

Extending
organizational
support

Cultivating
communal
relations

Positioning

Individual level

FIGURE 2: Process model of relational work in business-driven social change