Chapter 10
Institutional Isomorphism of Corporate Social Responsibility Performance Measurement: A Case of a Japanese Homebuilding Firm

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10.1 Introduction

The performance measurement of corporate social responsibility (CSR) activities provides an important foundation to ensure sustainable corporate management (Contrafatto & Burns, 2013). Growing interest in the social and environmental aspects of corporate activities has facilitated management accounting research that focuses on the measurement of CSR performance[1] (Lisi, 2015; Guenther et al., 2016).

The CSR performance measurement literature in management accounting includes conceptual and technical studies of the balanced scorecard (BSC) with CSR performance indicators (Hansen & Schaltegger, 2016; Ito, 2014; Oka, 2010) and empirical research on the effect of CSR-oriented management control systems (MCSs)[2] on CSR and financial performance (Henri & Journeault, 2010; Lisi, 2015).

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[1] In this study, CSR performance is defined as the "performance related to the management of CSR aspects" by modifying the definition of ISO 14031 (ISO, 2021) on environmental performance evaluation.

[2] In this study, CSR-oriented MCS is defined as "a package that allows an organization to ground its future-oriented, operational and strategic management decisions on the collection and evaluation of

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In addition, several studies have qualitatively analyzed CSR-oriented MCSs by drawing from Simons' (1995) framework (Gond et al., 2012; Battaglia et al., 2016).

However, how companies measure CSR performance and use it in their control activities has not been extensively investigated. In particular, sustainability, a key goal of CSR activities, has been criticized as an unclear and polysemous concept (Bebbington & Larrinaga, 2014). As such, it is not easy to identify and manage a firm's CSR performance, and the relationship between CSR performance and financial performance is not clear (Lisi, 2015; Ito, 2016).

CSR performance measurement methodologies through various performance indicators and procedures have been developed within CSR reporting guidelines such as the Global Reporting Initiative (GRI, 2016). The GRI (2016) proposes that performance indicators be set for important CSR issues after assessing the materiality of various CSR issues through stakeholder engagement to select content for CSR reporting. CSR performance measurement items are selected based on the subjective opinions of various stakeholders (GRI, 2016).

Therefore, it is not easy for firms to identify CSR performance that affects their financial performance, and the selection of CSR performance indicators for external reporting purposes is potentially influenced by various stakeholders. A question arises as to how firms measure CSR performance when the institutional environment (such as regulations and norms)[3] encompassing their CSR performance measurement practice is highly uncertain.

To address this issue, we focus on institutional isomorphism in neo-institutional theory (DiMaggio & Powell, 1983). Institutional isomorphism implies that an organization in an uncertain institutional environment becomes similar (isomorphic) to other organizations belonging to the same organizational field, such as a specific industry (DiMaggio & Powell, 1983). However, organizations undergoing institutional isomorphism may not be identical in all aspects. Specifically, it has been proposed that decoupling may occur between formal organizational structures and specific activities (Meyer & Rowan, 1977).

Several environmental management accounting studies have employed institutional isomorphism as a framework for analyzing CSR-oriented MCSs (Wijethilake et al., 2017; George et al., 2016). However, they do not focus on the selection of CSR issues and the determination of measurement scales in performance measurement.

This study aims to explore how firms assess the materiality of their CSR issues and set and use CSR performance indicators when the institutional environment surrounding their CSR activities is uncertain. Using the case of a Japanese homebuilding company, we present two findings. First, we find that the practice of materiality assessment of CSR issues became isomorphic with the GRI (2016) and

CSR information covering all company functions and the entire value and supply chain" by modifying Guenther et al.'s (2016) definition on environmental management control systems.

[3] Uncertainty in the institutional environment refers to situations in which the stability and understandability of the regulatory environment, professional norms, and cognitive context surrounding the firm are problematic (Suchman, 1995).

the practices of other companies in the same industry while introducing materiality assessment. Later, decoupling from GRI-based procedures is observed owing to the internal management purpose. Second, we present examples of CSR activities that can refer to industry-based performance indicators and those that cannot. We then explore the degree of coupling between activities and indicators. These findings provide empirical evidence on the measurement of CSR performance and are expected to contribute to management accounting research and practice.

The rest of this study is organized as follows. Section 10.2 reviews studies on management accounting and social and environmental accounting on CSR performance indicators, and Sect. 10.3 presents the analytical framework based on neo-institutional theory. Section 10.4 describes the research methodology. Section 10.5 presents the case study of Misawa Homes Co., Ltd. (hereinafter, Misawa), and Sect. 10.6 discusses the case study. Finally, Sect. 10.7 presents the conclusions.

10.2 Literature on CSR Performance Measurement

An important issue related to CSR performance measurement is how CSR performance influences the strategic and financial performance of firms.[4] To address this issue, several studies apply CSR performance indicators to BSCs to develop environmental management accounting tools (Hansen & Schaltegger, 2016; De Villiers et al., 2016; Kerr et al., 2015; Ito, 2014; Oka, 2010).

Empirical studies based on quantitative methodologies have been conducted on how CSR-oriented MCSs, including CSR performance measurement systems, relate to CSR and financial performances (Henri & Journeault, 2010; Lisi, 2015; Kajiwara, 2011). For example, Henri and Journeault (2010) reveal the relationship between environmental MCS and environmental performance but note that the relationship with financial performance is partial. Moreover, Lisi (2015) finds that environmental performance measurement positively influences environmental performance, which positively influences financial performance.

In empirical studies based on qualitative methodologies, case studies have been conducted on the relationship between CSR-oriented MCS and financially-oriented MCS. In particular, the levers of control framework presented by Simons (1995) has been used in several studies. For example, Arjaliès and Mundy (2013) investigate the CSR-oriented MCS practices using questionnaires and interviews, categorizing and clarifying them using the levers of control framework. Similarly, several qualitative studies use Gond et al.'s framework (2012), which presents an analytical model on the degree of cohesion between sustainability control system and MCS based on the framework of Simons (1995). For example, Battaglia et al. (2016) investigate the adoption and decline of sustainability-oriented MCS in Italian food cooperatives.

[4] See also Ando (2015) for a literature review related to MCS on CSR.

George et al. (2016) explore the adoption of CSR performance measurement in oil and gas companies.

Furthermore, employing the old economic institutional theory, Contrafatto and Burns (2013) reveal a case in which environmental performance measurement was established through the introduction of social and environmental accounting and reporting but there was no considerable change in the financially-oriented MCS. In addition, based on the actor-network theory, Jollands et al. (2015) find that the establishment and abolition of a sustainability-focused core value has a significant impact on the use of environmental performance measures. Jollands et al. (2018) find that companies facing demands from external groups would mobilize multiple control systems, such as performance measures, in addition to environmental reporting to legitimate themselves.

As seen above, the quantitative studies on CSR performance measurement present a partial association between CSR performance and financial performance. The evidence from qualitative studies on CSR-oriented MCS shows that it is not easy to construct strong relationship between financially oriented and CSR-oriented MCSs. Therefore, it appears difficult to set CSR performance indicators which contribute to financially oriented strategies.

Several qualitative studies on CSR performance measurement and CSR-oriented MCS include their research subject in CSR reporting (e.g., Contrafatto & Burns, 2013; de Villiers et al., 2016; Jollands et al., 2018; Kerr et al., 2015). Considering that material CSR performance indicators are disclosed on CSR reports, the practice of CSR reporting needs to be included in analyzing CSR performance measurement practices. The GRI (2016) argues that the materiality of CSR issues should initially be assessed through stakeholder engagement to determine the disclosure content of CSR reports. Then, performance indicators should be set for the issues identified as material (GRI, 2016). Following these suggestions, this study focuses on the two stages of CSR performance measurement, assessing the materiality of CSR issues and setting indicators for individual activities.

The CSR performance measurement process has not been fully explored in terms of the prioritization of and the relationship among various CSR issues, such as the environment, human rights, and labor. The GRI (2016) does not strictly specify the materiality of each CSR issue that companies should manage and report on. This means that the assessment of material CSR issues is influenced by the diverse opinions and positions of stakeholders. There may be considerable uncertainty associated with CSR performance measurement in the institutional environment (Meyer & Rowan, 1977). In other words, it is not always possible to predict the indicators that should be measured and disclosed in the CSR report. Therefore, this study seeks to identify how firms assess the materiality of CSR issues and set and use indicators in an uncertain institutional environment surrounding their CSR activities.

10.3 Analytical Framework

This study focuses on the practice of CSR performance measurement when rational decision-making is difficult owing to uncertainty in the institutional environment. Therefore, to analyze corporate behavior under institutional uncertainty, this study employs the institutional perspective, specifically, the institutional isomorphism of the neo-institutional theory (DiMaggio & Powell, 1983).

DiMaggio and Powell (1983) argue that organizations become similar to one another (isomorphism) within an organizational field such as an industry.[5] According to DiMaggio and Powell (1983), isomorphism is expected to be promoted through coercive, mimetic, and normative processes.[6] Therefore, if institutional isomorphism is applied to the practice of CSR performance measurement, it is expected that firms' practices of assessing the materiality of CSR issues and setting and using performance indicators for specific CSR activities will be similar to those of their peers.

Several studies investigate CSR performance measurement concerning institutional isomorphism. Wijethilake et al. (2017) found that an apparel manufacturing company in Sri Lanka used a sustainability MCS to strategically respond to institutional pressures, such as the government and customers. George et al. (2016) identified barriers and enablers in the process of integrating CSR-oriented and traditional MCSs at the oil and gas company with high external pressures. Although these studies shed light on the practice of CSR-oriented MCS, studies that focus on the CSR performance measurement process are limited. Further studies that investigate the CSR performance measurement process are needed. Therefore, this study contributes to the literature on CSR performance measurement by presenting qualitative evidence on the practice of CSR performance measurement from the perspective of institutional isomorphism.

Despite a series of seminal works in neo-institutional theory, the applicability of institutional isomorphism has been subject to continuous debate (Greenwood et al., 2015). Meyer and Rowan (1977) proposed that actual activities may decouple from the formal organizational structure when there is isomorphic change in the organizational structure (Meyer & Rowan, 1977). The weaknesses (Meyer & Rowan, 1977) and strengths (Sauder & Espeland, 2009) of such a coupling relationship

[5] An organizational field is defined as "a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside of the field" (Scott, 1995, p. 56). Note that organizational fields are not limited to specific industries but are also expected to be formed across industries for specific issues such as pollution problems (Greenwood et al., 2015).

[6] According to DiMaggio and Powell (1983), coercive isomorphism refers to isomorphism by conforming to regulations or powerful stakeholder demands. Mimetic isomorphism is a phenomenon in which one organization imitates another organization that it perceives to be successful in an uncertain environment. In addition, normative isomorphism refers to the isomorphic change process by professional norms based on education and networks.

between formal structure and practice are worth analyzing in the context of CSR performance measurement practice.

The analytical framework is as follows. First, we classify CSR performance measurement practice into two stages based on the GRI (2016): (1) materiality assessment of CSR issues and (2) setting performance indicators in individual activities to show the extent of institutional isomorphism in each stage. Second, in the stage of setting performance indicators for individual activities, we address the coupling relationship between disclosure and performance measurement practices in CSR reports.

10.4 Research Method

We conducted a case study approach on the practices of Misawa, a home building firm.[7] Misawa have conducted environmental conservation activities, and engaged in industrywide environmental action planning as a member of the environment subcommittee of the Japan Prefabricated Construction Suppliers and Manufacturers Association (hereinafter, the JPA).[8] Therefore, its activities should be observed at the company and industry unit levels to address the research question.

The case data were obtained through interviews, internal documents, CSR reports, and collection of published materials by an industry association (the JPA). A total of four interviews were conducted. In the first and second interviews, questions were asked about the outline of CSR activities and the process of assessing the materiality of the CSR issues in the CSR report at Misawa; Sect. 10.5.2 discusses these interviews. Furthermore, in the third and fourth interviews, questions were asked about the outline of individual CSR activities and the use of performance indicators; these interviews are mentioned in Sect. 10.5.3. The interviews were semi-structured; Table 10.1 presents the outline of each interview.[9] All the interviews were recorded and then transcribed for reference.

We describe the process of assessing the materiality of CSR issues at Misawa based on the interview data and present the practices of individual CSR activities, including CSR activities for which goals have been set at the industry association level and CSR activities unique to the company. As an example of the first, we describe a waste reduction activity, and as an example of the second, we describe the case of an educational support program named "Antarctic class" offered at elementary schools by members of the Antarctic observation team.

[7] Misawa was listed in the First Section of the Tokyo Stock Exchange during the interviews (Table 10.1). It became a wholly owned subsidiary of Prime Life Technologies Corporation in January 2020.

[8] The Japan Prefabricated Construction Suppliers and Manufacturers Association (2019).

[9] We express our sincere gratitude to all those who kindly responded to our interviews. The job titles shown in Table 10.1 are those at the time of the interview conducted.

Table 10.1 Interview summary

Date and time	Interview format and questions	Respondents
Session 1 (90 min) June 14, 2017	Semi-structured interview (CSR report preparation process)	1 executive officer in charge of IR 3 CSR officers
Session 2 (90 min) January 23, 2019	Semi-structured interview (CSR report preparation process)	1 corporate adviser in charge of IR 2 CSR officers
Session 3 (90 min) February 28, 2019	Semi-structured interview (performance measurement of individual CSR activities)	1 person in charge of CSR 4 employees
Session 4 (90 min) April 15, 2019	Semi-structured interview (performance measurement of individual CSR activities)	1 person in charge of CSR 1 employee

10.5 A Case Study of CSR Performance Measurement at Misawa

10.5.1 An Overview of CSR Management

Misawa has a long history of environmental conservation activities and was the first in the Japanese homebuilding industry to obtain ISO 14001 certification for its environmental management system in 1997. In recent years, the company has also received external recognition, including the Eco Mark Award 2018 excellence prize from the Japan Environment Association and the "Health and Productivity Management Outstanding Organizations" certification by the Nippon Kenko Kaigi and the Ministry of Economy, Trade and Industry.

10.5.2 Assessing the Materiality of CSR Issues

Misawa issued the industry's first environmental report in 1999 and has been issuing CSR reports since 2007. Initially, the issuing department was the technological division. Since 2015, the corporate communications division, a subordinate organization of the corporate planning department, has been in charge of publishing the report.

The medium-term management plan is formulated on a three-year basis, and CSR-related issues have been positioned as a priority item since 2011. Furthermore, the 2011 CSR report includes a list of CSR performance indicators. However, as it is not easy to prioritize a wide range of CSR issues, Misawa assessed the materiality of CSR issues based on questionnaires collected from various stakeholders twice, in 2013 and in 2017.

10.5.2.1 The Introduction of the Materiality Assessment

There were two reasons underlying Misawa's introduction of the materiality assessment of CSR issues. The first was to link CSR issues with management indicators and to clarify the differences in perception between stakeholders and the company so as to persuade the management regarding proposed improvements. Therefore, the CSR department wanted to collect data on stakeholder needs and evaluations. The second, in line with the external adviser's suggestion regarding CSR reporting, was to improve Misawa's CSR report to be more consistent with the GRI guidelines and include more key performance indicators. During the process, the adviser noted the necessity of communication with stakeholders.

Regarding the method of communicating with stakeholders, Misawa had previously conducted a questionnaire targeting customers. Therefore, as a means of collecting stakeholder opinions, it adopted a questionnaire on CSR similar in format to the customer questionnaire. A questionnaire was deemed suitable owing to the adviser's emphasis on the need to prioritize several CSR indicators.

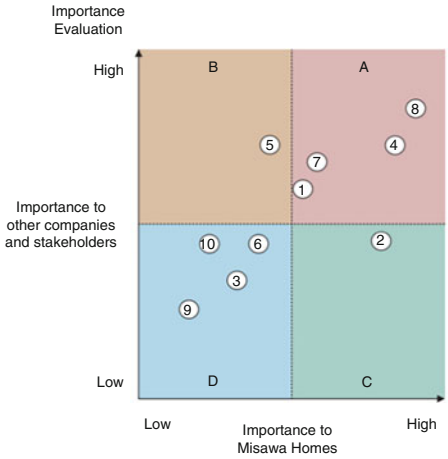
Misawa conducted a questionnaire on the materiality of selected CSR issues based on the core subjects of ISO 26000, targeting stakeholders such as financial analysts, business partners, employees, customers, and general consumers.[10] The results of the questionnaire were analyzed based on "importance to other companies and stakeholders" and "importance to Misawa Homes" in accordance with the mapping of materiality assessment presented by the GRI (2016) (Fig. 10.1). Here, as the axis in Fig. 10.1 shows, Misawa referred to the CSR reports of other companies in the same industry and reflected them in its materiality.[11]

Figure 10.1 shows that the questionnaire identified the following areas: financial (Issue 1), compliance (Issue 2), products and services (Issue 4), labor practices and training (Issue 5), community (Issue 7), and the environment (Issue 8) as important to either (or both) the stakeholders and Misawa's management, and management indicators were set for each item. The targets were set in conjunction with the medium-term management plan by considering not only Misawa's but also other companies' current performance and by coordinating with the relevant departments.

Thus, while the assessment of the materiality of CSR issues influenced the setting of CSR performance indicators at Misawa, some challenges were also discovered. The questionnaire responses showed no significant difference between the issues that stakeholders rated as important and those that Misawa rated as important, except for some items such as compliance. Therefore, the CSR department considered the first questionnaire insufficient to clarify the differences in perceptions between stakeholders and the company and to propose improvements. To solve this problem,

[10] Based on all the CSR reports published by Japanese homebuilding firms in 2013 that were examined by the author, no other company conducted a large-scale questionnaire survey of stakeholders when assessing materiality.

[11] For details, see Misawa Homes Co., Ltd. (2014, p. 16). Other companies also refer to the trends of their peers (e.g., Sekisui Chemical Co., Ltd., 2018, p. 14).



①	Financial	⑥	CSR procurement
②	Compliance	⑦	Community
③	Human rights prohibition of forced labor	⑧	Environment
④	Products and services	⑨	Global response
⑤	Labor practices and training	⑩	Local economy

Fig. 10.1 Materiality assessment of CSR issues in 2013. Source: adapted from Misawa Homes Co., Ltd. (2014, p. 16)

they felt the need to change the questionnaire analysis method to address the perspective of differences between stakeholder expectations and evaluations.

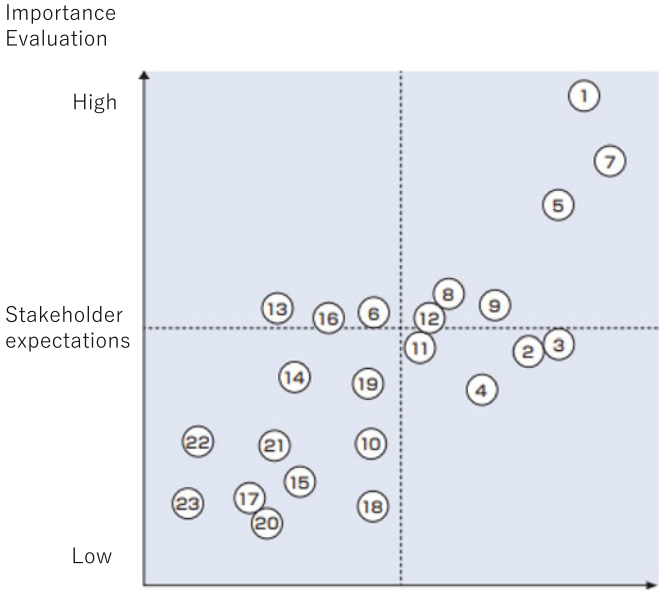
Moreover, in 2017, when the mid-term management plan was updated, there were changes in policies and social trends in Japan, such as the "Work Style Reform," compared to the first questionnaire survey conducted in 2013. Therefore, Misawa changed the questionnaire items and conducted the second questionnaire survey in 2017 to analyze the results from the perspective of stakeholder expectations and assessments.

10.5.2.2 Changes in the Assessment of the Materiality of CSR Issues

The process of assessing the materiality of CSR issues based on the second questionnaire in 2017 was performed in the following three stages. The first stage was the selection of CSR issues. Nine categories and 23 issues related to CSR initiatives were identified with reference to the GRI standards, ISO 26000, and the trends of other companies in the same industry (Fig. 10.2).

The second step was the establishment of "Key CSR Issues." At this stage, expectations and evaluations of 23 CSR issues were compiled through a questionnaire survey of 1880 stakeholders. The issues with the highest expectations or ratings were set as CSR material issues, and the results were disclosed in the 2018 CSR Report.

Based on the results of the questionnaire (Fig. 10.2), improvement of the core business, such as the environmental responsiveness of housing (Issues 1, 5, and 7), and compliance with laws and regulations (Issue 9) were identified as items whose achievement was both highly expected and highly evaluated by stakeholders. In



Environment	①	Developing ZEH, durable high-quality housing, and other Decarbonization, environmentally conscious housing
	②	Zero emissions activities at factories and construction sites
	③	Reducing VOCs (Volatile organic compounds) in components and materials, reducing harmful chemical usage
	④	Procuring certified wood according to wood procurement guidelines
Products services	⑤	Providing quality housing and services on the strength of excellent designs and technology
	⑥	Creating new value using IoT and other technological innovations
	⑦	Building safe, secure, disaster-resilient homes
	⑧	Customer services promotion activities for improving customer satisfaction
Compliance	⑨	Complying with laws and regulations, and maintaining ethical integrity in business activities
	⑩	Enhancing information security
Community	⑪	Community building through smart wellness, smart cities, and the like
	⑫	Assistance for medical care, elderly care, and child raising

Work style reform	⑬	Activities for improving employee satisfaction
	⑭	Utilizing diverse human resources, namely women and elderly people
	⑮	Enhancing training and making other efforts to develop human resources
Financial	⑯	Ensuring profitability through consistent, long-term growth
	⑰	Appropriate dividends to shareholders
	⑱	Timely disclosure of financial reports and other management information
Suppliers	⑲	Building fair relationships with suppliers
	⑳	Cooperating with suppliers toward social responsible actions
Cultural activities	㉑	Engaging in social contribution activities in art, culture, education and welfare
Global response	㉒	Contribution activities through overseas business expansion
	㉓	Efforts to combat poverty and resolve conflict around the world

Fig. 10.2 Materiality assessment of CSR issues in 2017. Source: adapted from Misawa Homes Co., Ltd (2018, p. 9)

addition, environmental responsiveness (Issues 2, 3, and 4) and smart cities (Issue 11) were identified as items that were highly evaluated by stakeholders. Moreover, technological innovations such as the Internet of Things (Issue 6), securing profits (Issue 16), and improving employee satisfaction (Issue 13) were identified as items whose accomplishment was not sufficiently evaluated despite high expectations from stakeholders.

The third step was the establishment of CSR indicators for key issues. The CSR indicators for these key issues were set, and the results were compiled each year.

As described above, the materiality of CSR issues was assessed from the perspective of stakeholder expectations and stakeholder assessment. To measure the materiality of CSR issues, the external adviser of CSR reporting preferred the GRI analysis method (GRI, 2016) similar to the first materiality assessment. However, in Misawa, for example, the gap between expectation and evaluation emerged in the item of employee satisfaction, and the second survey analysis was more satisfactory than the first.

10.5.3 Setting CSR Performance Indicators

As indicated, Misawa determines important CSR issues by assessing the materiality of CSR issues through stakeholder questionnaires. However, not all of the CSR issues that Misawa considers important are measured and evaluated in a unified manner; they vary according to the various CSR activities. This study presents two cases of important CSR activities[12] at Misawa, one in which performance is measured and the other in which it is not. The first case is a waste reduction activity measured based on a performance method established within the industry. The second case is one of Misawa's original activities, called "Antarctic class," in which Misawa employees who participated in the Antarctic observation team provide experience-based lessons at elementary schools.

10.5.3.1 Waste Reduction Activities

The reduction of waste at construction sites is one of Misawa's main issues. In the past, the company did not directly handle the waste generated at construction sites because it did not perform construction work at the sites. However, since 2009, Misawa has been collecting waste from construction sites and recycling it by obtaining certification under the wide-area certification system covering the Tokyo Metropolitan Area (one metropolitan area and seven prefectures). At construction sites, waste is sorted into 19 categories and recycled through the Resource Recycling

[12] The performance indicators related to the waste reduction activities and Antarctic class discussed here are disclosed in the CSR report (Misawa Homes Co., Ltd., 2014, 2018).

Center in Chiba Prefecture. The data on construction waste materials collected is used for resource-conscious design.

Waste performance is measured by the weight of waste per square meter of building standardized by the JPA. The JPA has published "Eco-Action 2020," an industrywide environmental management action plan which sets targets for waste reduction. At the end of a given year, member companies report their performance to the JPA's environmental subcommittee, which aggregates the actual values by industry and publishes the industry's waste reduction performance.

During the compilation of actual values, those related to each member company's waste are compared side by side. These industry averages for waste are reported to Misawa's management. Consequently, the management gives instructions on waste reduction to the personnel in charge of waste management based on which departmental policies are prepared.

In Misawa, the Management by Objectives (MBO) system is used to evaluate the performance of employees. In the MBO, the person in charge of the work fills in the target based on the departmental policy, and the employee target is decided by coordinating with the department head. At the end of the term, each employee submits their performance against the target that is evaluated by the manager and the section chief, considering the degree of achievement and difficulty for each item entered. The targets include both quantitative and qualitative ones for waste reduction efforts. Therefore, the actual values of waste at other companies in the same industry are referred to as one of the performance evaluation targets at the level of the person in charge through management instructions, and they also influence the employee performance evaluation through the MBO.

10.5.3.2 Educational Support Program on Antarctic Observation Activities

Misawa has been delivering building materials to the Showa Station in Antarctica for more than 50 years, and Misawa employees continuously participate in Antarctic observations as team members. Since 2011, Misawa has been conducting the "Antarctic class," in which employees who participated in the Antarctic research expedition serve as instructors and provide lessons based on their experiences in Antarctica, mainly at elementary and junior high schools. The Antarctic class was introduced as one of the programs to provide non-housing support in the process of reconstructing housing after the Great East Japan Earthquake.

As Antarctic observation is a government project, it is difficult for Misawa to conduct the Antarctic class independently. Therefore, with the local boards of education and the National Institute of Polar Research, Misawa has been cooperating in the dissemination and education of Antarctic observation activities; during the first year, it conducted 18 classes in six months and has since conducted more than 100 classes per year.

Although the significance of Antarctic class as a social contribution has been recognized within the company, and it has also received external awards such as the

Kids Design Award and the Good Design Award in Japan, the implementation of the project is not always easy. One of the reasons is that it is difficult for the local employees who support the Antarctic class to coordinate their existing work with the support work. However, the proponents of the Antarctic class have been reluctant to establish the number of Antarctic class activities as a performance indicator for evaluation. The concern is that linking it directly to performance evaluation may cause the loss of the internal recognition within the company if it fails to show short-term results. Therefore, despite their belief that the initiative would be beneficial to Misawa in the long term, the promoters of the Antarctic class have preferred to continue the activity without making it a performance indicator.

10.6 Discussion

10.6.1 Isomorphism in Materiality Assessment

In this section, we reflect on the cases of Misawa to discuss the institutional isomorphism (DiMaggio & Powell, 1983) of the materiality assessment of CSR issues and the performance measurement of individual CSR activities. We then address the coupling between CSR reporting and performance measurement practices for individual CSR activities.

First, we address the materiality assessment of CSR issues: as described in Sect. 10.5.1, in 2013, when the materiality assessment was introduced, Misawa aimed to collect stakeholders' opinions while maintaining consistency with the GRI guidelines in line with the external adviser's suggestions. Furthermore, in identifying CSR issues, Misawa referred to the CSR reports of other companies in the same industry and exchanged information through industry associations. Therefore, it may be inferred that normative factors based on the external adviser's knowledge and imitation of peer companies (DiMaggio & Powell, 1983) were at work in conducting the materiality assessment.

However, along with Misawa's implementation of materiality assessment, the other objective was to collect the opinions of numerous stakeholders and establish indicators that would influence the top management to suggest CSR improvements. Therefore, Misawa, like other companies, reported the results of the materiality assessment in its CSR report. However, unlike other companies, it used a questionnaire survey in its assessment method. In the second materiality assessment conducted in 2017, Misawa changed from the GRI assessment dimensions (GRI, 2016) to its own dimensions of stakeholder expectations and assessments to propose improvement indicators based on stakeholder needs. Therefore, the materiality assessment at Misawa is highly unique in that the disclosure format of the CSR report is only superficially similar to that of other companies' reports, and the specific assessment method and assessment dimensions are different from those of the GRI (2016). Therefore, it can be inferred that the materiality assessment method

in Misawa decoupled from the GRI (2016) to pursue company-specific objectives, thereby enhancing its originality (Meyer & Rowan, 1977).[13]

10.6.2 Homogenization in Setting Individual CSR Performance Indicators

In setting individual CSR performance indicators, we described the waste management activities for which performance was measured and evaluated. Then, we addressed the CSR activity called Antarctic class, for which no performance indicators were set for evaluation. Although both of these activities are considered important for Misawa's CSR, they differ in terms of whether performance was measured.

There is an established method for calculating companies' performance in waste reduction activities through industry associations and available industry averages. Member companies have the opportunity to compare their waste reduction performance through the same calculation method. Consequently, as one of the performance indicators related to waste, the data on waste reduction in construction sites were compared and influenced the performance evaluation of the person in charge. Institutional isomorphism was particularly promoted in the way that performance indicators were set because it was possible to refer to the expertise within the industry and the trends of other companies in the same industry. Furthermore, performance indicators influenced the evaluation of individual managers through the MBO, which indicates a strong coupling between CSR reporting and performance measurement and evaluation.

Moreover, as the Antarctic class was one of Misawa's original initiatives, there were no similar practices for reference. The proponents of the Antarctic class focused on gaining legitimacy for their activities within the company by increasing the number of internal activities while improving the external recognition of their CSR activities through external awards. Accordingly, institutional isomorphism with other companies was not observed in the Antarctic class. Although the CSR report mentioned the number of activities implemented by the Antarctic class, the interviews revealed that there was no intention to relate the number of activities implemented to business performance. As such, the Antarctic class is conceived as a case in which the importance of the activity is recognized internally and published in the CSR report but is not combined with performance evaluation (Meyer & Rowan, 1977).

[13] Meyer and Rowan (1977) note that the decoupling of practices from isomorphic structures allows isomorphic institutions to play only a ritualistic role. However, as discussed in Sect. 10.2, in CSR performance measurement, the loose conformity of corporate practices to reporting standards such as the GRI (2016) may not immediately imply ignoring social responsibility.

10.7 Conclusion

The relationship between CSR performance and financial performance is not clear, and it is not easy to assess the performance indicators that should be set and managed to cover a wide range of CSR aspects.

When the institutional environment is highly uncertain, the neo-institutional theory notes that various organizations belonging to the same organizational field become isomorphic. This study presented a case of a homebuilding firm's practices, including the materiality assessment of its CSR issues and the setting of performance indicators for individual CSR activities. It aimed to address the degree of institutional isomorphism in CSR performance measurement practices and interpret the degree of coupling between CSR reporting, performance measurement, and evaluation.

As a result of the case analysis, for the materiality assessment of CSR issues at Misawa, institutional isomorphism was initially observed by referring to professional norms and the trends of other companies in the same industry; however, the practices of materiality assessment then diverged from the GRI (2016) owing to company-specific objectives. Furthermore, the degree of coupling between CSR reporting and performance measurement in individual CSR activities differed depending on the existence of referenceable norms within the industry.

Therefore, this study finds that the practice of CSR performance measurement can be interpreted, at least partially, in terms of institutional isomorphism. Concurrently, the study also finds that the isomorphism of CSR performance measurement does not proceed uniformly within the firm but varies depending on specific internal management objectives and the existence of industry-specific norms as a reference.

In qualitative management accounting research related to CSR performance measurement, studies that support institutional isomorphism include Wijethilake et al. (2017) and George et al. (2016). However, these studies do not focus on institutional isomorphism and decoupling for the materiality assessment of CSR performance measurement and indicator-setting practices in individual CSR activities. Our findings are expected to contribute to management accounting research. In addition, from a practical point of view, this study contributes a reference case of peer companies' CSR performance measurement practices.

However, this study presents only a partial analysis of complex CSR performance measurement practices, and more studies based on institutional perspectives are needed to better understand corporate practices in this area (Contrafatto & Burns, 2013). In particular, this study has the following limitations.

First, as this study focuses on only one company's case, the generalizability of the findings needs to be carefully examined. Second, the scope of analysis in this study is limited to only some of the practices within a wide range of CSR performance measurement practices. Third, although the case descriptions in this study are mainly based on textualized interview data, there are limitations on the rigor of the data analysis methods and procedures. Fourth, the descriptions of the cases in this study

are limited in persuasiveness because it was not possible to quote the interview contents directly.

Therefore, there is a need for further research on CSR performance measurement that overcomes the above limitations based on an institutional perspective. The analysis of institutional isomorphism for the case of CSR performance measurement as presented in this study is expected to facilitate additional discourse in management accounting research on CSR.

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