The Influence of Corporate Social Responsibility on Business Practice: The Case of International Certifiable Management Standards

by

Konstantinos Iatridis

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To Eleni

Who offered me unconditional love and support throughout the course of this thesis and kept my spirits up when the muses failed me

Student Declaration

I declare that while registered as a candidate for the research degree, I have not been a registered candidate or enrolled student for another award of the University or other academic or professional institution. I also declare that no material contained in the thesis has been used in any other submission for an academic award and is solely my own work.

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Abstract

This study explores the influence of CSR on business practice. To succeed in its aim, the dissertation employs International Certifiable Management Standards (ICMS), as proxy-indicators of CSR related practices and draws on an inter-disciplinary approach. In contrast to previous research suffered from narrow analytical insights and lack of empirical evidence, this study contributes to existing knowledge by adopting a more holistic approach and focusing on the breadth, depth and context of ICMS adoption. The research draws on a mixed-methods approach and its analysis is based on 211 responses from small, medium and large companies from services, commerce and manufacture collected through a survey (21.4% response rate), and on eighteen (18) semi-structured interviews. The results reveal that CSR practices fail to influence business practice; firms do not adopt such practices in order to improve their CSR performance but they do it due to competitiveness and legitimacy reasons. The study shows that companies use CSR practices to convince or even mislead stakeholders that the activities of the firm are carried out within the framework set by society. The findings also indicate that the context of implementation of CSR practices is lax failing to secure the integration of these practices in firms' everyday activities.

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Abbreviations

CB: Certification Body

CSR: Corporate Social Responsibility

CEOs: Chief Executive Officers

CEN: European Committee for Standardization

CMV: Common Method Variance

EU: European Union

ICMS: International Certifiable Management Standards

ISO: International Organization for Standardization

ILO: International Labour Organization

KWIC: Key Words in Context

MANOVA: Multivariate Analysis of Variance

MNCs: Major-Non-Conformances

NGO: Non-Governmental Organization

MSMEs: Micro, Small and Medium Enterprises

SMEs: Small and Medium Enterprises

SPSS: Statistical Package for the Social Sciences

UCLAN: University of Central Lancashire

VIF: Variance Inflation Factors

WBCSD: World Business Council for Sustainable Development

1 INTRODUCTION

The last thirty years have borne witness to a radical change in the private sector's relationship with both the state and civil society. Firms have been increasingly called upon to adopt strategies beyond the financial aspects of their operations and consider the social and environmental impact of their business activities. In this context, many companies have modified their policies and activities and engaged into Corporate Social Responsibility (CSR). At the firm level, CSR is implemented through various practices, which aim to enhance the company's social and environmental performance and may cover various topics. Examples of CSR practices are abundant in the relevant literature. For instance, IKEA requires from its suppliers to prohibit child labour, Vodafone applies a series of programs for reducing its CO_2 emissions, Unilever addresses health and safety issues in the workplace whereas Shell has adopted a series of policies for addressing human rights and environmental abuse related to its operations (Business in the Community, 2010; Vogel, 2005).

At first glance, it may appear that firms eagerly respond to public concerns regarding their operations and engage in socially responsible practices. Several cases of corporate misconduct, however, involving firms perceived as paragons of CSR, have unveiled significant discrepancies between CSR rhetoric and practice. This contradictory evidence leaves the influence of CSR on business practice[1] open to interpretation. On the one hand, there are indications that firms increasingly seek to realign their business practices to meet CSR expectations existing in society. On the other hand, the sincerity

[1] This Thesis understands business practice as the methods, procedures, processes, and rules employed by a company in the pursuit of its objectives (Pallister and Law, 2006).

and effectiveness of these actions often raises doubts and firms are frequently accused of using CSR as a public relations ploy.

Current research fails to address these issues as it mostly focuses on speculations regarding the real and alleged pros and cons of implementing CSR (Frederick, 2006; Smith, 2003). It is a feature of this literature that the discourse on CSR evolves predominantly in conceptual, theoretical terms (Frederick, 2006). Moreover, it is a recognized fact that existing research falls short of providing satisfactory guidance to the practice of CSR as it suffers from i) the use of context specific and limited in scope approaches and ii) a focus on rhetoric at the expense of concrete action (King & Lenox, 2000; Muller & Kolk, 2010). CSR practices are often evaluated in a simplified and superficial manner when pronouncements by business leaders and the formal presence of, for example, environmental management systems, are equated with actual CSR activities (Bondy*, et al.*, 2008; Gonzalez-Benito & Gonzalez-Benito, 2005; Holder-Webb*, et al.*, 2009; Rodriguez & LeMaster, 2007). As a result, our knowledge of the degree to which CSR practices have penetrated the fabric of business behaviour is still embryonic.

To enhance our understanding of CSR influence on business practice, research must focus on the specific policies and activities through which managers try to implement a theoretical commitment to social, environmental and economical goals (Godfrey & Hatch, 2007; Wood, 2010). At the moment, there is a recognised shortage of dedicated studies on this subject (Lindgreen & Swaen, 2010).

1.1 Research Aim and Objectives

This research intends to address this gap and seeks to investigate how CSR is actually implemented at the firm level, and on the factors that influence this implementation. To succeed in its aim, the study investigates the application of International Certifiable Management Standards (ICMS) as an example of CSR practices. The choice of ICMS is not incidental; these standards share several features, which make them a *sine qua non* in the analysis of CSR implementation. First, they assist the spread of CSR practices as they require from corporations to reformulate their processes in order to improve their social and environmental performance (E.C., 2003; Jiang & Bansal, 2003). Second, they are widely accepted as effective means of applying CSR practices and are promoted as organizational models to which firms must conform for ensuring their legitimacy and credibility (Boiral, 2003a). Third, ICMS have become a significant cornerstone for the CSR efforts of many corporations (Schaefer, 2007). Fourth, they are increasingly recognized as potential frameworks for regulating CSR implementation (Hodgson & Cicmil, 2007).

To broaden knowledge on a complex topic such as CSR and obtain a 'real world' insight into its operation, this study adopts an inter-disciplinary approach drawing on diffusion of innovations, institutional, signalling, self-regulation and stakeholder theories. To this end, it empirically evaluates:

a) *Why* companies adopt ICMS;

b) *How* firms apply ICMS; and

c) *Under which conditions* firms apply ICMS.

The empirical study is based on a survey and semi-structured interviews conducted in Greece. The choice of Greece was motivated by a number of considerations. First, because most accounts on CSR come from the USA, leading Western European countries and China, there is a recognised need for the empirical investigation of CSR practices in other institutional contexts in order to enrich knowledge on the topic (Lee, 2008; Lindgreen & Swaen, 2010). The relatively unexplored, in terms of CSR, institutional context of Greece provides firm ground for responding to such calls. Second, Greece represents a dynamic business environment giving the opportunity to analyse how firms cope with a changing setting. By taking into account that implementation of CSR practices takes place within a constantly changing business environment, especially in the context of globalization, the latter provides valuable insights into the implementation of CSR. Third, Greece experiences the impacts of the 2008 financial meltdown, providing an interesting empirical setting for analysing firms' attitude to CSR practices in the current economic climate.

1.2 Contribution to Knowledge

The study makes noticeable contributions to several areas of CSR research. A primary contribution of this dissertation is to divert scholars' attention from theoretical to empirical approaches in the analysis of CSR. By conceptualising CSR as a business-processes oriented construct, the study makes an important step towards taking the CSR research in a more practical direction. This is an extension of past research, which has overwhelmingly treated CSR practices as a means of enhancing financial performance (Margolis & Walsh, 2003; Vogel, 2005). This dissertation addresses the plight of scholars, who argue that theory has outweighed both practice and empirical research, and have emphasised the need to assess the impact of CSR on business practice

(Frederick, 2006; Lindgreen, *et al.*, 2009a; Lindgreen, *et al.*, 2009b; McWilliams, *et al.*, 2006). The study expands the knowledge base in this field by focusing on operations management and the practices firms employ to manage the social and environmental impacts of their activities. The results of this study will enable theorists to create a stronger theoretical and empirical basis on which future research on the topic of CSR can build.

The study also contributes to the CSR literature by analysing firms' motives for adopting CSR practices. Contrary to views that firms engage in CSR practices to enhance their financial as well as social performance (Bansal & Hunter, 2003; Husted & Salazar, 2006), or due to altruism (Davis, *et al.*, 1997; Gonzalez-Benito & Gonzalez-Benito, 2005; Heugens, *et al.*, 2008; Muller & Kolk, 2010), this dissertation provides evidence that the true reasons are more often negative (i.e. defensive) than positive (i.e. profit maximization; implementation of CSR practices). This is an important contribution, as it highlights that external pressures have more influence on firm's decision-making than suggested by the most prominent approach to CSR (i.e. the so-called 'business case' for CSR).

Importantly, this dissertation adds to the CSR knowledge base by demonstrating that the implementation of CSR practices cannot be ensured through self-regulatory approaches. This is a significant finding in light of existing research in CSR espousing the implementation of CSR practices in a voluntary self-regulatory context (Kotler & Lee, 2005; Levy & Kaplan, 2008; Sethi, 2002). Advocates of the business case for CSR support a political and economic climate that rejects all ideas related to firms-government cooperation and endorses policies strengthening the autonomy of the

market as a means of satisfying social goals (Albareda, 2008). This dissertation advances knowledge by demonstrating that self-regulatory tools may not be as effective as neo-classical economic theory would suggest.

In addition, the dissertation contributes to knowledge by indicating that companies employ ICMS as symbolic forms that grant legitimacy to certified firms. In particular, the study demonstrates that firms get certified by ICMS predominantly because they want to convince the public that they conform to existing social expectations.

The study also contributes to knowledge by exploring the context of the implementation of CSR practices. While the literature indicates that in the presence of explicit sanctions firms will not behave opportunistically (King & Lenox, 2000; Lenox & Nash, 2003; Prakash & Potoski, 2005), this dissertation acknowledges the importance of monitoring mechanisms in the way CSR practices are implemented, and argues that explicit sanctions and regulation are not enough to secure implementation of CSR practices by firms. In this way, this study advances knowledge regarding the conditions necessary to secure the implementation of CSR practices.

Finally, the dissertation contributes to the CSR literature by establishing the influence of market actors on the implementation of CSR practices and the limited role of the state. Contrary to neo-liberal philosophy eminent in most western countries these days (Bendell, 2004; Wilkinson, 2007), the study provides evidence that, with reference to the implementation of CSR practices, the state fails to secure the harmonic operation of the market. This research demonstrates that the government does not succeed in its attempts to monitor the application of CSR practices leaving plenty of room for

companies to behave opportunistically. This is an important finding for scholars working on how to build a global governance system for CSR (Albareda*, et al.*, 2008; O'Rourke, 2003; Vogel, 2008).

1.3 Structure of the Thesis

The Thesis consists of ten chapters and is structured as follows. The second chapter reviews the literature on CSR pertaining to the topic of the dissertation and offers an assessment of this literature, highlights existing gaps and the contribution of this research. Chapter three provides the contextual framework necessary to comprehend ICMS.

Chapter four introduces the conceptual framework upon which the research analysis is based namely diffusion of innovations, institutional, authority relationships, self-regulation and stakeholder theories. Drawing on these theories, six hypotheses are developed regarding firms' motives for adopting ICMS, the way they integrate these standards in their everyday activities and the context in which companies adopt ICMS. Chapter five discusses the methodology followed in this research. It analyses and explains the rational followed for adopting the research design, setting and data collection methods. Also, the chapter discusses issues pertaining to the samples used for the survey and interviews and ethical considerations taken into account during this research.

Chapters six and seven focus on quantitative analysis and present the survey's results. Chapter six discusses the basic features of the data collected through the survey while

chapter seven analyses the use of several statistical techniques employed to enable prediction and generalization with reference to the hypotheses developed in Chapter 4.

Chapter eight aims at providing a triangulation of the results presented in chapters six and seven. In so doing, it focuses on qualitative analysis and discusses the results of the interviews. The penultimate chapter discusses the study's results coming from both quantitative and qualitative analysis and places these findings in the context of existing research. In addition, it analyses the implications of this study for research, policy makers and practitioners. Also, it discusses the limitations of this study and highlights avenues for future research. Last but not least, chapter ten presents the conclusions of this study.

2 BACKGROUND TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

2.1 Introduction

This chapter aims at justifying the choice of research questions and establish the importance of the topic. In so doing, the chapter reviews and evaluates the theoretical and empirical literature that underpins the research theme of this dissertation. In addition to that, the chapter focuses on three key areas of interest, which conflate the influence of CSR on business practice: the definition of CSR; CSR characteristics and firms' motives for engaging in CSR practices.

The chapter begins by analysing the current state of CSR thinking pertaining to this study. First of all, to assist the reader get an informative insight on CSR, the chapter discusses the evolutionary pathways of Corporate Social Responsibility. Next, it analyses the features and working definition of CSR employed in this research. In continue the chapter discusses certain socio-political developments that have taken place during the last thirty years or so and account for the main characteristics of CSR today. Next, the two major theoretical perspectives in CSR research are also discussed: a) scholars who perceive CSR as a means of enhancing both social and financial issues (business case supporters) and b) researchers who criticize the business case approach. Further, the chapter analyses firms' motives for engaging into CSR practices. Finally, the chapter critically evaluates the existing problems in the CSR literature; it describes the approach adopted in this research and explains the novel elements that it contains.

2.2 The evolution of CSR

2.2.1 CSR Prior to 1950

The history of CSR is as old as trade and business itself. Commercial logging operations for example, together with laws to protect forests, can both be traced back almost 5,000 years (BRASS, n.d.). In Ancient Mesopotamia, around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens. In Ancient Rome, senators complained about the failure of businesses to contribute sufficient taxes to fund their military campaigns, while in 1622 dissatisfied shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and 'self enrichment' (BRASS, n.d.).

With industrialisation, the impacts of business on society and the environment assumed an entirely new dimension. Motivated by criticisms of the factory system as a source of social problems, including poverty, crime and child labour, several entrepreneurs, in the late nineteenth and early twentieth century, used part of their wealth to support philanthropic ventures. Some of these businessmen attempted to strengthen business community relationships by building clinics and lunch-rooms for their employees, donating money to orphan asylums and other similar activities (Wren quoted in Carroll, 2008). Others, such as the car manufacturer George Pullman, went even a step further and created model industrial communities which had many advanced facilities for their employees.

Regardless of improving employees' living conditions and being accepted as examples of enlightened business policies, these practices were also criticized as paternalistic

aiming at controlling employees' lives (Heald, 1970). The suspicion surrounding the actions of these early entrepreneurs was something that also accompanied CSR during the first half of the previous century. Businessmen engaging in such activities were accused of immorality because they were spending shareholders' money. For example, when Ford decided to decrease the working hours of his employees and increase their salary in 1917, he was accused by the Wall Street Journal of blatant immorality (Lewis, 1976). At large, these attitudes were seen as radical ones that could erode the autonomy of the free-market and this is why they were not welcomed.

Despite the controversies accompanying the topic, CSR continued gaining in importance. Chester Barnard's 1938 publication, *The Functions of the Executive*, J. M. Clark's (1939) *Social Control of Business* and Theodore Krep's, *Measurement of the Social Performance of Business,* published in 1940, are three early references to the social responsibilities of businesses worth noting (Carroll, 1999). Barnard took a strong stance on moral leadership and suggested that effective leadership requires both 'technical' and 'responsible' skills. In turn, Clark argued for greater social control of business to be exercised on behalf of the larger society as a means of curbing the excessive individualism promoted by supporters of the free-market. Krep introduced the term 'social audit' for the first time and used it in relation to companies reporting on their social responsibilities.

2.2.2 CSR in the 1950s

The 1950s witnessed the emergence of a new era for CSR when Bowen published his seminal work entitled the 'Social Responsibilities of the Businessman' in 1953. In his book, he defined CSR as follows: 'it refers to the obligations of businessmen to pursue

those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society' (Bowen, 1953, p.6). Bowen recognised that firms' engagement into CSR was linked to self-interest best promoted by demonstrated concern for public demands. Actions like support for education, conserving natural resources, philanthropy, good human relations at work and other similar activities were included as aspects of CSR and it was recognised that these actions had high returns for firms (Frederick, 2006). Bowen argued that firms' engagement into CSR should be accomplished voluntarily with minimal government intervention. However, years later he questioned his previous position by arguing that 'I have come to the view that voluntary social responsibility cannot be relied upon a significant form of control over business. The power of business overwhelms the week reed of voluntary social responsibility' (cited in Frederick, 2006, p. 10).

Following Bowen's work, Theodore Levitt saw CSR as a potential danger for the foundations of the free-market and warned of a threat of obfuscating the role of businesses and that of the government. His position can be best illustrated by the following statement: 'government's job is not business, and business's job is not government' (Levitt, 1958, p. 47). In reality this danger was not a substantial one since the onset of welfare policies in the post war era had set a clear line between the responsibilities of business and those of the state.

Supporters of the free-market ideology, nonetheless, saw CSR as a threat and continued arguing against it in order to protect the autonomy of the market. Building on Levitt's argument Friedman suggested that a company's sole social responsibility was to pursuit maximization of returns for their shareholders within the boundaries set by law

(Friedman & Friedman, 1962). This view has become one of the most heavily criticised positions in the CSR literature and even nowadays many scholars aim to prove Friedman wrong. His approach draws on agency theory and implies that firms' mere obligation is to satisfy the shareholders' interests. Friedman argued that it was not business but the government who was responsible for taking care of the social and environmental aspects of businesses through the application of laws. This position treats CSR as a waste of resources that could be used as returns to shareholders or as means of internal investment (McWilliams, *et al.*, 2006).

Although it is widely perceived that Bowen's and Friedman's approaches differ significantly in reality they are not. Their underlying assumption is the same, i.e. both treat firms as profit-maximization organizations which are interested in improving their financial performance. The difference in these two positions is that Bowen perceived CSR as an opportunity for companies to increase their benefits whereas Friedman saw it as a threat.

2.2.3 CSR in the 1960s and 1970s

The social turmoil of the 1960s and 1970s and the gradually increasing significance of environmental problems broadened the spectrum of the social responsibilities of businesses. Thus, apart from recognizing firms' financial motives for engaging in CSR, scholars like Davis (1960; 1973) suggested that CSR should be analysed from a different perspective. The new approach included a moral dimension in the argument, i.e. it was proposed that firms should engage into CSR activities because it is the right thing to do and not because CSR entails potential benefits for firms.

In a similar vein, the Committee for Economic Development (CED) published at the beginning of the 1970s its ground-breaking declaration on CSR. In it, CED claimed that corporations should be perceived as organizations operating within the whole of society rather than just in the market place (cited in Frederick, 2006). This publication highlights the change in the societal perceptions of businesses. The latter were anticipated not only to produce products and services and undertake philanthropic actions, but they were also required to operate in a way that satisfies societal needs and expectations. The CED explicitly refers to the concept of the social contract, attributing to CSR an obligatory rather than a voluntary notion. Businesses were expected to undertake actions in ten major fields: economic growth and efficiency, education, employment and training, civil rights and equal opportunity, urban renewal and development, pollution abatement, conservation and recreation, culture and the arts, medical care, and government relations (Frederick, 2006).

What grabs attention in the CED report is not the issues outlined as CSR topics. The important thing is that it proposed that in order to succeed in tackling these topics companies should have cooperated with governments. On top of that, the CED report was composed by practitioners, implying a willingness on behalf of firms to renegotiate their relationship to society (Carroll, 2008). This publication moved the agenda beyond companies' interests and linked their operations to wider social goals. However, this trend did not last long; a survey conducted a couple of years later among business executives revealed a different approach to how CSR should be implemented: the respondents did not mention anything about cooperating with the government demonstrating a preference towards protecting the autonomy of the free market (Eilbert & Parket, 1973).

Having adumbrated the CSR topics that were perceived as important, research changed direction and instead of analysing whether firms should engage in CSR or not, focused on what businesses can do to respond and satisfy societal demands. The fact that the CSR research lacked a widely accepted theoretical paradigm and the absence of tangible results in the process of conceptualization played in this a crucial role (Preston, 1975). Two contributions of that time provided significant guidance to a more practical approach to the analysis of CSR. The first one was Ackerman and Bauer's (1976) theory of Corporate Social Responsiveness. In their analysis, the scholars attributed higher priority to defining the procedures of managerial responsiveness to CSR than to defining CSR per se. They stressed that internal management processes could make business more flexible in responding to changes in the social environment. The two scholars argued that the important thing for business was not only to decide what to do, but also how to implement their strategy in the sense of identifying the needed procedures for managing their response.

The second contribution was Carroll's three-dimensional conceptual model of corporate social performance (Carroll, 1979). In this model, resembling Maslow's hierarchy of needs, Carroll argued that the social responsibilities of business should have included four dimensions: economic, legal, ethical and discretionary or philanthropic. Carroll's model made CSR theory more applicable since he proposed a way for assisting firms in the implementation of CSR practices. The scholar suggested that firms should first define their social responsibilities, identify the CSR aspects and then decide whether to respond proactively or reactively. Although the model may look simplistic nowadays, it outlined for the first time a plain strategy for firms to follow. The topics proposed by Carroll constitute the three major themes that are still debated in the CSR literature: to

whom firms are responsible? what are they responsible for? and how can they be responsible? (Blowfield & Murray, 2008).

2.2.4 CSR in the 1980s

The prevalence of neo-liberal economic views in the 1980s left no room for the ethic and philanthropic dimensions of CSR. The political and economic climate was not propitious for any ideas related with firms-government cooperation, attention of scholars and practitioners had shifted towards economic rather than social matters and the autonomy of the market was heavily promoted as a means of satisfying social goals. This resulted in a dramatic change regarding the responsibilities of firms and those of the state: the responsibilities of the latter shrank and those of the former expanded resulting in heavy criticism of command and control measures and to the introduction of market friendly tools like management standards and codes of ethics. The purpose of these measures was to assist firms to respond to their increased responsibilities as these were resulted by the gradual privatization of many sectors of the economy which were previously run by the state.

Scholars' reaction to these developments was to adopt a managerial approach to the analysis of CSR (Carroll, 1977). In this context, the prevalence of stakeholder theory (Freeman, 1984), at the middle of the 1980s, does not come as a surprise. Consistent with the political and business climate of the era, this approach suggested that, with reference to CSR policies, firms needed to focus on constituencies other than stockholders, i.e., customers, suppliers, employees and local communities. Although this may look as bringing to surface the moral factor once again, in reality it did not. Stakeholder theory, as it was introduced, did not relate any moral imperative with the

application of CSR; on the contrary, it highlighted a necessity for an engagement into CSR due to its potential for providing benefits for companies. The latter refer to securing access to resources needed for firms' operations and support for the firms' activities by third parties. The assumptions underlying stakeholder theory are rooted in the concepts of social contract and legitimacy and imply 'the unavoidability of normative conformity with the social environment' (Palazzo & Scherer, 2006, p. 73). Because corporations operate within the boundaries of society of which they are an integral part, it is conceptualised that they depend upon society for their continuity and growth (Sethi, 1975). Hence, the adoption of CSR practices is seen as something that satisfies both parties these being companies and society.

The wide acceptance of this theory influenced the way CSR began to be seen, i.e. as a necessity and not as a choice. CSR was seen as promoting firms' interests by strengthening the environment in which businesses operated. This perception otherwise known as enlightened self-interest moved research into a direction which later was going to be one of the most, if not the most, dominant perspectives in the field, i.e. proving the existence of a link between financial and social performance.

2.2.5 CSR in the 1990s

The moral factor started gaining ground again a bit later due to a growing number of significant corporate accidents such as Bhopal, Chernobyl and Exxon Valdez. Thus, at the beginning of the 1990s scholars like Donaldson and Davis (1991) argued once again that business should engage into CSR practices because it was the right thing to do and not because of any relations with firms' financial performance. In a similar vein, Wood (1991), drawing on the theory of Corporate Social Responsiveness mentioned

earlier, proposed the need for tangible results on improving business and community relations, and suggested that business responsibilities apart from the financial and legal ones should include ethical and philanthropic actions. Wood attributed great importance to societal performance and argued that corporate behaviour should change in order to 'produce less harm and more beneficial outcomes for society and their people' (Wood, 1991, p. 68). This research gave rise to the concept of Corporate Citizenship that later was going to become a separate stream in the field. This new term was widely used by firms which had faced public criticism about their operations, including Shell, Ikea and Wall-Mart as they sought to promote themselves as good citizens. Although in reality this is nothing else but a relabeling of CSR, it created a current of thought that focuses on the political nature of CSR (Matten & Crane, 2005) and helped to provide valuable insights into the analysis of the CSR phenomenon, representing one of the most dynamic discussions in the relevant literature (Crane*, et al.*, 2008).

Aside from the above mentioned research, during the 1990s scholars focused on the topics of environmental responsibility and stakeholder theory. The former was included as a CSR dimension after the Earth Summit in Rio in 1992. Environmental responsibility was mostly analysed as a resource that could lead to a sustainable competitive advantage. In this context, Hart (1995) and Russo and Fouts (1997) used adaptations of the Resource Based View of the firm theory and embarked on proving a link between CSR and financial profitability. Regarding stakeholder theory, researchers expanded it by including in it the moral factor and trying to deal with the problem of defining stakeholders (Donaldson & Preston, 1995; Jones, 1995; Mitchell, *et al.*, 1997). More specifically, Jones (1995) and Donaldson and Preston (1995) stressed the moral and ethical dimensions of CSR and suggested that firms should have behaved ethically

towards their stakeholders because the returns from such behaviour were high. Mitchell *et al.* (1997), on the other hand, focused on how firms should have prioritized their constituencies. They suggested that they should have done it on a basis of evaluating three aspects: stakeholder legitimacy, power and urgency of their claims.

The views prevailing in the 1990s empowered the trend to treat CSR as a topic closely related to market outcome (Beurden & Gössling, 2008; Brammer & Millington, 2005; Margolis & Walsh, 2001; McWilliams & Siegel, 2000; McWilliams & Siegel, 2001; Mill, 2006; Ogden & Watson, 1999; Peloza & Papania, 2008). Until the dawn of 2000 more than 120 studies had adopted this approach, otherwise known as the business case for CSR (Margolis & Walsh, 2001). Despite contradictory evidence regarding the existence of a link between corporate responsible practices and financial performance, this tendency persists to these days influencing CSR research at large.

2.2.6 CSR in the Twenty First Century

The corporate scandals at the dawn of 2000 gave rise to another interesting approach to the analysis of CSR. The fact that well respected companies (e.g. Enron-Arthur Andersen, Parmalat-Deloitte Touche Tohmatsu and Grant Thornton), were proven to operate illegally shook stakeholders' trust and brought to surface the need for more effective means of corporate governance. Hence, researchers started analysing the strategic aspects of corporate responsibility focusing on how firms incorporated CSR into their business strategy and how they used it for their own benefit. Baron (2001) termed this type of corporate responsibility 'strategic corporate responsibility' and distinguished two forms of CSR: altruistic and strategic. Altruistic CSR refers to actions

undertaken by firms in order to satisfy society's needs, whereas strategic refers to cases where firms use CSR to capture value.

Apart from the strategic corporate responsibility perspective, the last decade or so witnessed the emergence of a burgeoning stream of literature focusing on CSR and Small and Medium Sized Enterprises (SMEs) (Jamali*, et al.*, 2009; Luetkenhorst, 2004; Perrini, 2006; Preuss & Perschke, 2010; Sarbutts, 2003; Spence, 2007; Sweeney, 2007; Udayasankar, 2008). Scholars working on this topic maintain that CSR practices in SMEs may be different from the ones adopted by larger firms due to SMEs peculiarities. SMEs tend to be independent and owner managed, stretched by multitasking and limited cash flows, built on personal relationships, mistrustful of bureaucracy and controlled by informal mechanisms (Jones & Macpherson, 2006; Macpherson*, et al.*, 2010; Spence, 1999). Furthermore, some SMEs might already be involved in the CSR topic, managing a large number of environmental, social and economic impacts without using the CSR language explicitly (Roberts*, et al.*, 2006). Thus, SMEs might be engaged in practicing CSR without being fully aware of it.

There might be certain factors that make it easier rather than more difficult for SMEs to implement CSR practices. Being smaller in size, SMEs might manage their reputation and risks more effectively as their decision process is significantly shorter than that in large firms (Sarbutts, 2003). This flexibility of SMEs can also enable them to rapidly take advantage of new niche markets for products and services that incorporate social and/or environmental benefits in their value (Jenkins, 2006). In addition, the owner-manager is closer to the organisation so can more easily influence the values and culture of the company and champion CSR throughout the company (Jenkins, 2009). At the

same time, SMEs may face additional barriers to CSR implementation as, apart from financial constraints, they might lack human resources and time to identify and involve main stakeholder (Princic, 2003). Moreover, SMEs might lack the ability to obtain credit and insurance (UNIDO, 2004) and finally lack the skills and knowledge to implement modern management techniques and new technologies (Jones & Macpherson, 2006).

These characteristics create a unique environment in which the implementation of CSR takes place. There is evidence in the literature, however, that CSR is less size sensitive than it is sometimes believed. Castka et al. (2004a) revealed that there is a business case for SMEs and that SMEs can benefit from CSR, improve their business and develop competitive advantage. The scholars also concluded that business system frameworks, such as ISO 9001, can serve as a vehicle for CSR integration into day-to-day operation of the business. Likewise, Cambra-Fierro et al. (2008) concluded that the size of the firm does not influence the firm's behaviour towards CSR. Tilley (2003) maintained that the CSR agenda may not always be a business threat and cost burden to SMEs, rather it could provide significant scope for competitive advantage. In a similar vein, Jenkins (2009) suggested that the SMEs characteristics can aid the adoption of CSR and that SMEs can take advantage of the opportunities presented by CSR, and maximise the business benefits from making the most of such opportunities.

In addition to research on CSR and SMEs, a cornucopia of other approaches to CSR has emerged in the last decade including the role of key actors in driving CSR practices (Auger, *et al.*, 2003; Bhattacharya & Sen, 2004; Moon, 2004b; Swanson, 2008), reviews on CSR evolution (Carroll, 2008; De Bakker, *et al.*, 2005; Lee, 2008; Moon, 2004a),

analyses of the synergies between CSR and corporate governance (Aguilera & Jackson, 2003; Deegan, *et al.*, 2002; Sacconi, 2006), political approaches analyzing the concept within the lens of globalization (Detomasi, 2008; Gugler & Shi, 2009; Jenkins, 2005; Scherer, *et al.*, 2009; Sethi, 2009) and attempts to put an order into the vast majority of CSR theories (Garriga & Melé, 2004; Secchi, 2007; Windsor, 2006). Figure 2-1 illustrates the evolution of CSR perspectives.

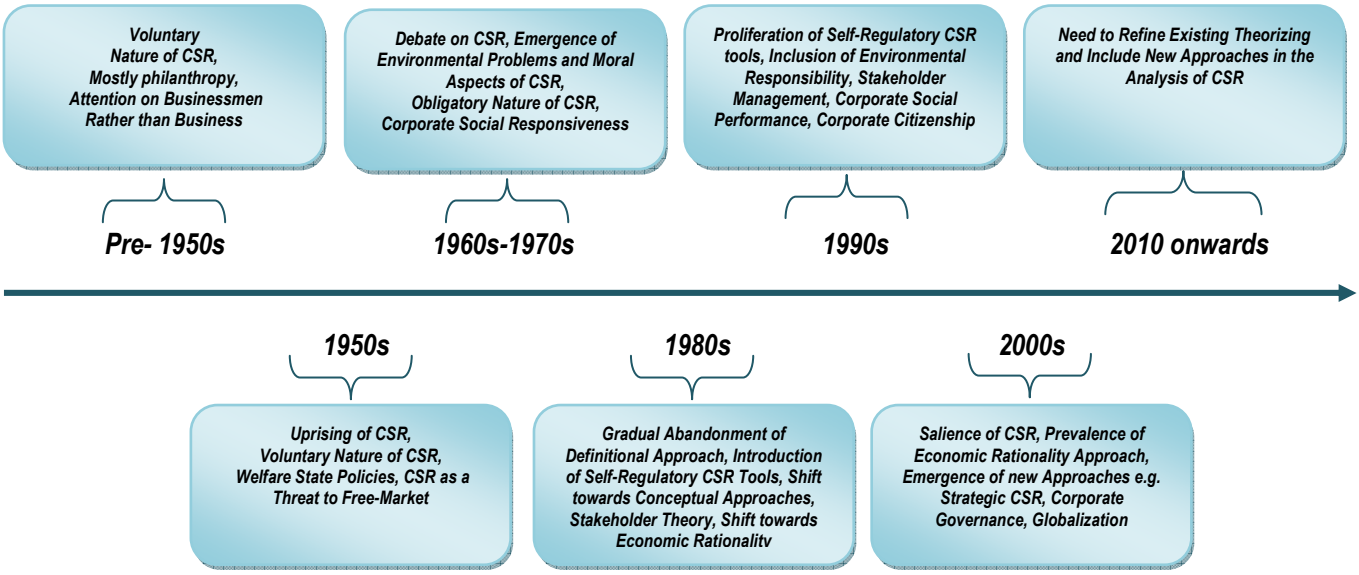


Figure 2-1: Evolution of CSR Perspectives

At present, research is directed towards focusing on the practical aspects of CSR and there is a recognised need to refine existing approaches and include new (Wood, 2010). As a general rule, it can be argued that scholars continue to focus and revise basic assumptions and concepts in the field and that CSR knowledge is in a continuing state of emergence (Lockett, *et al.*, 2006). There is a lack of a dominant theoretical approach, methods and assumptions but for some this is not necessarily a bad thing since it results in various approaches and theoretical perspectives (Crane, 2008). One certain thing is that the ambiguity surrounding CSR research has created two opposite perspectives on

its potential to influence the way businesses operate. The first one treats CSR as a development, which can enhance firms' social and financial performance (Lydenberg cited in Carroll, 2008). Proponents of this view point to increasing levels of reporting but tend to confuse reporting with performance (Steger, 2008). The other view holds a more sceptical position on the potential of CSR to influence business practice. According to it, CSR has taken a false trajectory since it is mostly used as a resource that has the potential of increasing firms' profits (Vogel, 2005). These two views on CSR are discussed later in the chapter.

2.3 Defining CSR

As it became evident from the previous section, the suggestion that corporations have responsibilities other than increasing shareholder profit has been systematically developed in the literature for more than five decades (Frederick, 2006). However, interest in the topic of Corporate Social Responsibility (CSR), as this area of research has been known, has become particularly pronounced in the last twenty years or so (Muller & Kolk, 2010; Smith, 2003). This surge in interest has made CSR the newest 'old' thing in management research (Blowfield and Murray, (2008). Today, CSR occupies a prominent position on the global corporate agenda and has gained significant importance as an area of business practice and academic inquiry (Du, *et al.*, 2010; Smith & Lenssen, 2009).

Illustrative of CSR's prominence is the fact that nowadays most multinationals have a senior executive dealing with CSR issues while the literature is swarming with examples of CSR practices (Kotler & Lee, 2005; Vogel, 2005). On top of that, there is a plethora of business associations, professional organizations and newsletters aiming to

offer guidance to companies on how to apply CSR practices (Crook, 2005). Regarding academic inquiry, the increased interest in the topic is best depicted by the number of journals where CSR research is published, the conferences held on the topic, the affiliated societies and the number of universities teaching CSR (Crane*, et al.*, 2008).

Notwithstanding its elevated position on corporate and research agendas, CSR still remains an embryonic and widely contested concept (Windsor, 2006). Many argue that the exact meaning of CSR is not clear (Crane*, et al.*, 2008). In addition, there is little consensus on other aspects of CSR, including what its outcomes should be or who should do what to make CSR work (Smith & Halina, 2009). The problem with CSR is that it means different things to different people (Kuznetsov, 2008; Sethi, 1975; Votaw, 1973). While there is an agreement that CSR deals with the societal obligations of corporations there is much less certainty about what these obligations might include (Smith, 2003). Hence, throughout the years various propositions have been made by academics regarding the possible content of CSR. The existing list of activities is already very long and includes, inter alia, actions in support of education, employment and training, health and safety in the workplace, civil rights and equal opportunity, urban renewal and development, philanthropy, pollution abatement, quality of products/services, conservation and recreation of natural resources, culture and the arts, medical care, and so on (Frederick, 2006).

It is evident that defining CSR by compiling a list of relevant activities is problematic. Yet, formulating a universally acceptable conceptual definition proves to be a difficult task. One recent study has counted 37 definitions of CSR (Dahlsrud, 2006); number that Carroll and Shabana (2010) believe to be a wild underestimation. Several of these

definitions have adopted a general approach while others attempted to be more specific. For instance, Friedman (1962) vaguely maintained that a company's sole social responsibility was to pursue maximization of returns for their shareholders within the boundaries set by law. In turn, Carroll (1979, p. 500) argued that 'the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given time'.

Other studies attempted to adopt a more focused approach by proposing that the social responsibilities of businesses lied on those stakeholders who directly or indirectly affect or are affected by firms' operations (Donaldson & Preston, 1995; Jones, 1995). A fundamental problem, however, with this approach relates to the fact that it is very difficult to define the firm's stakeholders. The definition proposed by McIntosh *et al.* (1998) is more specific as they translate CSR into a set of corporate activities in the following eight areas: corporate governance, environment, human rights and the workplace, fair trade and ethical investment, arms trade, tobacco, animal welfare and protection and education.

Apart from academic attempts in defining CSR, different organizations have framed own definitions. For example, the World Business Council for Sustainable Development (WBCSD) defined CSR as firms' commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life (WBCSD, 1998). The European Commission (2001) green paper on CSR argued that being socially responsible entails going beyond fulfilling legal expectations and investing more into human resources, environment and stakeholder relations.

The situation becomes even more complicated as businesses too have provided their own definitions of the topic. Browsing through the web-sites of major firms reveals that all of them provide their own unique interpretation of corporate responsibility. As it can be seen from the examples in Box 2.1, businesses' definitions refer to activities that promote local community and employee support, continuous improvement and mitigation of their business impact.

- **Unilever:** 'To make a positive impact in many ways: through our brands, our commercial operations and relationships, through voluntary contributions, and through the various other ways in which we engage with society'(Unilever, 2009).
- **Philips:** 'Living up to our heritage of social commitment we use our capabilities to enhance the lives of our employees and society at large. We believe our responsibility extends to the full value chain and view supplier sustainability as a matter of taking care of the environment and of workers' lives' (Philips, 2009).
- **Shell:** 'Our Business Principles and Code of Conduct define our core values of honesty, integrity and respect for people, and are at the heart of how we manage our business. These are translated into specific requirements through a set of company-wide commitments and standards that define how we operate in socially and environmentally responsible ways' (Shell, 2009).
- **GAP:** 'We're dedicated to improving the world around us and lessening our impact on the planet. Doing what's right comes naturally to the people who work at Gap**,** and our employees are the heart of our company's commitment to social and environmental good' (GAP, 2009).
- **McDonald's:** 'For McDonald's, corporate responsibility is about living our values each and every day. It's about taking action, achieving results and always maintaining open lines of communication with our customers and other key stakeholders. We're determined to continuously improve our social and environmental performance. We work hard, together with our suppliers and independent restaurant franchisees, to strive toward a sustainable future – for our company and the communities in which we operate' (McDonalds, 2009).

Box 2-1: Examples of How Firms Define Corporate Social Responsibility

Despite the existing variety of views on the essence of CSR, it is possible to identify certain characteristics of this phenomenon. Most agree that CSR is inherently

compatible with profit-making and focuses on fulfilling societal demands (Doane, 2004a). As Vogel (2005, p. 19) argues 'virtually all contemporary writing on CSR emphasizes its link to corporate profitability'. On top of that, contemporary notions of CSR practices emphasize the voluntary component of CSR and typically perceive CSR practices as actions that go beyond those prescribed by statutory norms (e.g. Carroll, 1979; Davis, 1973; McWilliams & Siegel, 2001). Additionally, CSR is seen as an initiative, which promotes self-regulation of business as a substitute for state regulation (Albareda, 2008; Crane*, et al.*, 2008; Zadek, 2001).

On the one hand, the plurality of approaches is instrumental in comprehending the broad array of topics that come under the rubric of CSR (Burchell, 2008). On the other hand, the plethora of definitions and approaches hinders further development in the field (Lockett*, et al.*, 2006). Practitioners get perplexed rather than enlightened as a result of the ongoing scholarly debate whereas academics find it difficult to create a pool of consistent data that will enable them to compare results and comprehend the implications of CSR practices (Hart, 2010; McWilliams*, et al.*, 2006). It is thus important when studying such an elusive topic to explicitly determine how the researcher perceives CSR.

In contrast to scholars who conflate CSR with philanthropy (Atkinson & Galaskiewicz, 1998; Brammer & Millington, 2005; Porter & Kramer, 2003), this study maintains that CSR goes beyond charitable aid or donations. Philanthropic actions are corporate gifts and should be treated as such. Although early incarnations of CSR were strongly related to philanthropic actions (Heald, 1970), in recent years CSR has transformed into a business practice increasingly treated as a core element of modern strategic

management (Kuznetsov & Kuznetsova, 2010). Thus, 'corporate responsibility is more than simply the 'do good' stuff . . . fluff is not enough' (Waddock, 2003, p. 114). This study perceives Corporate Social Responsibility as 'the continuing commitment by businesses to undertake actions, beyond philanthropy, to mitigate the negative externalities of their operations and ensure production/provision of qualitative and safe products/ services'. A negative externality is an unintended harm that someone experiences from a third party (Arrow, 1969). In the case of businesses, negative externalities may rise from the impacts of their activities (Haufler, 2001). Examples may include polluting emissions, waste production, threats to employees' integrity and production of potentially harmful products.

By conceptualizing CSR as a business processes oriented construct, this study focuses on the social and environmental impacts of operations management, i.e. the impacts of business processes used for the production of goods and services (Slack & Lewis, 2003). In this way, this research attributes great importance to the tools/ policies companies apply in order to put into practice a commitment to social and environmental goals. The intention is to distinguish between the use of CSR by companies as a means of enhancing their social and environmental performance and the pursuit of CSR as a public relations ploy (Campbell, 2007; Weaver*, et al.*, 1999). In so doing, the study will identify the influence of CSR on business practice and enhance our knowledge on the topic.

2.4 The Voluntary Nature of CSR

The emergence of CSR as a phenomenon that rests on firms' discretionary will to self-regulate their activities has been influenced by certain socio-political developments that

have taken place during the last thirty years or so. Some of these developments were previously mentioned. Nonetheless to assist the reader better comprehend CSR, these socio-political developments need to be further discussed. In the relevant literature the following four factors have been identified as the most prominent from the point of view of explaining the voluntary nature of CSR and its eminence to the international arena.

First, the political shift towards economic liberalism supported the autonomy of the market in solving problems related to business activities at the expense of governmental intervention. Corporations were 'freed' from any bonds imposed by the government and deregulation of the market was endorsed as the best way to economic growth and social prosperity (Wilkinson, 2007). Command and control measures were heavily criticized and CSR self-regulatory tools were massively promoted as effective means of controlling business operations (Lenox & Nash, 2003). Voluntary action was being used to advocate a market-fundamentalism where everything could be left to the workings of the market (Bendell, 2004; Wilkinson, 2007). Moreover, laws and institutions were seen as needed to conform to the laws of the market in order not to restraint trade and economic profitability (Wilkinson, 2007).

Second, the globalisation of the economy downgraded the role of the state as political sovereignty (Bauman, 2008). In the context of globalisation, the state was expected and pressed to free capital and corporations from regulation and allow them to operate unfettered (Bauman, 2002). As a result, the power to define the conditions that affect economic activities has been taken outside the limits of the state's sovereign territory (Bauman, 2002). Some authors have gone as far as arguing that the state no longer

functions and that it is thoroughly appropriated by transnational corporations (Miyoshi, 1996; Strange, 1996). Although this statement may be exaggerated, it is undoubtedly true that the role of the state has been limited 'to police orderly conditions in localities that increasingly become little more than transit stations in the world-wide travel of goods administered by the multinational corporations' (Bauman, 2007, p. 232). In this sense, the role of governments has been limited to establishing a minimum legal framework to ensure the operation of the market (Bauman, 2007; De La Cuesta Gonzalez & Martinez, 2004).

Many governments, including most European ones, have favoured this position since it enabled them to minimize the financial and political risks state regulation entails (O'Rourke, 2003; Vogel, 2005). In many cases, governments have declared their incapacity in dealing with social issues and have attempted to motivate firms to become socially responsible through ways other than regulation (Moon & Vogel, 2008). For instance, governments have tried to increase business' awareness of how to contribute to tackling social problems by forming partnerships with businesses, launching information web-sites and using self-regulatory tools (Moon & Vogel, 2008).

Third, to address the challenges created by the retreat of the state, non-governmental organizations along with corporations have started participating in tasks that were once the domain of the government (Albareda, 2008). Thus, new institutional arrangements involving various forms of non-governmental regulatory action have taken place. In these, civil society organizations not only try to exert pressures on corporations through confrontational activism but work collaboratively with companies, business associations, and governmental and intergovernmental organizations through various

types of partnerships (Utting, 2005). Examples of such collaborations, particularly relevant to the topic of this research, are the International Organization for Standardization (ISO) and the European Committee for Standardization (CEN).

Fourth, a series of corporate accidents and revelations of business misconduct have brought corporations to the centre of public attention increasing societal demands for more responsible business operation. For instance, the severe corporate accidents that happened in the mid 1980s, including Bhopal and Exxon Valdez, were linked to irresponsible actions by these companies (Albareda, 2008). Moreover, reports were published accusing leading companies like IKEA, Nike and Shell of poor working conditions, bribery and poor environmental practices (Idemudia, 2007). The fact that these events involved well-known companies implied that successful corporate strategies may result in social and environmental ills. Additionally, these revelations highlighted the significance of the impact of business operations on the communities in which they are embedded and the amount of power that they wield over these communities (Waddock, 2007). These situations increased critique towards corporations for not engaging into socially responsible actions and pursuing profit maximization.

Together, globalisation, the demise of the state and societal demands for application of CSR practices, resulted in promoting voluntary self-regulatory tools as effective means of regulating corporate social and environmental impacts (Utting, 2005). In this context, the application of CSR practices became synonymous to the adoption of various self-regulatory tools that emerged as means of assisting companies in implementing such practices (Albareda, 2008). These self-regulatory tools neither addressed areas that are viewed as essential to core economic activities nor did they entirely fit under the

heading of philanthropic programs. By contrast, voluntary CSR measures dealt with negative externalities of corporate activity, i.e. the side-effects of business activities, and served exactly the same purpose as mandatory laws; they aimed at constraining self-interest and direct it towards the common interest (Gabel, 2009).

Within the domain of CSR, self-regulatory tools may take the form of management standards, labelling schemes, transparency guidelines, best practices guides and reporting systems (Albareda, 2008; E.C., 2001). Their development involves a great number of stakeholders, including international organizations, consumer and business associations and standardization organizations. Examples include the UN Global Compact, Social Accountability 8000, the Global Reporting Initiative (GRI), ISO9001/ ISO14001 and the European Eco-Label Scheme (Leipziger, 2003).

Self-regulatory instruments have been extremely popular with companies, as they are cheaper compared to command and control measures (Lenox & Nash, 2003). This can be seen from the fact that the number of companies that publish CSR related reports increased from a total of 9 in 1999 to 1,379 in 2009 (GRI, 2010). On top of that, at least 44% of the FTSE 100[2] firms have adopted a CSR code of conduct (Preuss, 2009) while more than 1,000,000 corporations apply at least one CSR management standard (ISO, 2008). Consequently, voluntary self-regulatory initiatives like management standards have become a major feature of CSR and are largely synonymous to the management of Corporate Social Responsibility (Albareda, 2008; Blowfield & Murray, 2008).

[2] FTSE100: An index of the share prices of the 100 largest companies (by market capitalisation) in the UK (Kurtz, 2008).

2.5 The Business Case Approach to CSR

The perception of CSR as a means of enhancing both social and financial performance is known in the literature as the business case for CSR or 'enlightened self-interest'. The business case is not a new approach to CSR as for many years the management literature maintained that managers could help their companies to discover win-win opportunities that improve their social and environmental performance while simultaneously increasing profits (Hart, 1995). Even in early CSR initiatives, there was always the premise that by adopting CSR practices firms would enhance the social environment in which they operated and that such efforts would be in their long-term financial interest (Carroll & Shabana, 2010).

Today, the business case is prominent in many books, articles and reports on CSR, which herald the linking of financial goals and social purposes (Vogel, 2005). In fact, the most eminent theories of CSR are based on the assumption of the business case. For instance, *stakeholder theory* (Freeman, 1984; Frooman, 1999) implies that companies need to pay attention to non-financial constituencies such as consumers, employees and local communities because by doing so firms can secure significant benefits. Similarly, *institutional theory* maintains that businesses are motivated to apply credible practices because the returns to such behaviour are high (Jones, 1995; McWilliams*, et al.*, 2006). Likewise, the *resource-based-view-of-the-firm theory* (Hart, 1995; McWilliams & Siegel, 2001; Russo & Fouts, 1997) claims that the adoption of social practices may grant the firm an advantage over competition. Furthermore, one of the most widely used CSR models, Carroll's (1991) CSR pyramid, is based on the proposition that a socially responsible company must simultaneously try to make a profit and be a good corporate citizen.

It does not come as a surprise, therefore, that although there are no robust data on whether CSR contributes or not to profit maximization the business case has dominated CSR research (Margolis & Walsh, 2003; Vogel, 2005). As Blowfield and Murray (2008) argue, proving a link between CSR and financial performance has become the Holy Grail for many scholars and other stakeholders. The reason for this is very simple: finding evidence that the adoption of self-regulatory CSR tools enhances firms' financial performance is seen as a) assisting the diffusion of CSR practices and b) attributing legitimacy to social and environmental issues in the world of mainstream business (Blowfield & Murray, 2008). Consequently, it can be argued that the main aim of the business case is to make the adoption of CSR practices more alluring to managers (King & Toffel, 2009). Showing that the adoption of CSR practices may be beneficial for them, assists managers to understand why they need to pay attention to social and environmental aspects of their businesses. Moreover, it presents CSR as a topic that can add to shareholder value, or at least not damage it (Blowfield & Murray, 2008).

Indicative of the eminence of the business case is the fact that numerous researchers have embarked on proving a link between corporate financial and social performance (Beurden & Gössling, 2008; Brammer & Millington, 2005; Margolis & Walsh, 2001; McWilliams & Siegel, 2000; McWilliams & Siegel, 2001; Mill, 2006; Ogden & Watson, 1999; Peloza & Papania, 2008). Interestingly, these researchers have emphasized the need to identify the extent to which socially and environmentally responsible corporate behaviour affects financial performance - not the other way around (Campbell, 2007).

Examples from the literature suggest that the application of socially responsible practices and good relationships with stakeholders enhance corporate reputation (Dacin & Brown, 1997; Fombrun & Shanley, 1990); improve market value (Aupperle*, et al.*, 1985; McWilliams & Siegel, 2000); boost firm attractiveness to employees (Marin & Ruiz, 2007; Turban & Greening, 1997); reduce costs and risks to the firm (Carroll & Shabana, 2010) and enhance the firm's operational efficiency (Corporate Watch, 2006) .

What is intriguing with the business case to CSR is that this approach treats the problems created by business operations as flaws caused not by defects in the existing institutions but by failures in social insight and perception (King & Toffel, 2009). Business case supporters maintain that 'we just need to tweak a few things to make the market work more effectively' (Doane, 2004a, p. 217). In this sense, market's ability to take care of the negative externalities of business activities is not questioned. On the contrary, drawing on the wide diffusion of self-regulatory CSR tools as effective means of managing business activities, there is a view that the market provides the best incentives for delivering social and environmental objectives (Doane, 2004a).

Advocates of the business case for CSR support the discretionary adoption of CSR practices and minimum public intervention as they argue that the market can regulate its impacts through voluntary self-regulatory approaches such as standards, reporting systems and codes of ethics (Albareda, 2008). It is claimed that each firm must freely choose how to deal with its social and environmental responsibilities. In this context, the role of the state in the promotion of corporate responsible practices is to establish a minimum legal framework, which will ensure the operation of the market (Kotler & Lee, 2005).

Proponents of the business case imply that there is no need to strengthen the role of the government as the market offers adequate incentives for firms to care for their stakeholders in the interest of their shareholders (De La Cuesta Gonzalez & Martinez, 2004). State regulation is seen as a constraint on the firm's discretionary activities and this is why is not preferred (Brummer, 1991). Furthermore, supporters of the business case maintain that, within the context of globalisation and the shrinking of the state's responsibilities, the self-regulatory approaches to CSR facilitate the implementation of regulation and the satisfaction of society's concerns over the impacts of business activities (Levy & Kaplan, 2008). Moreover, the application of such measures is seen as a means of translating CSR from an abstract set of norms and expectations into quantifiable and standardized audit instrument that facilitates objective and consistent measurement (Levy & Kaplan, 2008; Sethi, 2002).

Thus, from a pragmatic point of view, the voluntary approach to CSR today is closely related to market outcome. As a corporate report asserts: 'if we aren't good corporate citizens as reflected in the Triple Bottom Line that takes into account social and environmental responsibilities along with financial ones – eventually our stock price, our profits and our entire business could suffer' (cited inVogel, 2005). Therefore, it can be argued that within the context of the business case, CSR can be understood as a contemporary movement, which is in accordance with neo-liberal views on the operation of the market. In particular, the prominence of the business case has made the application of CSR tools synonymous to broader organizational goals such as reputation and financial performance (Lee, 2008). In this sense, the contemporary discourse on corporate social responsibility conceives CSR neither as managers' moral responsibility for greater social good nor as executives' discretionary expenditure that could hinder the

firm's profitability. On the contrary, the adoption of CSR self-regulatory measures is treated as a strategic resource to be used to improve both the social and financial performance of the corporation (McWilliams*, et al.*, 2006).

2.6 Criticisms of the Business Case Approach to CSR

Notwithstanding the prevalence of the business case approach to CSR, there is evidence that this approach is flawed. It can be argued that the flourishing of CSR practices through the various self-regulatory tools does not mean that these practices have penetrated the fabric of business behaviour (Vogel, 2005). As *Economist* (2004, p. 59) puts it 'CSR is an industry itself with full-time staff, websites, newsletters, professional associations and massed armies of consultants'; this however, does not provide any evidence that CSR practices have become an everyday practical reality for the majority of firms.

The business case wisdom 'what's good for business is good for society' is questionable: the short-term profit imperative of the economic system influences the adoption of CSR self-regulatory measures leaving little room for the application of CSR practices (Doane, 2004b; Vogel, 2005; Waddock, 2007). Markets' power over firms is very strong causing companies' strategies to reflect a narrow, short-term financial perspective that prevails nowadays rather than societal demands for CSR practices. In this context, it can be argued that the adoption of CSR voluntary self-regulatory tools is driven more by their potential to increase profits and not by their attributes in enhancing the firm's social and environmental performance (Zadek, 2001).

Cragg (2005, p. 15) maintains that relying on the business case in a self-regulatory context entails potentially serious consequences and that 'self-regulation based on voluntary standards of conduct is not simply bound to be ineffective; it is also profoundly deceptive. By advocating self-regulation as an effective alternative to regulation by democratic institutions, corporations are moving the task of setting standards from the public arena, where motivations and principles are subject to public scrutiny and debate, to private control, where the dominant and dominating motivation is governed by private (financial) interest'.

The effectiveness of the business case as a vehicle for CSR is further undermined by considerations that follow from research into corporate power. Numerous authors (De La Cuesta Gonzalez & Martinez, 2004; Utting, 2002; Waddock, 2007) argue that the appearance of corporations with budgets bigger than those of some small countries blurs business' role in society. It is argued that due to lack of effective systems of global or local governance, the accumulation of power on behalf of companies enables them to command to a large extent market operations and resources in their own interests rather than for the benefit of the societal good. In other words, it is maintained that corporate interests dominate over societal interests in the adoption of CSR practices.

There are scholars whose views echo those described in the previous paragraphs, but who approach the topic from a different angle. Their research focuses on the corporate scandals at the dawn of this century, such as the collapse of 'Enron and Co' (Blowfield & Murray, 2008; McMillan, 2007; Smith & Lenssen, 2009; Solomon, 2007). They argue that these scandals highlight the fact that in cases of information asymmetries firms behave opportunistically prioritising self-interest. Additionally, these scholars

take the view that the aforementioned scandals along with the recent financial crisis demonstrate that the market mechanisms fail to prevent unethical activity by companies and despite the abundance of voluntary self-regulatory CSR tools, Corporate Social Responsibility falls short of becoming everyday reality for businesses.

There are good reasons to remain sceptical of the capacity of regulations that rely on market incentives rather than government mandates to provide a stable foundation for the application of CSR practices by profit-seeking firms. For instance, Haufler (2001) provides evidence that the development of CSR as a voluntary framework reflects the attempts of some transnational corporations to satisfy own interests. In a similar vein, others maintain that voluntary self-regulatory CSR approaches are an oxymoron as potential polluters will not make laws and order sanctions that are opposed to self-interest (Gleckman and Krut cited in Burchell, 2008). On the contrary, it is suggested that companies will mostly use self-regulatory approaches to CSR as a window-dressing policy and as a means of adopting a friendlier façade to their constituencies (Doane, 2005).

All in all, critics of the business case claim that self-regulation is problematic as it enables firms to choose whether or not to engage with the CSR agenda and to what extent (Burchell, 2008). They hold the view that in order to ensure that companies will adopt corporate responsible practices traditional regulatory measures (Doane, 2005) or industry self-regulation schemes (Campbell, 2007) need to be applied. On the one hand, scholars favouring regulatory approaches claim that by adopting a mandatory framework to the application of CSR firms' behaviour becomes more predictable. On the other hand, researchers who are keen in industry self-regulatory approaches argue

that in the context of globalisation and retreat of the state, corporations may engage into CSR practices when a well organized and effective industrial self-regulatory system is in place.

It may be concluded that the opponents of the business case tend to see the elements of voluntarism and self-regulation as CSR's major flaws claiming that legally mandated accountability is where attention should really be focused (Crane*, et al.*, 2008). It is further maintained that the voluntary implementation of CSR through self-regulatory measures fails in delivering more responsible companies. It is argued that companies merely pay lip-service to CSR self-regulatory tools and are mainly interested in making money. In the words of Joel Bakan (2004), companies are in 'a pathological pursuit of profit and power' and they use CSR practices as means to satisfy those ends.

From this angle, the proliferation of CSR tools and measures presents itself as an exercise in managing public perceptions of a firm rather than as a development in the implementation of CSR practices (Doane, 2004b). There is a widely spread opinion that CSR has blossomed as an idea but not as practice (Moskowitz, 2002). As Crook (2005, p. 4) maintains, 'CSR is little more than a cosmetic treatment. The human face that CSR applies to capitalism goes on each morning, get increasingly smeared by day and washes off at night'. To overcome this problem, scholars maintain that research on CSR needs to redirect its attention and instead of trying to prove that the adoption of CSR practices may be profitable for the firm, to focus on the operating behaviour of the firm (Pettigrew, 2009). Critics of the business case maintain that the adoption of CSR practices should be treated irrespectively of their potential to enhance the firm's

financial situation. In this way, they highlight the moral dimension of CSR practices and attribute to it greater importance than to the financial dimension.

2.7 Analysing Firms' Motives for Adopting CSR Practices

In the presence of conflicting views on the validity of the business case for CSR the investigation of the reasons behind CSR has acquired considerable imminence. And yet, despite the existence of a substantial body of literature dealing with the topic (Bansal & Roth, 2000; Blowfield & Murray, 2008; Campbell, 2007; Corporate Watch, 2006; Hess *et al.*, 2002; Kurtz, 2008; Lenox, 2006; Moon & Vogel, 2008; Smith, 2008; Terlaak, 2007; Vogel, 2005), no firm conclusions have been reached. The literature is largely split between approaches that consider CSR to be externally driven and those that consider it to be internally driven while some scholars attempt to integrate the two approaches conceptually or argue for their parallel existence (Muller & Kolk, 2010). These approaches are discussed in this section.

2.7.1 External motives

Studies emphasizing the influence of external factors in firms' decision to engage in CSR activities attempt to establish a link between external pressures such as shareholder demands, regulation or peer pressure and adoption of CSR practices (Muller & Kolk, 2010). For instance, Deegan *et al.* (2002) argue that social and environmental actions undertaken by firms are associated with the extent of media attention. Their research indicates a positive relation between media attention given to particular issues and the attention given to the same issues by companies. The scholars claim that continuing media attention, particularly negative media coverage, is likely to result in firms' engagement in CSR. Likewise, Aguilera *et al.* (2007) have developed a theoretical

framework drawing on such theories as organizational justice, corporate governance, and varieties of capitalism maintaining that companies are driven to adopt CSR practices by various stakeholders, including employees, consumers, shareholders and government.

The role of government as a significant driver behind firms' engagement into CSR has been also emphasized by other studies, which indicate that governments can motivate firms to become socially responsible through enforcement, endorsement, guidance and partnering (Aguilera*, et al.*, 2007; Moon & Vogel, 2008). Enforcement refers to enacting laws, which support the adoption of CSR practices by companies and enforcing those laws. Endorsement refers to cases where governments declare their incapacity in dealing with social issues and attempt to increase business' awareness on CSR by using various initiatives such as launching web-sites and publishing informative leaflets. Also, governments can offer guidance by supporting various self-regulatory tools such as management standards as a means of facilitating CSR implementation by firms. Finally, partnering refers to cases where governments try to promote the application of the concept by formulating partnerships with businesses such as Business in the Community and the Swedish Partnership for Global Responsibility.

Some scholars have adopted a different approach and highlight the influence of the institutional environment on companies' decision to adopt CSR practices (Bartley, 2003; Darnall & Edwards Jr, 2006; Delmas, 2002; Delmas & Toffel, 2003; Jiang & Bansal, 2003; Waddock*, et al.*, 2002; Weaver*, et al.*, 1999). The argument is that practices supported by the institutional environment are the ones which are perceived as legitimate forms of behaviour by society and this is why firms end up adopting them

(Glynn & Marquis, 2004). Companies do not want to deviate from what is perceived as normal behaviour because if they do their legitimacy will be threatened (Deephouse, 1996). This may even threaten the firm's survival as there is a link between organizational legitimacy and survival (Brown & Deegan, 1998; Deegan & Rankin, 1996). In particular, failure to secure legitimacy may bring in the imposition of sanctions, such as fines or boycott of company's products by society. Firms acknowledge the significance of maintaining their legitimacy and for that reason they embody in their strategies the widely accepted practices supported by the institutional environment (Garriga & Melé, 2004).

Finally, some authors maintain that companies may adopt certain practices due to competitive pressure by their peers (Hess*, et al.*, 2002). Businesses may end up adopting policies, which they would not do otherwise, in order to remain competitive. For example, Merck, the well-known pharmaceutical company, has caused such pressures on its rivals when it developed and donated a medicine to fight 'river-blindness' to poor African countries. This action established the reputation of the company as a responsible one and forced its competitors to act likewise (Hess*, et al.*, 2002).

2.7.2 Internal motives

In contrast to the previous one, this approach attributes greater importance to intrinsic rather than extrinsic factors as drivers of CSR adoption by companies. Some scholars argue that companies voluntarily adopt CSR practices to facilitate opportunistic rather than responsible behaviour (Campbell, 2007; Lenox, 2006). Yet, another suggested reason is that companies adopt CSR practices to send a signal of superior performance over their competitors that have not adopted such practices (Campbell, 2007; Lenox,

2006). This view is shared by those scholars who believe that firms engage in CSR practices in order to secure legitimacy and competitive differentiation (Bansal & Hunter, 2003; Waddock & Graves, 1997).

Evidence from the literature (Oliver, 1997; Zukin & DiMaggio, 1990) indicates that companies use strategies and symbols that enable them to manipulate their environment in order to increase their freedom from social control and intervention. Businesses do not passively respond to demands for CSR practices but they employ communication and self-regulatory tools, such as ICMS and codes of ethics, for convincing their stakeholders about the legitimacy of their operations. Furthermore, there are studies that emphasize the view that firms' policies are always based on a cost-benefit analysis aiming at profit-maximization (Corporate Watch, 2006). The literature indicates that companies engage into CSR practices to be able to satisfy own benefits, including reputation enhancement; avoid costs stemming from litigation; attract investors; improve their competitiveness and market positioning; and improve their operational efficiency.

Finally, some studies lend support to the view that companies do not always follow the economic rationalization paradigm (Davis, *et al.*, 1997; Heugens, *et al.*, 2008). The argument is that companies' motives for behaving altruistically lie in a sense of obligation and responsibility that firms may develop. It is asserted that some corporations are truly concerned on the impacts of their activities and develop a sense of social duty. These companies engage in CSR activities because it is the right thing to do; they see the adoption of such practices as an opportunity of applying a new corporate culture and not as means of profit maximization. Due to the fact that they are

value-driven, it is expected that they always follow a specific type of operation embedded in their principles. This behaviour is motivated by a sense of social rationality and it is in this context that they apply the CSR practices. As one manager put it 'just as I do not drive 180 km/h in the town centre, I also do not emit an unpleasant smell into the environment' (cited in Cramer*, et al.*, 2006).

The role of managers' personal values is crucial to corporate altruism. Some researchers link the ethical conduct to managers' moral principles (Hemingway & Maclagan, 2004; Nakamura*, et al.*, 2001; Swanson, 2008; Wood, 1991). The origins of this approach may be found in Williamson' argument that when firms' finances are satisfactory managers will pursuit their own interests and satisfy their own utility (Williamson, 1964). In this context, managers may pursuit ethical practices in order to address their moral concerns.

Accordingly managers are presented as heavily influential entities driven by their own ethical principles, which can change the way business operate. In contrast with agency theory, this view ascribes to managers a more active role and instead of treating them as agents responsible for increasing shareholders' profits, perceives them as initiators of corporate responsible practices. Some authors, take this argument even further by claiming that the new generation of managers is well educated, aware of the critical aspects of their business and thus motivated to do the right thing (Wilson cited in Hemingway & Maclagan, 2004).

2.7.3 Amalgamating internal and external motives

Although most studies emphasize either the extrinsic or intrinsic drivers of CSR practices, some researchers endeavour to integrate the two. For instance, Husted and

Salazar (2006) identify three categories of motives: a) strategic CSR, when the company expects financial returns from engaging into CSR practices; b) coerced egoism, when the firm adopts CSR practices because it is compelled by regulation to do so; and c) altruism, when the company engages into CSR actions because it believes this is the right thing to do. On similar grounds, Bansal and Roth (2000) suggest that firms engage in CSR practices for the reasons of competitiveness, legitimation and ecological responsibility. Companies motivated by competitiveness recognise that the adoption of CSR strategies create business opportunities and a competitive advantage. With reference to legitimation, firms aim at avoiding costs and risks by meeting relevant standards, but not exceeding them, as long as this would satisfy societal norms. Finally, firms motivated by ecological responsibility perceive environmental protection as the right thing to do no matter if environmental strategies are or not profitable.

Other studies adopt a different approach and instead of attempting to integrate intrinsic and extrinsic motives lend support to their parallel existence. For example, Child and Tsai (2005) dispute institutional influence as the sole source of pressure for the adoption of CSR practices and they argue that companies also exert influence over CSR policies. The scholars argue that it is rather an interactive process; companies, especially the multinational ones, influence and are influenced by the institutional environment. Likewise, in the US context, Weaver *et al.* (1999) argue that socially responsible corporate processes and outcomes are influenced by both external expectations of legitimacy and top management commitments to ethics and to financial, operational, and strategic concerns.

2.8 Existing Problems in the CSR literature

Current theorizing fails to provide satisfactory guidance to the influence of CSR on business practice since it suffers from three significant shortcomings. The first relates to the lack of a common conceptual approach on the topic. This impedes the study of CSR and limits the practical implementation of CSR practices. Researchers do not have a common language, resulting in loose application of the term and general confusion. Moreover, the absence of a common definition tempts scholars to introduce new concepts obfuscating further the notion of corporate responsibility (Matten & Crane, 2005).

The second shortcoming concerns the underlying assumption of economic rationality that exists in major theories in the field, including *stakeholder management* and *corporate social performance*. This neo-classical approach proposes that firms' pursuit of profits is justified as long as the firm complies with the rules of the game, meaning as long as it complies with relevant legislation. However, legal compliance does not presuppose implementation of CSR practices. Also, complexities stemming from consumerism, globalisation, and increased business power may shape societal ethical custom limiting its influence and power and conceal the meaning of corporate responsibility (Scherer & Palazzo, 2008). Moreover, in the contemporary globalised world governmental intervention is shrinking, failing to set the conditions for a well functioning market. Therefore, analysing CSR through the lens of financial performance and overlooking the aforementioned complexities hardly does any explanatory work. As Van Oosterhout and Heugens (2008) argue, due to the fact that most studies follow this trend the explanatory record in CSR is rather poor.

The third shortcoming that narrows our understanding of CSR influence on business practice is the lack of agreement on what drives firms to voluntary engage in CSR practices. Contradictory evidence creates confusion and leaves the effectiveness of voluntary self-regulatory CSR tools open to interpretation. On the one hand, there is evidence that firms rethink the way they do business and they try to correct the excesses of their operations. On the other hand, it seems that some firms use CSR as a window-dressing policy: they do not embark on CSR activities for the sake of improving their social and environmental performance but rather in order to satisfy own interests. Thus, at the moment, it is not known whether firms use CSR practices as a step change in their attitude towards more responsible business conduct or as a public relations ploy.

To overcome these limitations and enhance our understanding of how CSR is implemented at the firm level, some scholars have suggested that research needs go beyond the underlying assumptions of economic rationality to include new approaches and refine the existing ones (Blowfield & Murray, 2008; Scherer & Palazzo, 2008). Yet, though CSR is recognized by companies as central to core business operations, there is a paucity of studies explaining why businesses adopt CSR practices and how they integrate them in their everyday activities (Lindgreen*, et al.*, 2009a; Lindgreen*, et al.*, 2009b). To this end, the need to conduct interviews and surveys to obtain data on these two topics has been highlighted in the CSR literature (McWilliams*, et al.*, 2006). Scholars have called for further research on the specific actions, policies, or activities through which firms concretely execute a philosophical commitment to social goals (Godfrey & Hatch, 2007). To some extent, these calls have influenced the CSR research agenda, which has started focusing on the impact of CSR on organizational processes and performance (Lindgreen & Swaen, 2010).

Until now, academics have attempted to clarify the degree to which CSR influences business conduct by using various proxy indicators of CSR practices. By far the most popular choice is to use codes of ethics (Bondy*, et al.*, 2008; Diller, 1999; Kaptein, 2004; Ki & Kim, 2010; Long & Driscoll, 2008; Paine*, et al.*, 2005; Prakash, 2000; Preuss, 2009; Sacconi, 1999; Sethi, 2002) and social and environmental disclosures (Branco & Rodrigues, 2006; Brown & Deegan, 1998; Deegan, 2002; Deegan & Rankin, 1996; Deegan*, et al.*, 2002; Holder-Webb*, et al.*, 2009; Lindblom, 1994; Milne & Patten, 2002; Othman & Ameer, 2009; Rodriguez & LeMaster, 2007; Tilling & Tilt, 2010). Other choices have been to use CSR web-reporting (Chapple & Moon, 2005; Coupland, 2005; Wanderley*, et al.*, 2008), socially responsible investment (Avshalom & Tal, 2008; Kurtz, 2008) and participation in various CSR associations/ initiatives (Dacin & Brown, 1997; Melé, 2008; Runhaar & Lafferty, 2009).

A common characteristic of the research focusing on codes of ethics, social and environmental reports and CSR web-reporting is a tendency to analyse data qualitatively aiming to detect the responsibilities as firms proclaim them. Although this kind of analysis may offer valuable insights, it falls short of clarifying CSR implementation because: a) content analysis is a poor basis for understanding how CSR is applied; b) this analysis is usually context specific and limited in scope; and c) focusing only on rhetoric and overlooking action limits knowledge on whether CSR has entered the bloodstream of a company. Likewise, information on socially responsible investment and participation in CSR associations/ initiatives imply that there is a market trend towards this type of actions but does little in clarifying firms' performance in terms of corporate responsibility.

Apart from being weak and unverified, extant data on proxy indicators of CSR practices are frequently incomplete or simply false as many studies suffer from methodological inadequacies. For instance, time lags are often not taken into account; self-reported data are considered as objective indicators of CSR outcomes; small sample sizes are used; and moderating variables are not taken into account (Wood, 2010). Therefore, the challenge of finding reliable indicators that can assess the CSR influence on business practice effectively has not yet been sufficiently addressed (Lindgreen & Swaen, 2010).

What comes as a surprise is that the most widely accepted CSR tools, i.e. International Certifiable Management Standards (ICMS) (Boiral, 2003a), have been overlooked by the research community. These standards are voluntarily used by more than 1,000,000 firms around the world (ISO, 2008) as a means of applying CSR practices. ICMS focus on operations management and intend to enhance business' social and environmental performance through the implementation of management systems. These systems provide a set of conditions, which, if met, mitigate the social and environmental impacts of business activities. ICMS also provide a yardstick by which companies can gauge their CSR performance as they assist firms to set social and environmental indicators. In this way, these standards transform CSR practices from being elusive into tangible targets.

Additionally, ICMS encourage innovation and continuous improvement of CSR performance and promote engagement between companies and stakeholders (Christmann & Taylor, 2006; E.C., 2003; Waddock & Bodwell, 2004). These standards represent the prevalent form of regulation in markets since they are self-regulatory voluntary measures. Hence, information on their use by companies provides data on

how firms use self-regulation at large. Moreover, they encourage companies not only to meet regulatory requirements but also to go beyond those and meet certain societal expectations that are not covered by existing regulation. For that reason, they represent the goodwill of companies to improve their performance on CSR. Additionally, they refer to such important aspects of CSR and economic activity in general as environmental protection, health and safety, consumer protection and employee safety.

The aforementioned characteristics of ICMS, along with the ones described in the introductory chapter, make them a *sine qua non* in the analysis of CSR. Consequently, an analysis of these standards as means of application of CSR practices can provide valuable insights into the influence of CSR on business practice. The fact that these standards are greatly ignored by researchers is a major drawback in the literature hindering knowledge on the topic. As Brunsonn *et al.* argue ICMS are a 'much neglected area of social science attracting far less attention than they deserve in view of their importance to society' (2005, p. 2).

To fill this gap and enhance our knowledge on the degree to which CSR has penetrated the fabric of business behaviour, this PhD thesis uses ICMS as indicators of CSR practices. The study focuses on: firms' motives for adopting these standards; the manner firms apply ICMS in their everyday activities; and the context of ICMS implementation. Analysis of these topics provides valuable insights on the degree to which CSR practices have become part of the bloodstream of the firm. In particular, if firms are not motivated by ICMS potential to improve the firm's CSR performance, and do not use ICMS as a means of enhancing that performance, this will be evidence that companies are not influenced by CSR practices. By contrast, if companies comply with the ICMS

requirements, and the context of ICMS implementation encourages firms to customize these standards to their own needs in order to improve their CSR performance, it will be evidence that CSR practices, in their voluntary self-regulatory context, are on the right direction for becoming an everyday practical reality. Therefore, such an analysis can offer an explanatory basis on the influence of CSR on business practice.

2.9 Conclusions

The current chapter aimed at familiarizing the reader with the concept of Corporate Social Responsibility and discussing the context within which this PhD study lies. Figure 2-1 illustrates the main points of the literature reviewed in this chapter.

As it was demonstrated at the beginning of the chapter, the importance of CSR has grown considerably over the last twenty years or so. The expansion of global markets, the shrinking role of the state, the transformation of the world in to a global village and the recent corporate scandals have greatly contributed to the prominence of CSR and the characteristics it bears. The eminence of CSR has resulted in a plethora of approaches related to corporate social responsibility. However, this cornucopia has not clarified the topic as many of the concepts introduced are either too general or cover more or less similar ground as the old ones without contributing to any progress (Matten & Crane, 2005; Van Oosterhout & Heugens, 2008). As a result, CSR remains still an elusive topic.

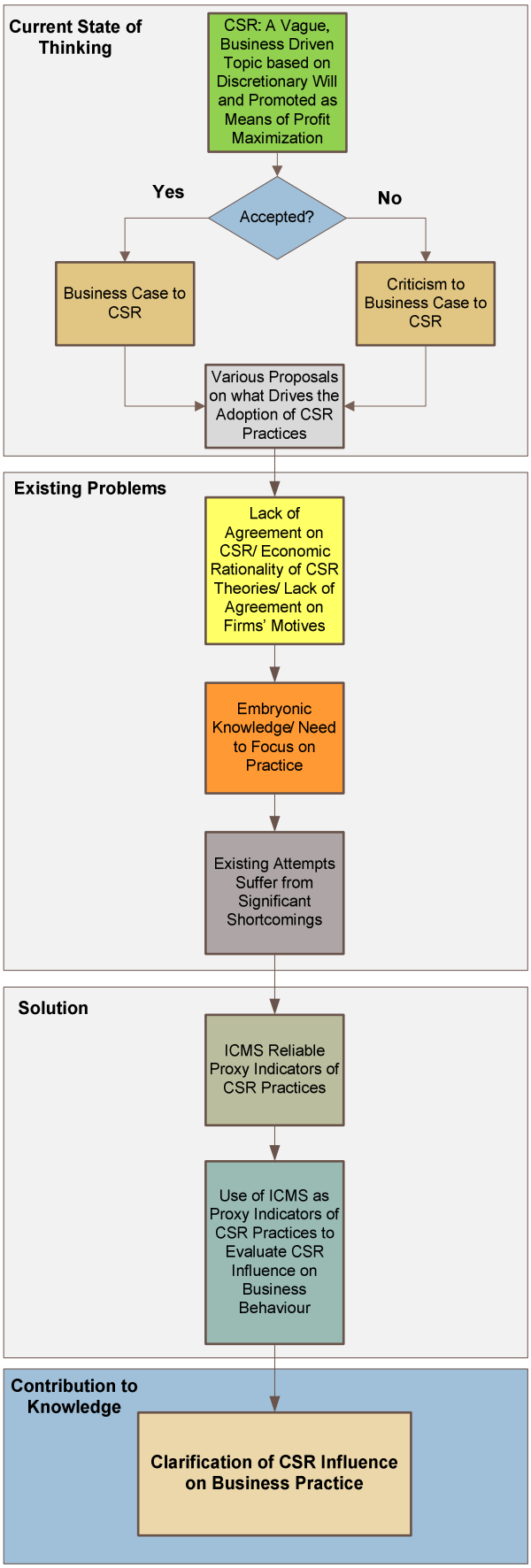


Figure 2-2: Main Points of the Literature Review

There have been arguments in favour and against CSR without reaching an agreement point. Research community is divided and some argue in favour of CSR and its potential, as voluntary topic based on self-regulation, to influence business practice while others adopt a more sceptical approach. This disagreement has also resulted in various proposals as to what drives firms to voluntary adopt CSR practices. Clearly, there is a market trend for CSR and this is proved by the vast amounts corporations invest in self-regulatory CSR tools, including management standards, codes of ethics and corporate reports. Some companies seem to truly engage in socially responsible practices as they do not follow the economic rationalizing paradigm. Others however, are driven by different motives and are mostly interested in serving own interests.

Within such a controversial research topic, scholars face significant challenges in finding reliable indicators of CSR practices. Existing approaches carry with them various limitations mostly because researchers tend to focus on rhetoric overlooking action. Therefore, the literature suffers from paucity of evidence on the degree to which CSR has penetrated the fabric of business behaviour.

This study argues that in order to enrich our knowledge on this topic one needs to focus on operations management and analyse the tools/ practices corporations use in their business practices. Information on this topic will clarify whether CSR is an integral part of normal everyday business. To carry out such analysis and obtain reliable data on CSR implementation, research must not only focus on whether companies adopt CSR practices or not but to evaluate *why* firms adopt CSR practices, *how* they implement them and *under which conditions*. To assess *why* companies engage into CSR one needs to analyse their motives. To analyse *how* business apply CSR practices one needs to

focus on their requirements and evaluate whether companies conform to these or not. Last but not least, to evaluate *under which conditions* one needs to focus on the pressures corporations face for such practices.

This PhD study adopts such an approach and employs one of the most preferable by firms, and simultaneously greatly ignored by researchers, CSR tools i.e. International Certifiable Management Standards. To assist the reader comprehend these standards and their requirements, the next chapter focuses on their analysis.

3 ANALYSING INTERNATIONAL CERTIFIABLE MANAGEMENT STANDARDS (ICMS)

3.1 Introduction

There are numerous management standards assisting companies in applying CSR practices. Yet, there are some ICMS that are by far more popular than others and are widely used by firms to manage their social responsibilities. These standards deal with such important aspects of CSR as consumer/ employee protection (ISO9001), environmental protection (ISO14001, EMAS), employee protection (OHSAS18001), consumer/ employee protection (ISO22000), and labour rights (SA8000)[3].

This dissertation uses the above mentioned ICMS as proxy indicators of CSR practices. To understand how these ICMS work, this chapter analyses their characteristics and underlying assumptions. Also, to comprehend the way in which compliance/ non-compliance to these standards is assessed, the chapter discusses the certification process and the steps followed in the external audit procedure.

3.2 Common features of ICMS

Internationally, the two most popular management standards are ISO9001 with more than 980,000 certified firms and ISO14001 with almost 190,000 certifications (BSI,

[3] Though an analysis on CSR should also include the newly emerged international management standard on corporate social responsibility ISO26000, this was not possible due to lack of certified firms at the time the survey was conducted.

2009; Europa, 2009b; ISO, 2008; SAI, 2009). Figure 3-1 illustrates the most widely diffused ICMS worldwide.

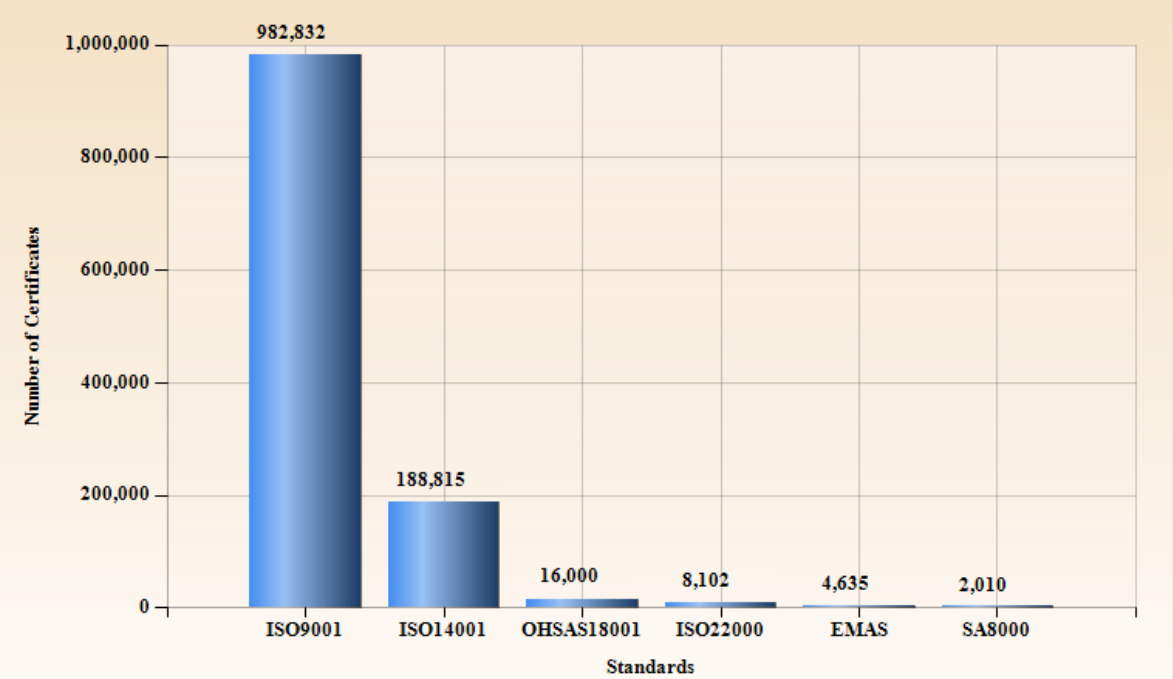


Figure 3-1: Most Popular ICMS

ICMS share seven common characteristics. First, they are subjects to annual external audits by certification bodies. Second, ICMS are applicable to any organization regardless of sector or size. Third, they are voluntary. Fourth, they require compliance with relevant regulations. Fifth, they are process standards and not performance standards, meaning that they do not require from organizations a specified environmental or social performance. ICMS require the development and implementation of a structured framework of policies and procedures, which enable the firm to identify and manage its social and environmental impacts in a systematic way (Cragg, 2005). Their basic assumption is that better management and documentation of a firm's operational processes and procedures will lead eventually to a better performance (BSI, 2009; ISO, 2009; TÜV Hellas, 2008).

Sixth, the operating principle underlying these standards is the Deming Cycle otherwise known as the Plan – Do – Check – Act (PDCA) Cycle (Deming, 1982). This identifies a certain management strategy for certified firms in order to continuously improve their performance with respect to the issue addressed by the standard, i.e. environmental protection, employee right etc. According to this principle, first, firms must analyse their current position, set objectives and targets and then make plans to achieve them (Plan); second, they must put these plans into action (Do); third, they have to measure their performance against the set objectives and targets (Check) and, fourth, they have to apply the required corrective actions to improve any flaws (Act) (ISO, 2009). Figure 3-2 depicts this cycle.

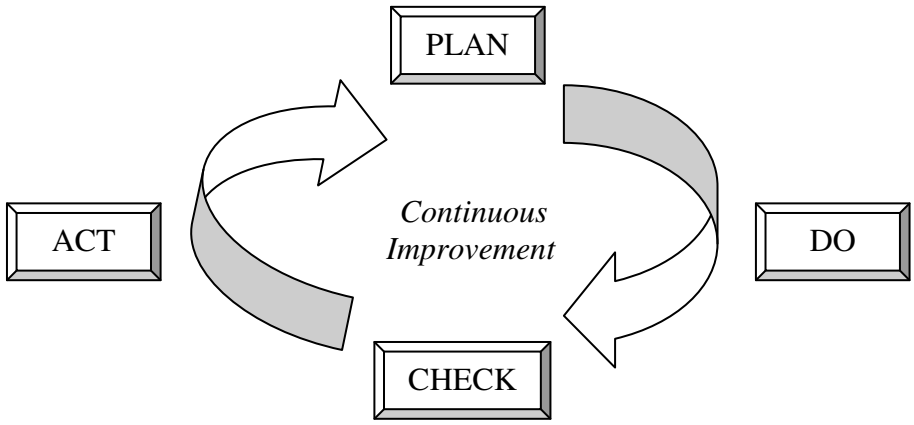


Figure 3-2: The Deming Cycle

(Deming, 1982)

Seventh, in order to be effective, ICMS require firms to develop and put into operation a management system that demonstrates their ability to operate their business activities in a way that meets societal and applicable regulatory requirements. More specifically, these standards require the identification of all processes performed during a firm's operation and the development of relative documentation for the application of the management system i.e. depending on the standard it may be a quality management

system or environmental management system etc. Furthermore, they require the allocation of a person or a team responsible for the management of the system (BSI, 2009; Europa, 2009a; ISO, 2009; Leipziger, 2003).

Usually, the management system's documentation is structured at three levels, i.e. strategic, operational and functional (Tapinos, 2008; TÜV Hellas, 2008). The strategic level describes the management policy with respect to the issue addressed by the standard and outlines the basic principles of its application by providing a general description of the management system. The operational level consists of a number of procedures (see Appendix 3-1) that are required for the description of the functionality of the processes. As procedure can be described a documented description of the way certain tasks have to be performed so that the policy and objectives/ targets are succeeded (ISO, 2009). It is important that these procedures are clear, consistent with the planned activities and revised so that they stay efficient. Also, procedures have to be detailed for providing accurate and credible information. In this context, they describe:

- The way each work will be executed;
- The person in charge for each work;
- The means with which each work will be executed;
- The location of each work;
- The time for the execution of each work; and
- The documents needed for the implementation of these action (Tapinos, 2008).

The functional level includes documents that contain information, with which the firm executes certain works. Examples of such documents include:

- Working instructions (where required);

- Job descriptions;
- Internal policies;
- Product specifications; and
- External documents of the management system, including norms, legislative and regulatory regime (Tapinos, 2008).

The nature and extend of the above described documentation depends on the size and complexity of organization and can be either in paper or in electronic form so that documents are easily accessible and understood (ISO, 2009; Leipziger, 2003; Tapinos, 2008; TÜV Hellas, 2008). Further details on the procedures required by the ICMS employed in this study can be found in Appendix 3-1. Table 3-1 provides a summary of the aforementioned standards.

	ISO9001	ISO14001	OHSAS18001	EMAS	ISO22000	SA8000
Focus	Quality Management	Environmental Management	Health and Safety in the Workplace	Environmental Management	Food Safety Management	Labour Rights Management
CSR topic	**Consumer/ Employee Protection**	**Environmental Protection**	**Employee Protection**	**Environmental Protection**	**Consumer/ Employee Protection**	**Employee Protection**
Requirements						
Policy & Objectives	x	x	x	x	x	x
Manual	x	-	-	Environmental Statement	-	-
Procedures						
Management Procedures	x	x	x	x	x	x
Resources Management Procedures	x	x	x	x	x	x
Procurement Management Procedures	x	x	x	x	x	x
Communication with Customers Procedures	x	-	-	-	-	-
Design and Development Procedures	x	-	-	-	-	-
Products/ Services Realization Procedures	x	-	-	-	-	-
Environmental Management Procedures	-	x	-	x	-	-
Health & Safety Management Procedures	-	-	x	-	-	x
Food Safety Management Procedures	-	-	-	-	x	-
Social Management Procedures	-	-	-	-	-	x
Work Instructions/ Documents	x	x	x	x	x	x
Records	x	-	-	-	-	x

Table 3-1: Summary of ICMS Requirements

3.3 ICMS and CSR

The ICMS employed in this study contribute to several aspects of Corporate Social Responsibility. ISO9001 ensures avoidance of consumer abuses in the marketplace and

avoidance of threats to the safety and health of employees; issues that many accept as a proper focus of socially responsible actions (Frederick, 2006). In particular, the implementation of the standard ensures that the company does not practice price gouging, make misleading advertising claims and sale ineffective, unreliable and unsafe products.

Also, the implementation of ISO9001 requires the use of safe equipment, which does not threat employees integrity at all stages of the company's operations. Furthermore, through internal audits and management reviews ISO9001 assists companies in avoiding questionable practices and promotes transparent and credible operations (Castka & Balzarova, 2007). In addition, it deals with another two aspects of CSR: supplier relations and supply chain management (Waddock & Bodwell, 2004). More specifically, IS09001 ensures protection of the rights of suppliers through fair pricing and specific delivery schedules. On top of that, it requires the monitoring and evaluation of all movement and storage of raw materials and finished goods from the point of origin to the point of consumption.

Quality management has also been indicated by other scholars as a dimension of CSR (Hazlett*, et al.*, 2007; Waddock & Bodwell, 2004; Zwetsloot, 2003). On top of that, the KLD database, which is widely used by academics as means of operationalizing CSR, includes product quality and safety as dimension of CSR (Christmann & Taylor, 2006). Therefore, adoption of ISO9001 fosters CSR within the firm (Christmann & Taylor, 2006).

ISO14001 and EMAS deal with environmental management a topic accepted by many scholars as a CSR topic (e.g. Bansal & Hunter, 2003; Castka & Balzarova, 2007; Christmann & Taylor, 2006; Leipziger, 2003; Matten & Moon, 2008; Stenzel, 2000). The standard establishes criteria of companies' environmental performance evaluation. The latter refers to actions taken by companies to minimize the harmful effects they cause to the environment. Thus, the application of the standard contributes to the protection of the rights of local communities through the application of pollution control measures. Also, the standard leads to greater eco-efficiency, sometimes greener products and more transparency for and acceptance by external stakeholders (Zwetsloot, 2003).

OHSAS 18001 is an international occupational health and safety management standard. Its aim is to reduce the risks associated with health and safety at work by clarifying health and safety aspects of the organization's activities, minimize the risk of accidents and any violations in legal requirements (BSI, 2009). The application of the standard contributes to CSR by dealing with employees' health and safety (Frederick, 2006; Zwetsloot, 2003). In particular, the implementation of the standard ensures safer and healthier workplaces and avoidance of negligent practices that may threat the integrity of employees.

The application of ISO22000 ensures avoidance of consumer abuses in the marketplace through the sale of unsafe products and the application of health and safety measures for the protection of employees as well as customers. Moreover, the implementation of ISO22000 secures a successful supply chain management through continuous oversight of incoming and outgoing raw materials and products (TÜV Hellas, 2008). These are

identified as CSR topics by scholars (Frederick, 2006; Waddock & Bodwell, 2004); therefore, the implementation of the standard encourages the implementation of CSR practices.

Last but not least, SA8000 contributes to CSR by aiming at protecting employees' rights and securing for them a healthy and safe working environment (Leipziger, 2003). Also, the standard contributes to achieving greater transparency for companies and their suppliers (Zwetsloot, 2003). In this way, the adoption of the standard advances the implementation of CSR practices.

3.4 The ICMS Certification Process

Although the process needed for certifying a company's ICMS is specified by the certification body (CB), there are some major steps that a company must follow before receiving certification. Figure 3-3 illustrates these steps.

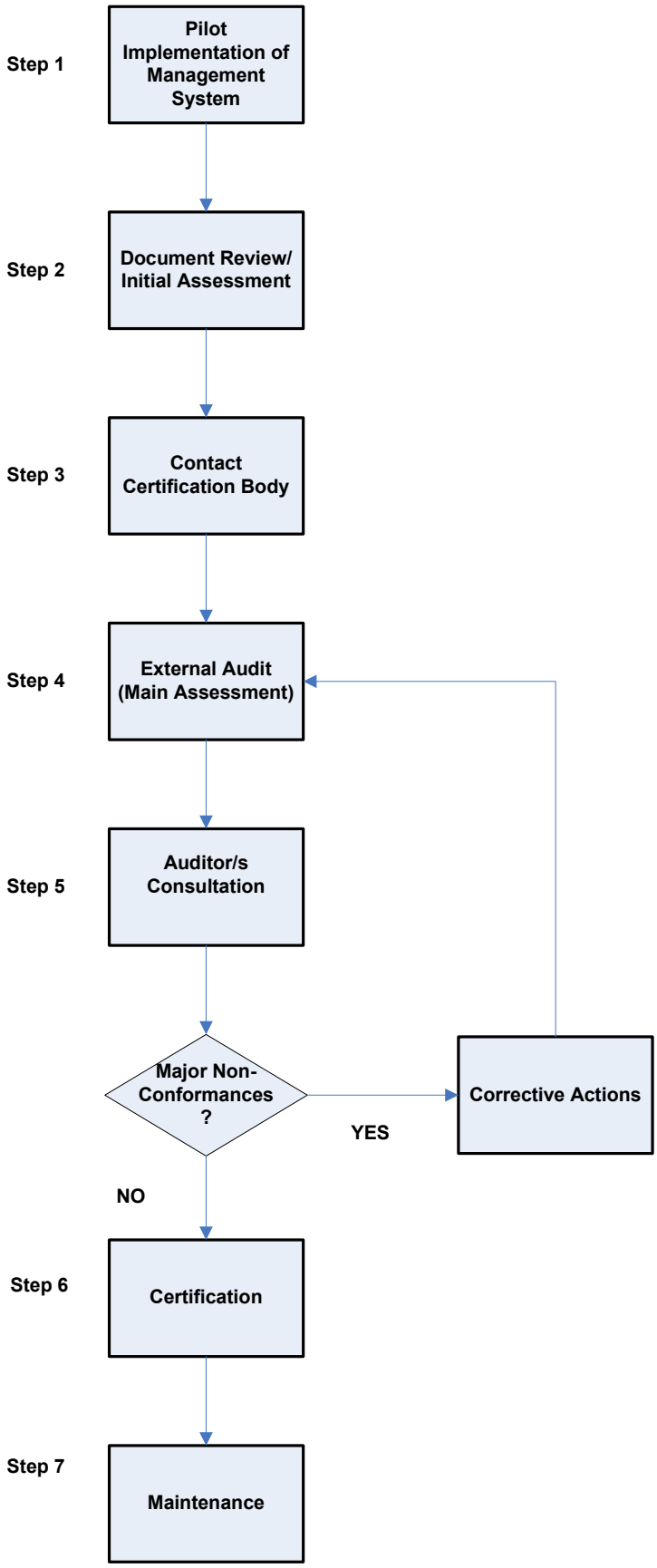


Figure 3-3: The ICMS Certification Process

- **Step 1 – Pilot implementation**

Following the creation of the management system (usually by a consultant), a piloting period follows. Depending on the size of the firm and complexities of its activities this may last from a couple of weeks until few months. During this period, possible gaps between the applied management system and the standard's requirements are identified. This stage has a five-fold objective:

i. To test the appropriateness of the system to the needs of the company;
ii. To ensure that the system's culture is diffused in all firm's departments;
iii. To secure personnel's awareness on the system's requirements[4];
iv. To ensure that resources are correctly distributed for the next stages of the assessment process;
v. To collect the necessary information about the company's processes.

- **Step 2 – Document Review – Initial Assessment**

It follows the pilot stage and aims a) to assure that the management system documentation (i.e. policy, manual, procedures, etc), the legislative framework documents (i.e. national laws, normative references etc), as well as other background information (i.e. site plans, operation permits etc), are properly prepared and fulfil the standard's requirements & b) to verify that all requirements are satisfied before the main assessment is carried out.

At the end of this stage, areas of omission against the standard's requirements that need to be addressed are identified and a specific time period is given to the company for

[4] Usually, after the completion of the management system a seminar follows aiming at introducing and explaining the system's requirements to all employees. This is organized either by the company itself or by an external consultancy.

implementing the necessary actions. Depending on the size of the firm, this stage may last from several hours until several days.

- **Step 3 – Contact CB**

After any improvements are implemented, the company contacts the preferred CB to perform the external audit.

- **Step 4 – External Audit (Main Assessment)**

The main assessment process is conducted on company's facilities and depending on its size and complexities of its activities may last from few hours to several days. During this step, the applied management system and its components are thoroughly examined and compared with the standard's requirements. Common methods that the auditor/s use for measuring system's performance are interviews, onsite inspections, discussions and examination of documents and records. Having examined all the evidence, the auditors judge whether the applied system satisfies the standard's elements or clauses. In case of any malfunctions or declinations from standard's requirements, otherwise known as non-conformances, the following two scenarios may happen:

- If the firm does not satisfy a major requirement (major non-conformance), then the auditor designates a period of time for improvement. If, during this time, no corrective actions are taken, the certification body cannot issue the certificate. Major non-conformances are an impediment to a firm's certification as certified companies must not have any.
- If the non-conformance is secondary, the auditor will make a recommendation, continue the audit procedure and ask the company to undertake the needed actions until the next audit. Secondary non-conformances are not an impediment

to the firm's certification as there is no limit on the number of secondary non-conformances that a company may have.

- **Step 5-Auditor consultation**

Following the audit, the auditor prepares the audit report and makes a decision on the certification of the company. At the end of this stage, the auditor meets with the company's management and announces the results.

- **Step 6 – Certification/registration**

When no gaps in the system are identified and the main assessment is successfully completed, a certificate is issued to the organization by the CB.

- **Step 7 – Maintenance**

A certification is usually valid for three years. During this time the CB must audit the maintenance of the management system at a least once per year. These audits are usually sampling audits: they evaluate only a sample of procedures.

Having completed the process described above, the company can use the standard's logo to promote the application of socially responsible practices and to demonstrate the implementation of a proper management system. These logos explicitly refer to the standard to which the firm complies and the name of the certification body, which undertook the external audit and certified the company. Due to the fact that ICMS are management standards and not product standards, firms are not allowed to use these logos on their products as signals of product quality. Box 3-1 presents examples of such logos.

Box 3-1: Example of ICMS logos

3.5 Conclusions

This chapter discussed the common features and requirements of the most widely diffused ICMS. As it was shown, ICMS share several characteristics. First, the audit procedure followed for the evaluation of their implementation is similar. Second, ICMS are applicable to all organizations despite size or industry. Third, in contrast with statutory regulation these standards promote a voluntary approach to CSR implementation since their adoption is not mandatory and their central authority (e.g. ISO, BSI etc) does not impose their implementation, monitor their performance or sanction violations. Fourth, they demand compliance with legislative requirements. Fifth, they are process standards and not performance ones. Sixth, they follow the Deming Cycle of continuous improvement to the issue addressed by the standard/s.

Seventh, they require from corporations to develop and implement a management system.

In their current form, ICMS provide valuable guidance to firms into how to engage into CSR practices. ICMS set clear requirements for various aspects of CSR and define a certain process for firms for satisfying CSR requirements and demonstrating their compliance. In addition, these standards provide businesses with the needed directions for monitoring their activities and constantly improving their performance to the issue addressed by each ICMS. Furthermore, ICMS set communication procedures between the company and its stakeholders, providing to the latter insights into how the firm meets their expectations and demands. In this way, ICMS decode the CSR agenda and provide guidance for firms into how to apply corporate responsible practices.

4 THEORETICAL FRAMEWORK AND HYPOTHESES

4.1 Introduction

The review of the CSR literature in Chapter 2 revealed certain gaps in available knowledge. Thus, there is uncertainty regarding the actual spread of CSR activities; disagreement on the value of business case for CSR; and controversy over what drives firms to voluntarily adopt a CSR practice. This situation calls on researchers to investigate the actual policies and practices used by managers when addressing their companies' social and environmental responsibilities (Lindgreen & Swaen, 2010; McWilliams*, et al.*, 2006; Smith, 2003).

Building on the literature reviewed in the previous chapters, this section seeks to develop a theoretical framework that will enable this study to empirically scrutinize theory and produce findings that advance existing knowledge on the topic. This is achieved on the basis of an inter-disciplinary approach, drawing on the theory of diffusion of innovations, institutional theory, signalling theory, self-regulation and stakeholder theories. Although these theories may often overlap, they offer a rich framework for exploring questions pertaining to the influence of CSR on business practice. Diffusion of innovations theory enables the identification of a firm's motives for adopting CSR practices as it analyses what lies behind a firm's decision to adopt certain practices. Complementary to this approach, institutional theory sheds light on how firms adopt CSR practices nowadays compared to the companies that first adopted such practices. Comparison between early and late adopters of CSR practices is important, as research has shown that these two groups of adopters may implement business practices differently (Delmas, 2003). Signalling theories offer additional

insights as they discuss whether firms use CSR practices as symbols of conformance to societal demands. In addition, self-regulation and stakeholder theories elucidate knowledge on the significance of pressures firms face to adopt CSR practices.

The rationale for choosing an inter-disciplinary approach lies on the fact that a) the nature of CSR is interdisciplinary; b) single discipline research has encountered a bottle-neck and more than one discipline is needed to make a breakthrough; and c) the use of such an approach will enable the researcher to obtain a 'real world' insight on the implementation of CSR practices (Tait & Lyall, 2007).

This chapter introduces a set of testable hypotheses, which create a conceptual framework for the empirical analysis implemented in the following sections.

4.2 Rationale for focusing on the Breadth, Depth and Context of ICMS Adoption

The study draws on arguments made in the literature (Corbett & Muthulingam, 2007; Westphal*, et al.*, 1997) that in order to get a better view of the influence of a practice on business conduct, one has to analyse both why firms adopt this practice (breadth of adoption) and how firms use it in their everyday activities, meaning whether they adopt the practice in its typical form or they adjust it to own specific needs (depth of adoption). Focusing on ICMS, the breadth of adoption will enable this study to identify tendencies influencing firms' decision to adopt these standards. Accordingly, the depth will reveal the degree to which the firm complies with the ICMS requirements. The literature indicates that the depth of adoption is closely related to whether adoption occurred only for signalling reasons or for gaining the intrinsic benefits of the practice

(Corbett & Muthulingam, 2007). If the adoption took place due to signalling purposes, then it is expected that the depth will be the minimum required by the letter of the standard. By contrast, if the company adopted the practice due to its intrinsic benefits, the adoption may be more profound.

This research extends the above idea and argues that a holistic approach to the influence of ICMS on business behaviour cannot be complete without the investigation of the context in which the implementation of ICMS takes place, because it deeply affects how the firm will adopt these standards (Muller & Kolk, 2010; Weaver*, et al.*, 1999). Identifying the context of the adoption of CSR practices will demonstrate the effectiveness of the monitoring mechanisms in securing implementation of such practices. It is anticipated that an environment with lax institutional monitoring mechanisms will not secure application of CSR practices, allowing firms to behave opportunistically and vice versa. The following sections discuss the breadth, depth and context of ICMS adoption.

4.3 Analysing the Breadth of ICMS Adoption

4.3.1 Diffusion of innovations theory

Diffusion of innovations theory has been previously used by many CSR scholars (e.g. Corbett & Muthulingam, 2007; Corbett & Kirsch, 2001; Delmas, 2002; King & Lenox, 2001) in their endeavor to establish whether firms adopt CSR tools, such as ICMS, as a means of enhancing their CSR performance or for other reasons.

The literature on diffusion of innovations perceives management standards as managerial innovations (Rogers, 2003). According to this theory, organizations do not

all adopt a managerial innovation simultaneously but in an over-time sequence. The theory suggests that the adoption of an innovation follows an S-shaped curve over time. During the first years after the introduction of a managerial innovation only few companies adopt it each year. Then a critical mass of adopters is reached and the cumulative rate of adoption speeds up. The important point is that at this stage the wide adoption of the innovation does not take place due to its technical or managerial effectiveness, but due to pressures from other companies that have already adopted this innovation (Abrahamson, 1991). This phenomenon, otherwise known as bandwagon, signifies that a managerial innovation may continue to spread even if the late adopters do not really gain in terms of organizational efficiency.

Bandwagon pressures occur when there is the threat of losing either legitimacy or competitive advantage (Abrahamson, 1991). Empirical evidence indicates that any innovation, even if there is an ambiguity regarding its returns, can diffuse in a bandwagon way (Abrahamson & Rosenkopf, 1993). The literature also points out that when the number of organizations that adopt an innovation increases, this innovation becomes synonymous of normal business behaviour and firms that do not adopt it are perceived as illegitimate (Selznick, 1957). Businesses that do not implement a widely accepted innovation need to justify their choice since their behaviour provokes questions about their operations. Accordingly, companies may be enticed to imitate the commonly used practices as a defensive measure, as their adoption allows them a) to gain acceptance from the government and the public and b) to be perceived as more legitimate compared to those that deviate from what is perceived as a normal behaviour (Deephouse, 1996).

The concept of bandwagons has great relevance to the proliferation of CSR tools like ICMS. CSR management standards have been massively promoted over the last twenty years or so as a means of improving companies' management of various CSR aspects (Brunsonn*, et al.*, 2005). Data on certification numbers worldwide chronicles the vast expansion of ICMS: the number of certified firms increased from about 30,000[5] in 1993 (ISO, 1997) to approximately 430,000 in 2000[6] (Europa, 2009b; ISO, 2003; SAI, 2009) and to more than 1,200,000[7] certifications in 2008 (BSI, 2009; Europa, 2009b; ISO, 2009; SAI, 2009). The limited evidence from the CSR literature on ICMS diffusion suggests that these standards have widely diffused due to a) EU preference to adopt them in order to promote a uniform approach in CSR issues (Guller*, et al.*, 2002), b) customer pressures and supply chain demands (Corbett, 2006), and c) coercive forces such as regulation (Delmas, 2003; Jiang & Bansal, 2003; King*, et al.*, 2005). This evidence indicates that most firms adopting ICMS may not be driven by the standards' potential to enhance their CSR performance but by other reasons. Thus, it is hypothesised that:

Hypothesis 1: *Firms' motives to adopt ICMS positively relate to a bandwagon effect*.

4.4 Analysing the Depth of ICMS Adoption

4.4.1 Institutional theory

Institutional theory has been widely used by CSR scholars (e.g. Aravind & Christmann, 2011; Campbell, 2007; Delmas & Montes-Sancho, 2011; Matten & Moon, 2008; Schaefer, 2007) as a conceptual framework for understanding the implementation of CSR. Similarly with diffusion of innovation research, studies in institutional theory are

[5] Data on ISO9000 series only as the other standards were not published at that time.
[6] Data on: ISO9000 series, ISO14001, EMAS and SA8000; No data on OHSAS as it was published in 1999; ISO2000 was not published until 2005.
[7] Data on: ISO9001, ISO14001, OHSAS18001, EMAS, ISO22000.

able to shed new light on the topic of this research. This theory also supports the view that firms may have motives for implementing CSR practices other than their potential to improve firms' efficiency in terms of CSR (Cashore, 2002; Delmas, 2003).

Institutional theory proposes that a) organizations' survival depends on resources provided by the institutional environment, and b) access to resources needed for their operations is dependent on organizations' legitimacy (Baum & Oliver, 1992). Institutions play an important role establishing norms and values prevalent in societies and defining the current perception of what is legitimate (Scott, 1987a; 2001). Therefore, companies' legitimacy depends on the degree to which their organizational structure resembles the structure of the institutions pertaining to their business and social environment.

Institutional theory indicates that because organizations adopt the structure of the same institutions and face similar conditions they become similar to each other (isomorphic) (Meyer & Rowan, 1977). DiMaggio and Powell (1983), in their widely quoted article, term the framework outlined by institutions as an 'iron cage', which constraints organizations' operations and promotes isomorphism. It is maintained that the latter is imposed through coercive, normative and cognitive forces to organizations (DiMaggio*, et al.*, 1983; Scott, 2001). Coercive forces most commonly take the form of regulations and they influence organizational behaviour through enactment or threat of legal sanctions. Also, coercive forces may stem from pressures from other organizations on which the firm is dependent. Normative forces are result of professionalization, where members of professions receive similar training and interact through professional bodies (Schaefer, 2007). Finally, cognitive forces include widely accepted symbols and cultural

rules that are taken-for-granted, i.e. their connection to social norms, values and beliefs is not questioned. In the case of ICMS, coercive forces may be driven through the supply chain where customers will only buy from suppliers who are certified by a management standard. The training of quality or environmental managers may also instil a bias towards using a certain management standard and provide in this way a normative pressure for its adoption (Schaefer, 2007).

CSR scholars who analyse the adoption of ICMS through the lens of institutional theory suggest that although these standards are labelled as voluntary in reality they are not since companies, especially the most visible ones, are forced by the above mentioned institutional pressures to adopt and implement certain strategies (OECD, 2001). As Bartlett-Foote (1984) asserts, companies are forced to 'voluntarily' engage in such practices as a response to public concerns about their operations. Other studies drawn from the CSR literature have also supported this view; empirical evidence indicates that companies' decision to adopt a management standard may be influenced by a) coercive pressures exerted in the context of globalisation (Christmann & Taylor, 2001), and by b) normative pressures, which forced companies to engage into more than one self-regulatory CSR tools (King & Lenox, 2001). Thus, similarly with what was argued earlier in the diffusion of innovations theories, a management standard may not be adopted by companies for its functional benefits but as an attempt to present the company's operation in an acceptable way (Jiang & Bansal, 2003).

For the purpose of this research the division by institutional theory of adopters of a business practice, such as ICMS, into early and late ones is particularly relevant. Theory argues that these two groups face different pressures from the institutional environment

and may adopt the same practice for different reasons. Early adopters are driven mostly by the technical advantages that such practice offers and for that reason they will apply it *substantially* in the sense that they will fully commit to its requirements. By contrast, late adopters adopt a practice for legitimacy purposes and as a result they will apply this practice *symbolically* meaning that they will not genuinely attempt to conform to the requirements of the practice (Tolbert & Zucker, 1983).

Several empirical studies lend support to institutional insights in the adoption of CSR tools. For instance, Delmas and Montes-Sancho (2007) focus on voluntary CSR agreements and argue that early adopters are usually the ones that face great political pressure, are members of trade associations and are under great scrutiny at large. Moreover, they suggest that early adopters are more likely to adopt an agreement substantively whereas late adopters put less effort implementing changes and may join in for legitimacy reasons. It is asserted that late adopters may also join in for gaining the benefits of the early adopters without having to cover the costs related with substantive participation.

This view is also supported by Westphal *et al.* (1997) who focus on the adoption of total quality management practices (TQM). They maintain that early adopters of TQM are seeking efficiency advantages and they customize these practices to their problem solving needs. By contrast, late adopters will adopt the practice formally to meet certain external expectations and not because they feel they really need it. Accordingly, Westphal *et al.* (1997) indicate that late adopters are unlikely to gain benefits in terms of efficiency but can benefit in terms of legitimacy. This explains why organizations adopt TQM practices even when these cannot confer a competitive advantage. This

enhancement of legitimacy may be achieved by firms by adopting widely accepted practices without actually changing their operations (Westphal & Zajac, 1994). In light of this argumentation, the following hypothesis is proposed:

Hypothesis 2a: *Late adopters of ICMS will implement them symbolically*.

4.4.2 Signalling theory

Signalling theory has been proved very popular among CSR scholars (e.g. Bansal & Hunter, 2003; Corbett & Muthulingam, 2007; Terlaak, 2007; Turban & Greening, 1997) who have used it as a tool in their analysis of the motives behind CSR practices. Echoing the views on late adopters expressed by institutional theorists, this literature suggests that firms will use CSR practices for gaining their external signalling value. Jiang and Bansal (2003) assert that certification by a CSR standard is especially attractive for firms that have visible and complicated operations. Such firms adopt CSR standards and seek third party certification because the nature of their business evokes greater stakeholder scrutiny. Firms are getting certified because certification operates as a signal of good practice and grants legitimacy to the company. In other words, the CSR standard is used as a transmitter of information intended to convince the stakeholders that the activities of the firm are carried out within the framework set by society. In this way, companies achieve to continue their operations 'without having to explain the complexities of the activities involved' (Jiang and Bansal, 2003, p.1063).

The idea of external signalling value of CSR standards as a motivation for adoption is also advocated by Terlaak (2007) who uses Spence's signalling model (1973). Spence argues that a college diploma can be used for discerning productive from non-productive workers even if this diploma has no actual influence on workers'

productivity. Spence's argument is that when there is asymmetric information, productive workers will attend a college for differentiating themselves from the non-productive, as long as the college diploma is perceived by stakeholders as a credible signal of good performance capabilities. Similarly, Terlaak (2007) proposes that companies are taking advantage of information asymmetries that exist in the market and because stakeholders cannot directly assess their performance they use certification as a signal of superior performance. Companies see CSR standards as tools that facilitate communication and enable them to gain legitimacy. Because self-declaration is not perceived by stakeholders as convincing, companies are getting certified by a trusted and recognized third party to verify to the public their conformance with its expectations (Brunsonn*, et al.*, 2005).

As an example, Bansal and Hunter (2003) point at firms that are well capable of building an in-house management system, but prefer to implement the system recommended by widely accepted international CSR standards instead. Firms may be particularly motivated to adopt management procedures recommended by a CSR standard, if they are involved in operation of controversial nature, in an attempt to be presented as legitimate entities, even if in reality they are not (Scott, 1987b). Companies can, therefore, distract attention of the key stakeholders from their controversial activities. Moreover, in order to decrease the reputational risk and increase social acceptance of their operations, businesses prefer to be certified with a respectable and prominent certification body (Fombrun, 2005).

In turn, Kimerling (2001) claims that companies are getting certified by internationally recognized CSR standards in order to gain acceptance and recognition from local

communities and be able to continue intact their operations. In her research, she describes the activities of a large US oil company, certified under ISO14001, operating in the Amazon forest. Though the company has ISO14001 certification, it continues to pollute the environment while using its certification for gaining acceptance and recognition by the local community. Kimerling suggests that international standards may represent an effective way for companies to respond to environmental challenges, but they can also be used by companies to avoid corporate responsibility and obstruct national regulations. The author argues that due to the incapability of stakeholders to obtain sufficient information, firms can use international CSR standards as symbols of corporate responsibility to reassure or even mislead their stakeholders about their operations. Kimerling maintains that though the local community did not know exactly what the standard requirements were, they all believed that the company successfully applies environmental protection policies because it was certified by an external third party.

Habermas' ideas (1987) on authority relationships provide additional insights in ICMS adoption by firms. According to these, members of society who possess a specialized knowledge can issue instructions (and thus exercise authority) upon other members of society for the realization of a collective goal. Habermas argues that in modern societies authority relationships are not based on caste, class or age but on effectiveness. The members who have the knowledge (superiors) claim that something is effective in managing a situation and the ones who do not have any knowledge (subordinates) trust them.

This trust rests on the basis of the realization of a collective goal and does not necessarily mean that subordinates fully understand why obedience to superiors will secure realization of that goal. If superiors justify their claims within the social moral norms or political-ethical values, which are perceived as acceptable by both categories, subordinates will trust them (Habermas, 1987). In this sense, authority relationships are rationally justifiable, and thus legitimate, in cases where subordinates' trust is warranted by the specialized knowledge of the superior. The subordinate has good reasons to believe that compliance with an instruction represents an effective means to a shared end. He/she believes that a logical connection between action and outcome could be demonstrated, if required (Cradden, 2005). A chronic problem in this issue, however, is that in some cases the members who possess the knowledge may disclose it only in a selective or distorted manner (Williamson, 1985).

There is similarity between the proliferation of CSR tools like ICMS and the concept outlined in the previous paragraph. Organizations publishing ICMS are well respected international or national bodies enjoying high prestige. Moreover, they possess specific knowledge that other members of society do not have. This knowledge enables these organizations to claim that they are the ones who know what works and what not as far as ICMS are concerned. In this sense, they play the role of superior members. Therefore, when they issue CSR standards that respond to social values and expectations, this is likely to be perceived by society (subordinates) as effective means in dealing with the social and environmental aspects of business activities. By extension, firms that subscribe to these standards are likely to be perceived by the public as more efficient in comparison to firms that have not adopted them. In fact, ICMS have been promoted as the acceptable and most effective basis for dealing with important

CSR issues, including quality assurance of products/ services, environmental protection and health and safety (Boiral, 2003a). This creates the environment in which firms are tempted to subscribe to a standard simply because using its logo may send a right signal to interested parties and, therefore, help them to reduce transaction costs. In this context, late adopters, apart from being more likely to adopt ICMS symbolically (Hypothesis 2a), can be also expected to emphasise the signalling value of these CSR standards:

Hypothesis 2b. *Late adopters of ICMS will use the standards' logo on their products, documents and web-site for signalling purposes*.

4.5 Analysing the Context of ICMS Adoption

4.5.1 Self-regulation theory

CSR scholars have used self-regulation theory to analyse the conditions necessary for securing successful implementation of CSR practices (e.g. Albareda, 2008; Christmann & Taylor, 2006; Hart, 2010; King & Toffel, 2009; Lenox, 2006; Utting, 2005). Some authors dispute the potential of CSR self-regulatory tools, such as ICMS, to effectively control for-profit organizations (Cragg, 2005). They suggest that companies will not put the collective interest above their own and will behave opportunistically when adopting these measures (Hardin, 1971; Maitland, 1985). They further assert that free-riding, i.e. non-conformance with the tools' requirements, is unavoidable (Maitland, 1985). According to this analysis, companies are not sure if posing stricter rules on their operations will mean that they will gain an advantage or a disadvantage towards their competitors. In this context, they choose to free-ride and not implement substantially the self-regulatory measures (Lenway & Rehbein, 1991).

Adherence to various requirements will only succeed when the adoption of a tool includes some benefits for the firm. As Kollman and Prakash (2002) argue, CSR measures such as ICMS need to have excludable benefits for firms, i.e. benefits that cannot be gained by competitors. Otherwise, companies will prefer to serve own interests and not fully comply to the standards' requirements (Delmas, 2004). Firms are interested in differentiating themselves from their competitors and on that basis they decide to adopt or withdraw a practice (Lenox & Nash, 2003). Given that companies pursuit increasing own profits, it is rational for them to avoid conforming to any requirements if such avoidance is compatible with retaining their ICMS certification (Cradden, 2005). Businesses will attempt to minimize obligations stemming from the adoption of CSR self-regulatory tools and will only conform to requirements if to refuse would heavily influence their survival (Cradden, 2005).

There are other CSR scholars whose views echo those described in the previous paragraphs, but who approach the topic from a different angle. Their research focuses on the enforcement and auditing mechanisms of ICMS (Biazzo, 2005; Boiral, 2003b; Christmann & Taylor, 2006). They take the view that when these are weak, companies may behave opportunistically, meaning with guile to serve own interests (Williamson, 1985). A number of issues have been identified provoking the decoupling of the standards' requirements from firms' everyday operations, including commercial relations between companies and auditors and insufficient business knowledge by auditors. There are many examples of auditors' failures in literature.

For instance, O'Rourke (2003) focuses on PricewaterhouseCoopers' auditing procedures with regard to labour standards in Asian countries. He argues that although

auditors identified minor violations of health and safety norms they failed to note a number of serious issues, including the use of hazardous chemicals and wage laws violations. In turn, Utting (2002) investigates two companies, Dole and Nike, and points out that they acquired ICMS certification in labour rights despite having very poor labour practices in reality. There are also examples of firms that are at the forefront of CSR application, publicly support the implementation of such measures and then breach their own codes of conduct (Christian Aid, 2004 quoted in De La Cuesta Gonzalez & Martinez, 2004).

Some scholars claim that this behaviour of businesses can be controlled through informal mechanisms (Delmas, 2002; Guller*, et al.*, 2002). It is suggested that even in the absence of appropriate laws there are always conditions coercing firms to comply with CSR self-regulatory tools. In other words, CSR self-regulatory measures such as ICMS can be applied without formal sanctions. Examples include exposure of firms that fail to self-regulate their activities to stakeholders (Gunningham, 1995; King & Baerwald, 1998), and dissemination and promotion of best practices (O'Hare, 1982).

Empirical evidence, however, demurs this proposition and suggests that the opportunistic behaviour of companies leads to adverse selection, i.e. poorly performing firms will adopt CSR self-regulatory measures for gaining benefits such as signalling and legitimacy enhancement without actually putting them into effect (Lenox & Nash, 2003). For example, a study conducted by King and Lenox (2000) on the Responsible Care Program establishes that the program attracted firms with low environmental performance and high emissions.

Long and Driscoll (2008) argue that some corporations deliberately adopt CSR self-regulatory measures because they enable them to enhance their legitimacy and simultaneously leave intact their operations. Similarly, Meyer and Rowan (1977) allege that the informal constraints are not always effective and that when they do not go along with the organizational interests, companies will decouple self-regulatory practices. They argue that businesses prefer the adoption of easily decoupled practices because they are effective as communication tools of companies' ethical performance to stakeholders and they do not demand the management's commitment.

Some scholars maintain that unless there are explicit sanctions penalizing malfunction, voluntary CSR self-regulatory tools are doomed to fail (Grief, 1997; King & Lenox, 2000; King & Toffel, 2009). To evaluate the assumption that in the absence of sanctions firms will behave opportunistically and will adopt ICMS to create appearances of legitimate performance, hypotheses 3a and 3b focus on two key issues of ICMS' implementation: major non-conformances and the illicit use of the standards' logo.

The choice of these two topics is not incidental. As it was explained in Chapter 3, non-conformances are malfunctions or declinations from the requirements of the CSR standard concerned. They may be major or minor and are established in the course of periodic assessment exercises, during which auditors examine a management system and its components and compared them to the standard's requirements. The discovery of a major non-conformance effectively signifies that the CSR standard has been defunct and only fulfils a signalling function:

Hypothesis 3a: *Major non-conformances positively relate to weak regulation and sanctions.*

The placement of ICMS logos provides an additional means of testing whether in the absence of sanctions firms will adopt ICMS to create appearances of legitimate performance. ICMS logos should not be used as part of product labelling because management standards have nothing to do with product features. However, if the monitoring of standard application is not strict, the logo may be misused and exploited as a signalling tool. Hence:

Hypothesis 3b: *Firms will place the standard's logo on their products if the regulatory framework and sanctions are weak.*

4.5.2 Stakeholder theory

Stakeholder theory is one of the most widely used theories by CSR scholars. According to it, business must satisfy a number of constituents, including employees, customers, local community organizations etc, who can influence company outcomes (Donaldson & Preston, 1995; Freeman, 1984; Jones, 1995; McWilliams*, et al.*, 2006). It maintains that apart from trying to maximize returns for their shareholders, corporations need to take into account other non-financial groups because the returns from such behaviour may be significant. Also, the theory suggests that by applying a series of CSR policies for satisfying non-financial constituencies the firm gains the acceptance and support of these constituencies and thus can continue its operations without facing any objections (Ogden & Watson, 1999).

A problem that firms often face is to define their constituents. Mitchell *et al.* (1997) provide some guidance in this respect, suggesting that companies should value and prioritize their stakeholders according to their legitimacy and power. The level to which

each actor possesses these characteristics defines the degree to which companies will incorporate in their decision-making this actor.

Constituencies who possess legitimacy and power are considered as very important stakeholders and for that reason their involvement into formulating firms' policies is deemed essential. A study conducted by Post (2002) suggests that the prominence of each constituency depends on the type of demands they put forward. 'Not every stakeholder wish can be granted, but the legitimate concerns of all stakeholders require consideration, and ultimate decisions conflicting with specific stakeholder viewpoints need to be explained' (Post*, et al.*, 2002, p. 245). Evidence from the CSR literature indicates that in some cases stakeholders have exerted significant influence on business operations. For instance, six European governments require from companies to publish social and environmental information about their operations (Vogel, 2005). Furthermore, stakeholder groups like Greenpeace and WWF, target and publicize individual firms aiming to influence corporate behaviour and consumer perceptions (Millington, 2008). Likewise, a study of 25,000 individuals, conducted in 26 countries, implied that consumers attribute greater importance to CSR issues than brand or financial reputation (Millington, 2008).

Despite of the recognition of stakeholder importance, there are CSR scholars who argue that the degree to which companies will take into account non-financial stakeholders depends on stakeholder awareness (Christmann & Taylor, 2006). For example, Christmann and Taylor (2006) focus on CSR standards like ICMS and use Transaction Cost Theory to evaluate whether the adoption of these standards is influenced by stakeholders. The scholars found that most firms behave opportunistically and that their

propensity to symbolically implement a CSR standard is negatively related to the knowledge of stakeholders about management standards. In other words, low awareness may result in only a minimal adoption of the CSR standards, just enough to maintain a desirable public image.

Additionally, Elsbach and Sutton (1992) argue that in many cases companies use various techniques such as impression management techniques, which can influence stakeholders' interpretations. Firms deliberately refer to organizational design features, which are widely accepted by the institutional environment, for increasing the credibility of their actions. The level at which stakeholders are influenced by these strategies depends on their awareness on business operations. Similarly, Terlaak (2007) maintains that in cases where stakeholders do not have access to sufficient information on business operations, firms will use widely promoted CSR self-regulatory tools, such as ICMS, as symbols of corporate responsibility to reassure or even mislead their stakeholders about their operations.

Interestingly, previous studies have shown that stakeholders have not been proved very informed on CSR tools like ICMS. In particular, very few studies have supported the substantial implementation of ICMS practices in companies; most firms use them as a rhetoric that they conform to institutional expectations (Hackman & Wageman, 1995). Managers use the rhetorical of these practices to gain legitimacy without affecting activities at the technical core of the organization (Zbaracki, 1998).

Prior evidence has shown that companies will adopt a CSR management standard in response to customer requirements and other external pressures rather than out of

concern for environmental protection or quality assurance (Boiral, 2003b). The goal of these managerial practices is to demonstrate to society that companies adhere to its beliefs and expectations. The adoption of CSR self-regulatory measures enables companies to achieve that goal since through it firms symbolically become isomorphic with other companies and thus more acceptable and understandable by their stakeholders (Glynn & Abzug, 2002). Especially ICMS, play a particular role into that since they promote the adoption of similar organizational practices, which can be easily imitated. In this way, businesses, which want to gain/ maintain their legitimacy, claim that they apply the same practices with the legitimate ones.

As Bartley (2003) argues certification management standards 'deal in reputation, which means they have the potential effect of 'greenwashing' reality, or cleaning up corporate images without changing practices on the ground' (2003, p.441). Stakeholders accept that situation because in reality their awareness about CSR tools is in its infancy; though they impel companies to adopt corporate responsible practices at individual level, they do not take into account corporate social performance in their decisions (Naeem, 2008). Hence, stakeholder' awareness on CSR standards' implementation plays a crucial role. Therefore the following hypothesis is proposed:

Hypothesis 4. *The depth of ICMS application positively relates to stakeholders' awareness*.

4.6 Conclusions

In this chapter a number of testable hypotheses have been developed in order to explain why firms voluntarily adopt CSR tools like ICMS, how they adopt them and in what context. To determine firms' motives for adopting ICMS, Hypothesis 1 draws on

diffusion of innovations theory. According to it, companies may adopt a business practice as a result of peer pressures or legitimacy considerations alone. Building on this theory, hypothesis 1 suggests that companies nowadays may adopt ICMS for reasons other than to improve their CSR performance.

The next two hypotheses focus on how companies use ICMS. Hypothesis 2a draws on institutional theory and highlights differences in the way late adopters of ICMS implement them compared with early adopters. As it was explained, institutional theory implies that early adopters are usually interested in integrating a practice into their everyday operations with the objective of gaining operational benefits stemming from its adoption. By contrast, the theory maintains that late adopters tend not to conform to the requirements of the practice because they are not interested in gaining any operational benefits related to it. In light of this argumentation, hypothesis 2a proposes that late adopters of ICMS will tend to apply them symbolically, meaning that they will not genuinely attempt to conform to their requirements.

Similarly with the previous hypothesis, hypothesis 2b focuses on early and late adopters. It aims at analysing the way these two groups use the ICMS logo and draws on signalling theory. According to this theory, firms may use CSR self-regulatory tools such as ICMS due to the external signalling value of these tools with the objective to pacify possible societal concerns over their activities. Building on what it was argued earlier about the way late adopters implement ICMS, this hypothesis suggests that late adopters will tend to use the ICMS logo for signalling purposes.

Hypotheses 3 and 4 focus on the context of ICMS implementation. Hypotheses 3a and 3b draw on self-regulation theory. As it was explained, firms have a propensity into serving own interests and not complying with any self-constraining requirements. To evaluate this argument, hypotheses 3a and 3b focus on the influence of sanctions and regulation on firms' behaviour towards ICMS. Finally, hypothesis 4 uses stakeholder theory and aims to evaluate whether stakeholder awareness influences the way firms apply ICMS. According to stakeholder theory, it is in companies' interest to take into account non-financial constituents as by doing so firms may secure significant benefits. It was explained, however, that companies do not always take into consideration their stakeholders. By contrast, they will do so only if stakeholders are aware of firms' activities and of the impacts of these activities. To evaluate this argument hypothesis 4 focuses on stakeholders' influence on the way firms apply ICMS. Figure 4-1 illustrates the theoretical framework of the study.

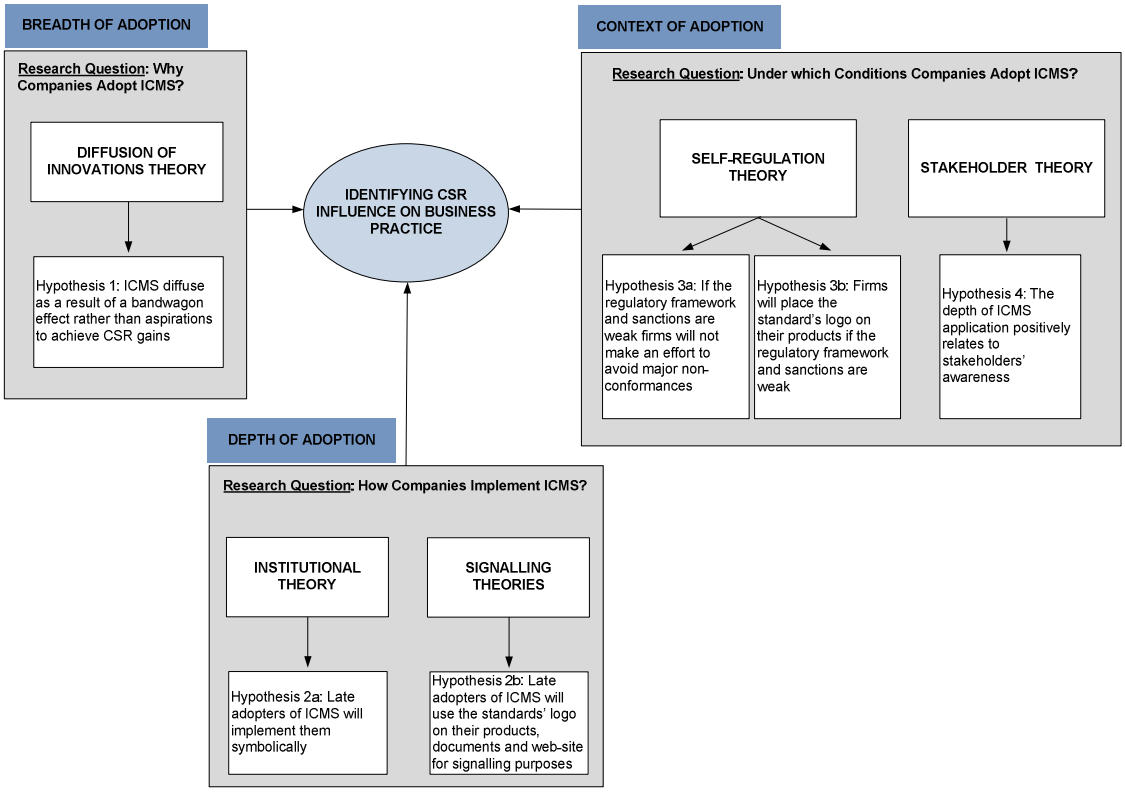


Figure 4-1: Theoretical Framework for Analysing CSR Influence on Business Practice
(Counter-clockwise presentation)

5 METHODOLOGY

5.1 Introduction

This chapter discusses the methodology underlying the current dissertation and the methods used for data collection. Methodology refers to the rationale and the philosophical assumptions that underlie a particular study whereas method is a specific technique for data collection under those philosophical assumptions (White, 2000).

The choice of methodology shapes not only what the researcher does but also how he/she understands the phenomenon under investigation. Deciding on methodology influences the way data will be collected and how it will enable the research to meet its aim and objectives (Gill & Johnson, 2010). In this sense, methodology is a major aspect of a research.

The chapter begins with a brief introduction to the epistemological and ontological principles used in social sciences and their application in the current thesis. It further discusses the research design and setting of the study, data collection issues and the variables used for the empirical analysis of the quantitative data. In conclusion, the chapter examines the ethical considerations related to this study.

5.2 About Methodology

Research in social sciences is dominated by two separate methodological orientations: *quantitative* and *qualitative*. The first approach dominated social and behavioural studies for the most part of the previous century. However, in the last quarter of the 20th century qualitative research gradually began to gain importance (Teddie & Tashakkori,

2009). The differences between the two lie on the assumptions made about the nature of the social world (ontology) and the grounds of knowledge (epistemology).

Ontological assumptions have to do with the nature of the social phenomena. Of particular concern is whether social reality is external to social actors or constructed by them (Burrell & Morgan, 1979). Researchers who argue that there is an objective reality to be found in society and that this reality is external to social entities subscribe to what is known *the objectivist approach*. On the other side of the spectrum are researchers who argue that social phenomena are influenced by social actors; this is known as *the constructivist approach*. It implies that the meaning of the social phenomena under investigation is constructed by scholars (Teddie & Tashakkori, 2009).

With reference to epistemology, the assumptions have to do with what can be considered as acceptable knowledge in a discipline (Bryman & Bell, 2007). Scholars who adopt the objectivist approach claim that social phenomena can be analysed scientifically by applying the methods used in natural sciences; this position is widely known as *positivism*. In turn, researchers who subscribe to the constructivist approach argue that social science research is subjective and demands non-positivist methods. This view is known as *interpretivism* (Bryman & Bell, 2007).

5.2.1 Relationship of epistemology and ontology to business research

A key influence on comprehending the ontological and epistemological foundations of business research has been Burrell and Morgan's (1979) exposition of the four paradigms that they propose reflect the assumptions that researchers make about the nature of businesses and how we find out about them. This framework is treated by

scholars working on research methods for business studies as particularly helpful in summarizing and clarifying the ontological and epistemological underpinnings of management and business research (Bryman & Bell, 2007; Saunders *et al.*, 2007).

Burrell and Morgan offered a categorization of social science paradigms and argued that each paradigm entails assumptions that can be classified as either:

- Objectivist: businesses consist of certain processes or structures and thus can be analysed from an external point of view; or
- Subjectivist: businesses are socially constructed and thus can be only analysed from the point of view of the individuals who are directly involved in their activities (Burrell & Morgan, 1979).

In addition, they maintained that each paradigm also makes assumptions about the nature of business research and proposed the following two categories:

- Regulatory: the purpose of business research is to describe what goes on in organizations, possibly propose minor changes that might improve it but not to make any judgement of it; and
- Radical: the purpose of business research is to make judgments about the way organizations ought to be and make suggestions about how this could be succeeded (Burrell & Morgan, 1979).

Drawing on these assumptions Burrell and Morgan proposed their four paradigm framework:

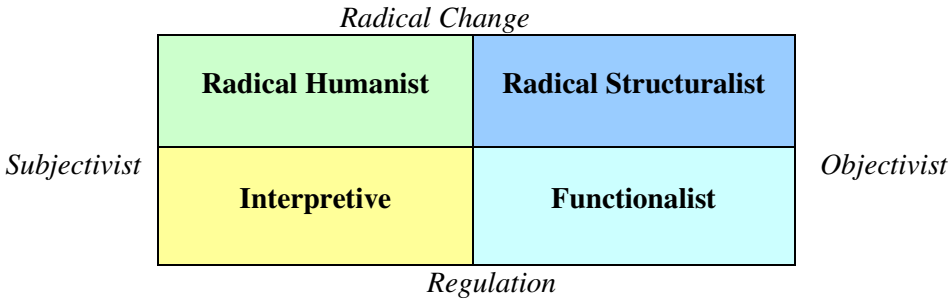


Figure 5-1: Burrell and Morgan's Four Paradigms for the Analysis of Social Theory

(Adapted from Saunders *et al.,* 2007)

In the bottom right corner of the rectangle is the *Functionalist paradigm*, which is located on the objectivist and regulatory dimensions. Objectivism is the ontological assumption a scholar is likely to adopt if he/she operates within this paradigm. It is regulatory in the sense that a researcher will be more concerned with a rational explanation of why a particular business problem occurs. As Burrell and Morgan (1979, p. 26) note the functionalist paradigm 'is often problem-oriented in approach, concerned to provide practical solutions to practical problems'. In the bottom left corner of figure 5-1, is the *Interpretive paradigm*. Far from emphasizing rationality, a scholar working within this paradigm would be preoccupied with understanding any irrationalities existent in an organization. For instance, concern with studying business strategy may soon turn to understanding the ways in which management's intentions become derailed for completely unseen reasons; reasons which are not apparently related to business strategy (Saunders*, et al.*, 2007).

In the top left corner, within the subjectivist and radical change dimensions, one might find the *Radical Humanist paradigm*. A scholar working within this paradigm would adopt a subjectivist (constructivist) ontological perspective and attempt to 'articulate

ways in which humans can transcend the spiritual bonds and fetters which tie them into existing social patterns and thus realise their full potential' (Burrell and Morgan, 1979, p. 32). Finally, in the top right corner of the rectangle is the *Radical Structuralist paradigm*. Focusing on structural patterns such as hierarchies and reporting relationships, scholars working here will attempt to achieve a fundamental change on organizational life. In contrast with the previous paradigm, in which scholars attempt to understand the meaning of social phenomena from the subjective perspective of participating social actors, researchers adopting this perspective take on an objectivist perspective as they deal with objective entities (Bryman & Bell, 2007; Burrell & Morgan, 1979; Saunders*, et al.*, 2007).

Despite the recognition of Burrell and Morgan's work, one of the most significant areas of controversy regarding their model has to do with how fixed the proposed boundaries are in business research. Burrell and Morgan argued that a synthesis between paradigms is impossible as these were founded upon a commitment to fundamentally opposing beliefs (Jackson & Carter, 1991). However, since the research by Burrell and Morgan was published there have been scholars who claim that the boundaries between paradigms are not as clear as the two authors suggest (Bryman & Bell, 2007).

5.2.2 Mixing different paradigms

Within business research, it has become more and more common to combine different paradigms by using 'whatever methodological tools are required to answer the research questions under study' (Teddie & Tashakkori, 2009, p.7). This has opened way for the so-called 'triangulation' of results. The essential idea of triangulation is that the combined use of various sources, methods, and theories endows the study with

substantiation and completeness (Arksey & Knight, 1999; Modell, 2009). Triangulation may take different forms including:

- *Methodological triangulation*: refers to the use of a research design that draws on different methods for data collection and interpretation;
- *Data triangulation*: denotes the use of diverse sources of data to the analysis of the same phenomenon;
- *Investigator triangulation*: implies the use of various researchers, interviewers or observers in a study;
- *Theoretical triangulation*: entails approaching a research from various theoretical perspectives and hypotheses (Arksey & Knight, 1999; Denzin, 1970).

Scholars who acknowledge that the combination of different paradigms is feasible and that the differences between quantitative and qualitative methods are not fixed and ineluctable, claim that when used in combination, quantitative and qualitative methods complement each other and allow for a more robust analysis, taking advantage of the strengths of each approach (Ivankova*, et al.*, 2006; Miles & Huberman, 1994; Modell, 2009; Teddie & Tashakkori, 2009; Wolfram Cox & Hassard, 2005). Howe (1988) maintained that quantitative and qualitative methods are compatible and suggested that 'the compatibility thesis supports the view, beginning to dominate practice, that combining quantitative and qualitative methods is a good thing and denies that such a wedding is epistemologically incoherent' (p.10). Mixed method researchers maintain that both strands of research are important and useful. The goal of mixed methods research is not to replace either of these approaches but rather to draw from the strengths and minimize the weaknesses of both in single research studies and across studies (Johnson & Onwuegbuzie, 2006).

The main criticism of mixed-method research lies on the ontological and epistemological underpinnings of a study. The ontological critique is that it is impossible to combine a view of social phenomena as stable and objectively verifiable with a view of social meanings as mainly constituted by subjective experiences (Ahrens & Chapman, 2006). Critics argue that scholars who attempt to do that end up with an eclectic mix of research practices with incompatible ontological points of departure (Modell, 2009). In turn, the epistemological critique is that researchers are not detached from the social phenomena they analyse and that it is impossible to ignore 'the context-bound and skilful character of social interaction' (Silverman, 1993, p.158). Drawing on these two critiques, some scholars have questioned the usefulness of triangulation and its legitimacy as a validation technique (Ahrens & Chapman, 2006; Llewellyn, 2007).

Mixed-method researchers respond to the above criticisms by positing a different paradigm: pragmatism (Howe, 1988; Maxcy, 2003; Morgan, 2007). Table 5-1 illustrates the main points of this paradigm. Pragmatism offers a third alternative to the either-or choices argued by the incompatibility thesis. With reference to ontology, the pragmatist point of view regarding reality consists of two parts: on the one hand, pragmatists concur with positivists' view of an external independent reality. On the other hand, pragmatists' view of reality is not seen as a theory or definition but as the pragmatists' attempt to say something interesting about the nature of truth (Howe, 1988; Teddie & Tashakkori, 2009).

General characteristics of Pragmatism
• The project of pragmatism has been to find a middle ground between philosophical dogmatisms and scepticism and to find a workable solution (sometimes including outright rejection) to many longstanding philosophical dualisms about which agreement has not been historically forthcoming.

- Rejects traditional dualisms (e.g., rationalism vs. empiricism, facts vs. values, subjectivism vs. objectivism) and generally prefers more moderate and commonsense versions of philosophical dualisms based on how well they work in solving problems.
- Recognizes the existence and importance of the natural or physical world as well as the emergent social and psychological world that includes language, culture, human institutions, and subjective thoughts.
- Places high regard for the reality of and influence of the inner world of human experience in action.
- Knowledge is viewed as being both constructed and based on the reality of the world we experience and live in.
- Replaces the historically popular epistemic distinction between subject and external object with the naturalistic and process oriented organism-environment transaction.
- Endorses fallibilism (current beliefs and research conclusions are rarely, if ever, viewed as perfect, certain, or absolute).
- Theories are viewed instrumentally (they become true and they are true to different degrees based on how well they currently work; workability is judged especially on the criteria of predictability and applicability).
- Endorses eclecticism and pluralism (e.g., different, even conflicting, theories and perspectives can be useful; observation, experience, and experiments are all useful ways to gain an understanding of people and the world).
- Endorses a strong and practical empiricism as the path to determine what works.
- Views current truth, meaning, and knowledge as tentative and as changing over time. What we obtain on a daily basis in research should be viewed as provisional truths.
- Prefers action to philosophizing (pragmatism is, in a sense, an anti-philosophy).
- Endorses practical theory (theory that informs effective practice; praxis).
- Offers the 'pragmatic method' for solving traditional philosophical dualisms as well as for making methodological choices.

Table 5-1: Main features of Pragmatism

(Adapted from Johnson and Onwuegbuzie, 2006)

Regarding epistemology, pragmatists challenge the presence of a distinct contrast between objectivity and subjectivity and argue that epistemological issues exist on a continuum rather than on two opposite poles (Teddie & Tashakkori, 2009). Thus, pragmatists choose a more flexible approach and let the research question guide the choice of theories and methods. At some point, during the research process, the researcher and the participants may require a highly interactive relationship to answer

complex questions. At other points, the researcher might not need interaction with the participants, such as when testing a priori hypotheses using quantitative data that have already been collected or when making predictions on the basis of a large-scale survey (Teddie & Tashakkori, 2009).

In a similar vein, Maxcy (2003) proposes that there might be a middle ground between scholars working within the functionalist and interpretive paradigms (see figure 5-1). With reference to ontology, Maxcy (2003) maintains that reality is not strictly based on subjective views and that there is room for a consensus regarding the nature of the world. In terms of epistemology, the scholar argues that although researchers are actively involved in the construction of knowledge, they tend to come to some sort of agreement regarding the nature of social phenomena. In this sense, the validity of certain theories and methods used for analysing social phenomena is mainly treated as 'a matter of arriving at some socially negotiated consensus concerning what 'works' in terms of answering specific research questions in a particular research setting' (Modell, 2009, p. 211).

Identifying what 'works' when answering a research question is vastly important as in the real world of research it is the continuum of philosophical underpinnings, rather than dichotomous distinctions, that offers a more accurately depiction of the positions of most researchers (Teddie & Tashakkori, 2009). As Teddie and Tashakkori (2009) argue, it is more accurate to say that, for example, scholars' views about the role of values in their work range from those who believe that inquiry is value free to those who believe that inquiry is value bound, with numerous intermediary approaches.

5.2.3 Epistemological and ontological issues associated with the study

The purpose of this study is to investigate how CSR is actually implemented at the firm level, and on the factors that influence this implementation. As it has been explained, to succeed in its aim the study uses International Certifiable Management Standards as proxy indicators of CSR practices. Therefore, inherent in this exploration was an understanding of the following:

- Why firms adopt ICMS;
- How firms implement ICMS; and
- In which context firms implement ICMS.

This researcher shares the view of Johnson and Onwuegbuzie (2006) that, although at the moment mixed method research is not in a position to provide perfect solutions, it is appropriate to adopt a method and philosophy that bring together the insights provided by qualitative and quantitative research into a feasible solution. Also, this researcher agrees with other mixed-method researchers that a pragmatic view on research can be productive because it offers an immediate and valuable middle position philosophically and methodologically (Maxcy, 2003; Morgan, 2007; Teddie & Tashakkori, 2009)

The either-or approach was rejected as a means of identifying the influence of CSR on business practice as the study was based on the following two premises:

a) on the one hand, this research subscribes to an objectivist view on CSR since the topic is treated as an element of objective reality, which reveals itself through the implementation by companies of a series of measures for reducing the environmental impacts of their operations, enhancing health and safety in the

workplace, etc. These measures have certain 'real' properties independent of individuals;

b) on the other hand, the research employs a subjectivist view on CSR as it is acknowledged that the way individual actors respond to CSR measures might vary and follow less deterministic patterns.

Accordingly, to analyse the topic in the most comprehensive manner a mixed methodology has been chosen.

5.3 Research Design

In the mixed methods literature, one may find around forty mixed-methods research designs (Ivankova, *et al.*, 2006). Two of the most well known ones are the parallel mixed designs and the sequential mixed designs (Teddie & Tashakkori, 2009). In the former case, the quantitative and qualitative phases of a study occur in a parallel manner. These phases deal with similar aspects of the same research questions. In sequential mixed designs, the quantitative and qualitative strands occur in chronological order and research questions for one phase depend on the previous (Teddie & Tashakkori, 2009).

Within sequential mixed designs, one of the most popular research designs is the sequential explanatory design (Ivankova, *et al.*, 2006). This design involves collecting and analysing first quantitative and then qualitative data in two consecutive phases within one study (Ivankova, *et al.*, 2006; Teddie & Tashakkori, 2009). The rational for this approach is that the quantitative data and their subsequent analysis provide a general comprehension of the research topic. The qualitative data and their analysis

refine and explain those statistical results by looking at participants' views in more depth (Ivankova, *et al.*, 2006). The strengths of this approach include straightforwardness and opportunities for the exploration of the quantitative results in more detail while its weaknesses are lengthy time and feasibility of resources to collect and analyse both types of data (Ivankova, *et al.*, 2006).

This study adopts the sequential explanatory research design as it initially aims to develop a general understanding of the research problem through quantitative data, and then to elaborate on the quantitative results and explain these results by exploring respondents' views in more depth through qualitative data. To succeed in its objectives the study relies on the two methods of data collection most commonly used in social sciences: surveying and interviewing (Bryman & Bell, 2007; Czaja & Blair, 2005). Survey has been chosen because it enables the identification of certain typical characteristics of the subject of research (Czaja & Blair, 2005); in this study, these characteristics related to the adoption of ICMS by certified firms. On top of that, survey has been selected due to lack of public data on the variables included in this study (Christmann & Taylor, 2006; de Andrés-Alonso*, et al.*, 2010). Furthermore, surveys, through anonymous self-administered questionnaires, facilitate data collection on potentially embarrassing and sensitive topics; respondents seem to give more truthful answers as the anonymity of the questionnaire exempts them from any social imperatives (Czaja & Blair, 2005). In this way, a survey may result in more accurate depiction of reality.

In addition to a survey, interviews were chosen as a data collection method as they offer greater flexibility comparing to other methods of data collection (Bryman & Bell, 2007)

and facilitate the gathering of more thorough data on the issues identified in the questionnaires. Additionally, interviews allow for probing and enable the researcher to pick up nonverbal cues from respondents. For instance, any discomfort, stress and problems that the respondent may experience can be noticed through frowns, nervous taping and other body language, unconsciously exhibited by the interviewee (Arksey & Knight, 1999; Gorden, 1980; Healey & Rawlinson, 1994).

This study achieves (a) methodological triangulation by using different methods of analysis (b) theoretical triangulation by analysing the research topic from various theoretical perspectives and (c) data triangulation by tapping different data sources. With reference to the latter, managers responsible for the implementation of ICMS were targeted by the survey and Chief Executive Officers (CEOs) or General Managers were approached for the interviews.

The choice of respondents was not incidental. CEOs and General Managers usually project the company's will on how things should be done while the managers responsible for the implementation of ICMS are the ones who provide a more realistic view as they are the ones who know exactly how the standard has been applied. By targeting those two groups of people, this study was able to combine different sources of information and obtain more reliable data.

The use of multiple informants has been suggested by several scholars (e.g. Bagozzi*, et al.*, 1991; Golden, 1992; Seidler, 1974) who argued that by doing so the validity and reliability of a study increases. However, some have criticized this approach due to the possibility of obtaining opposite views on similar issues. Kumar *et al.* (1993) argue that

aggregating responses from two different sources in order to construct a single organizational response and submitting them for statistical analysis suffers from significant shortcomings. For this reason, it was not the intension of this study to statistically analyse responses coming from both sources of informants. Thus, the survey's responses were analysed quantitatively while the interview ones qualitatively.

Data obtained through survey combined with data collected through interviews provide breadth and depth in terms of understanding the use of ICMS by firms. *Quantitative analysis*, based on survey results, sheds light on *why* companies adopt ICMS, *how* they implement them and *in which context*. Additionally, *qualitative analysis*, based on the outcomes of semi-structured interviews, makes it possible to add depth and texture to the account of the issues revealed by the survey. The cross-checking of the quantitative results improves confidence in findings and enables this research to combine 'the specificity and accuracy of quantitative data with the ability to interpret idiosyncrasies and complex perceptions, provided by qualitative analysis' (Zamanou & Glaser, 1994, p. 478). Figure 5-2 illustrates the research design of the study.

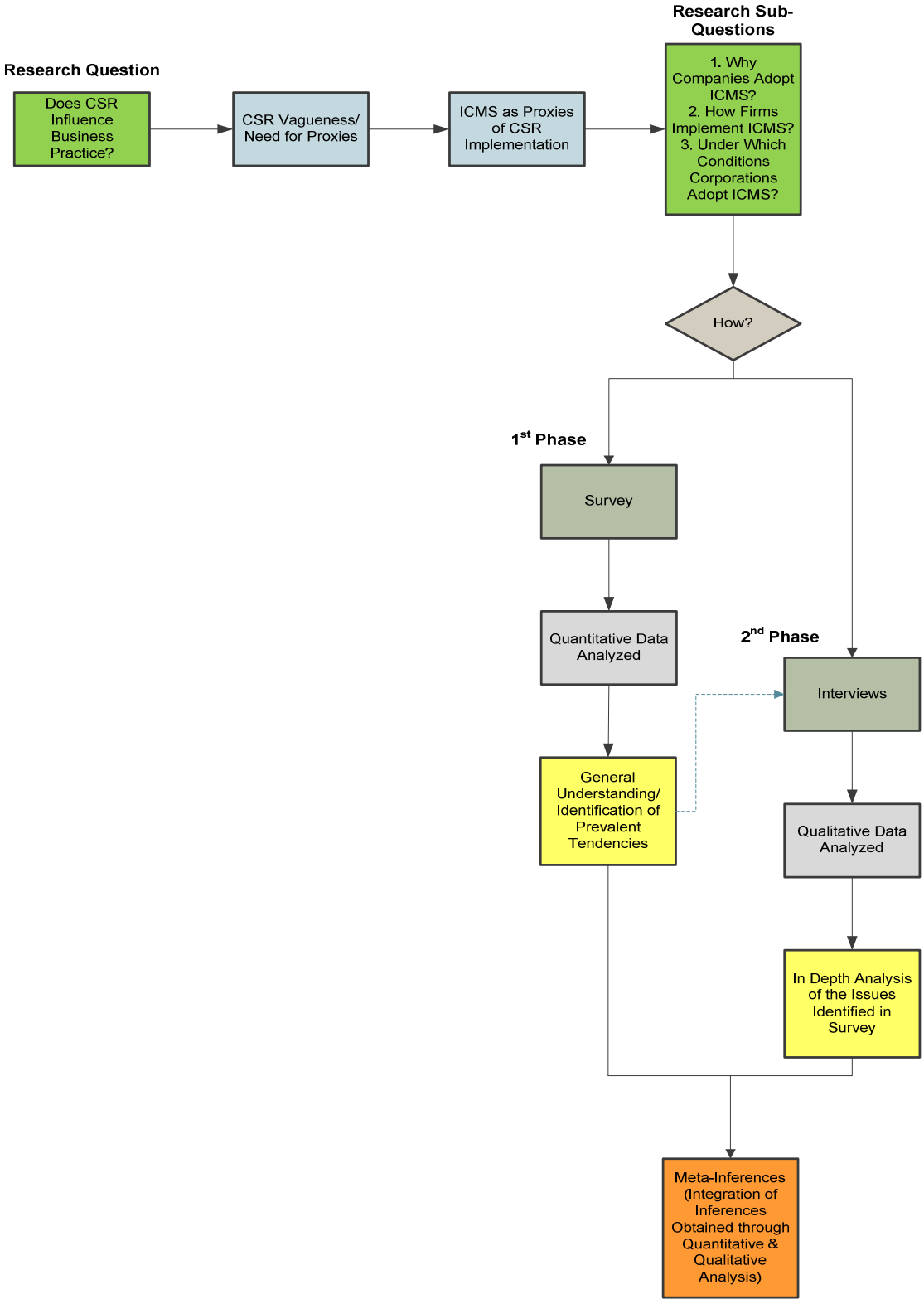


Figure 5-2: Research Design of the Study

5.4 Research Setting

The empirical study of this project is based on a survey and semi-structured interviews conducted in Greece. Despite preoccupation with Greece these days, the country provides an interesting research setting for several reasons. First, it mirrors the massive expansion of management standards in the EU environment where the number of certificates increased from approximately 5,000 in 1993 (ISO, 1997) to more than 540,000 in 2008 (ISO, 2008). Similarly, the number of certificates in Greece increased from an estimated 30 in 1993 (Lipovatz*, et al.*, 1999) to more than 8,000 in 2008 (Tapinos, 2008).

Second, due to the fact that most accounts on CSR come from USA, western European countries and China, researchers have called for further empirical investigation of CSR practices in other institutional contexts in order to enrich knowledge on the topic (Lee, 2008; Lindgreen & Swaen, 2010). The relatively unexplored, in terms of CSR, institutional context of Greece provides firm ground for responding to such calls.

Third, Greece represents a dynamic business environment that provides an opportunity to analyse how firms cope with a changing setting. By taking into account that the implementation of CSR practices takes place within a constantly changing business environment, especially in the context of globalisation, the latter provides valuable insights into the implementation of CSR.

Fourth, with Greece experiencing the impact of the 2008 financial meltdown more acutely than most other European states, this offers an interesting empirical setting for analysing what priority firms allocate to CSR within the current economic climate.

5.5 Data Collection - Survey

5.5.1 Sample and data collection

A multi-stage cluster sampling was employed for the identification of the sample. The sample consisted of certified large, medium and small companies engaged in commerce, manufacture and services. Moreover, the sample was drawn from the county of Attica because it is the dominant region of Greece in terms of economic activity, accounting for half of the Greek GDP (NSSG, 2005). Choosing a geographically limited sampling frame has the advantage of guaranteeing that all companies sampled share the similar cultural and institutional context. Thus, all firms contained within the sample are likely to face similar levels of scrutiny insofar as they conform to the same social and environmental demands and hence can be analysed alike (Berrone & Gomez-Mejia, 2009; Hoffman, 2001; Long & Driscoll, 2008).

Assuming a response rate of about 10% - common for large-scale mail survey research (De Pelsmacker & Janssens, 2007; Dillman, 2000) - an estimated total of 1,000 questionnaires was planned to be distributed. This mailing sample was large enough to obtain a statistically usable dataset but small enough to ensure a manageable, cost-effective sample, which would allow a follow-up to secure a high response rate. In order to increase the response rate, respondents were offered the option of answering the questionnaire via a web-site. This gave the advantages of low cost and the speed of data collection (Czaja & Blair, 2005).

The electronic version of the instrument was designed using the SurveyMonkey software, which enabled the creation of attractive professionally looking instruments and offered many features that simplified summarizing and the initially analysis of the

collected data. To insure that the electronic version was completed only once the survey was locked and it could not be completed twice by the same IP Address. Moreover, to insure that only the sampled individuals complete the survey, questionnaires were addressed to the persons responsible for the implementation of ICMS. In all cases, questionnaires were accompanied by a cover letter, which explained the purpose of the research and encouraged participation in the study (see Appendix 5-1). The mailing of questionnaires also included a postage prepaid envelop for return.

As mentioned earlier, respondents were managers responsible for the implementation of the standards in each surveyed company. These managers have also been surveyed by other studies involving ICMS as they are the most knowledgeable and appropriate persons to complete a questionnaire on standards (Christmann & Taylor, 2006). This approach is consistent with the selection of key informants, well-informed on the issues considered because of their role within the company (Campbell, 1955; Squire*, et al.*, 2009). The argument behind the key informant method is that by choosing subjects with in depth-knowledge of the issues under analysis ensures high quality of responses (Kumar*, et al.*, 1993).

The identification of the survey sample was very time consuming and difficult because of the absence of any official database of certified companies in Greece. Although there are two organizations publishing the names of certified companies, their data did not meet the requirements of this study since the first one, ICAP, publishes the names of certified companies only relating to ISO 9000 whilst the database compiled by the second one, Quality Net, contains too many inaccuracies. Thus, it was decided to contact the certification bodies directly in order to request access to their client lists.

Preliminary meetings with certification bodies' representatives took place during the summer of 2008. Due to the fact that certification bodies operating in the Greek market are very reluctant to reveal the details about their customers, access was limited to only the names but not the addresses of 3,981 companies (i.e. almost 50% of all certified companies in Greece). An internet search engine was used to get the addresses of these companies. Of the total number of companies, 636 did not have a web-site and there was no other information available about them. Of the rest 3,345 companies, 1,024 firms (30.6%) were found to operate in the county of Attica.

The survey was fielded from the 18th November 2008 until 31st of January 2009 and included two reminders. The first reminder was sent after 15 days of the original mail shot. It did not prove very successful as it produced only 3 additional responses. However, by using a feature of the Survey Monkey software, it was possible to track the non-respondents. The second reminder proved to be more successful as 21 companies replied to it. Of the total number, 38 envelopes were not delivered because the addressees were not found. This reduced the total sample at 986 companies.

By the survey's closing date, 221 questionnaires were returned securing a response rate of 22.4%. Of these, 10 responses had to be excluded from analysis as these questionnaires were only partially completed. In the end, 211 replies were accepted as valid, reducing the response rate to 21.4%. The latter is above the typical response rate for large-scale mail survey research (De Pelsmacker & Janssens, 2007; Dillman, 2000). Furthermore, the final sample of 211 companies represents a sample size consistent with (and exceeding many) other similar studies (e.g. Christmann & Taylor, 2001, sample of 100 replies; Christmann & Taylor, 2006, sample of 172 responses; Delmas, 2001,

sample size of 55; Gonzalez-Benito & Gonzalez-Benito, 2005, sample of 184 firms; Salomone, 2008, sample size of 103; Weaver*, et al.*, 1999, sample of 128 companies).

Respondents' preferences on the medium used to answer the questionnaire were almost equally shared between the electronic and hard copy format. More specifically, 105 participants preferred to answer the instrument electronically whereas 116 favoured the hard copy format.

To evaluate the representativeness of the mailing sample, it would have been ideal to compare respondents with non-respondents along several characteristics. Unfortunately, as it was already mentioned, there are no data on non-respondents making such an analysis impossible. Following the literature (Armstrong & Overton, 1977; Fowler, 1995; Oppenheim, 1966), it was, however, decided to evaluate the non-response bias by comparing early and late respondents. This method is widely used (e.g. Datta*, et al.*, 2005; Escribá-Esteve*, et al.*, 2009; Luo*, et al.*, 2009; Squire*, et al.*, 2009) on the assumption that late respondents (those who replied after the second reminder) are very similar to non-respondents, given that they would have fallen into that category had not the second reminder been mailed (Pérez-Nordtvedt*, et al.*, 2008). To establish the bias, early versus late respondents were compared along the variables used in hypotheses testing. T-tests showed no significant differences (see Appendix 5-2), suggesting sample representativeness and indicating that the survey's sample does not suffer from a non-response bias (Aulakh & Gençtürk, 2008; Datta*, et al.*, 2005; Heavey*, et al.*, 2009).

The reliability of self-reported data was assessed by randomly contacting, through telephone, 10 companies chosen from the survey sample (Lazzarini*, et al.*, 2008).

Information was asked on issues raised in the questionnaire. The information collected was then checked against the responses of the questionnaire. No bias was identified in the data provided by the respondents.

Of the 211 firms that provided valid responses, 84.4% were micro, small and medium enterprises (MSMEs), with 12.8% having 0-9 employees, 43.6% employing 10-49 staff members and 28% having 50-249 employees. Also, another 15.6% percent of companies can be classified as large having 250-3,000 employees. These results match official data on the Greek economy, in which MSMEs are reported to have an immense presence in the national market with the share of 99.55% (EOMMEX, 2009). The largest group of respondents were engaged in the service sector (37.86%), followed by commercial (30.81%) and manufacturing firms (30.33%). No mining/ quarrying or agriculture firms participated in the survey as very few such companies operate in the county of Attica. The industry distribution of the surveyed companies largely corresponds with that of the Greek market: service (37.51%), commerce (34.73%), and manufacturing (22.92%)[8] (NSSG, 2008).

Furthermore, the vast majority of the firms that provided valid responses (95.2%) were ISO9001 certified (consumer/ employee protection). A fourth of them were ISO14001 (21.8%) and EMAS (3.3%) certified (environmental protection), while 14.2% had adopted ISO22000/ HACCP (consumer/ employee protection). A minority of the responded companies were certified by OHSAS18001 (9.4%) and SA8000 (2.36%) (employee protection and labour rights). These results reflect the distribution of

[8] The missing 4.84% represents mining/ quarrying and agriculture.

certification in Greece overall where ISO9001 is the most popular standard followed by ISO14001 and ISO22000 (ISO, 2008).

Additionally, the majority of ISO9001 certified firms were in service sector followed by commerce and manufacture companies. Environmental management standards (ISO14001, EMAS) and health and safety management standards (OHSAS18001/ELOT1801) were very popular among manufacture businesses. More specifically, half of the 14001 and OHSAS18001/ELOT18001 certified companies were manufacture firms. This is not surprising since these corporations have significant environmental impacts and their operations entail high risks for their employees. On the other hand, food standards like ISO22000 seemed to be widespread in the commerce sector (46.7%) followed by the manufacture sector (36.7%). Table 5-2 presents the profile of the surveyed firms.

Characteristic	Industry								
	Services		Commerce		Manufacture		TOTAL		
	N	Percentage within each category	N	Percentage within each category	N	Percentage within each category	**N**	**Percentage within each category**	**Percentage within total sample**
(a) Firm Size[9]									
0-9 employees	14	51.8%	10	37%	3	11.2%	**27**	**100%**	**12.8%**
10-49 employees	37	40.2%	27	29.3%	28	30.5%	**92**	**100%**	**43.6%**
50-249 employees	18	30.5%	21	35.6%	20	33.9%	**59**	**100%**	**28%**
>250 employees	13	39.4%	7	21.2%	13	39.4%	**33**	**100%**	**15.6%**
(b) Standard									
ISO9001	81	40.2%	60	29.9%	60	29.9%	**201**	**100%**	**95.2%**
ISO14001	14	30.4%	8	17.4%	24	52.2%	**46**	**100%**	**21.8%**
EMAS	1	14.3%	0	0%	6	85.7%	**7**	**100%**	**3.3%**
OHSAS18001	7	35%	3	15%	10	50%	**20**	**100%**	**9.4%**
ISO22000	5	16.6%	14	46.7%	11	36.7%	**30**	**100%**	**14.2%**
SA8000	4	75%	1	25%	0	0%	**5**	**100%**	**2.36%**
Other	8	50%	5	31.2%	3	18.7%	**16**	**100%**	**7.5%**

Table 5-2: Characteristics of the Survey Sample

5.5.2 Questionnaire

The instrument was designed to collect information on firms' motivations for adopting ICMS, on the way companies apply these standards and on the context in which this implementation takes place. Whenever construct items used in previous studies existed, these were taken into account. In cases in which the literature was silent, new items were developed with the help of academics and managers. These two groups also helped in refining the wording of the survey and checking the overall validity of questions.

[9] The categorisation of the firms' sizes is based on the SME definition of the European Commission.

The final instrument consisted of 23 questions, including questions requesting background information about the firm (e.g. size, year of establishment, etc), questions requesting answers on rating scales (e.g., 1 to 5 = very significant to not significant; always to never), list questions (e.g. tick the appropriate box), category questions (e.g. once, twice, three times or more etc), one ranking question and two open questions.

To increase the effectiveness of the instrument and secure its reliability, several considerations were taken into account. Special care was taken to make the questions clear and easily understood by respondents. All questions related to firsthand experience of respondents and no hypothetical questions were used. The literature on surveying techniques points at the tendency of respondents to present themselves better in surveys (Fowler, 1995; Locander*, et al.*, 1976). To address this issue, questions were formulated in a way that helped to minimise possible distortions. For example, the questions were not personal and answering them did not expose the personality of respondents since the respondents were not required to provide either their name or the name of the company. In this way, respondents could answer freely the questions without having concerns about what may be interpreted as socially desirable/ acceptable and what not. Some other issues highlighted in literature (Fowler, 1995) were also taken into account:

- Respondents were asked for information that they had;
- The questions were repeated (differently formulated) to increase the accuracy of the answers and the validity of the information;
- Respondents were asked questions that could easily remember the answer;
- Questions were designed in such a way that respondents did not feel that their answers would be used for unfavourable criticism;

- The terminology used in the questionnaire was known to all respondents and there was no need of explaining the terms and providing definitions; and
- All questions referred to a specific period of time i.e. the adoption of the standard/s and onwards.

Based on Saunders *et al.* (2007), the questions were put in a particular order. More straightforward questions, which were obviously relevant to the stated purpose of the survey, were placed at the beginning of the questionnaire. More complex questions were placed towards the middle of the instrument whereas more sensitive and personal ones were placed towards the end of it. In this way, a logical flow of questions for respondents was assured.

The use of open-ended questions was minimized and inappropriately complex terms were avoided. The wording of the questions included some terms (e.g. symbolic implementation) that are widely used by the professional group to which the questionnaire was addressed. The decision on the length of the instrument was made after consulting the relevant literature. An average length that is perceived as acceptable in the literature ranges between four and eight A4 pages (Saunders*, et al.*, 2007). Therefore, for creating an effective and not time-consuming instrument a length of four A4 pages was chosen.

Prior to its pilot-testing, the instrument was translated from English into Greek and from Greek back into English by two academics (one working in the UK and the other in Greece). Both are Greek native speakers and have excellent command of English. In

this way, it was assured that the questions did not lose their meaning during the translation procedure.

The pilot-test of the instrument took place in October 2008, both in the UK and in Greece. It aimed at testing the effectiveness of the questionnaire, identifying possible problems in data collection and setting the stage for the survey (Teddie & Tashakkori, 2009). Through this phase the following issues were clarified:

- The time typically needed for the completion of the instrument;
- Questions which could be unclear to respondents;
- Questions which the respondent did not feel comfortable answering;
- Questions that the respondents felt should be added to the questionnaire;
- The presentation of the instrument; and
- Whether the layout was clear (Bell, 2005).

Following recommendations available in relevant literature (Fink, 2003), the instrument was pilot-tested with 13 respondents. The testing phase had two stages. First, the instrument was sent to four academics, three of them working in the UK and one in Greece. After receiving their comments, regarding the format of the questions and their potential for data analysis, some necessary amendments were introduced. Next, the questionnaire was sent to nine Greek companies. To ensure that the pilot sample was inclusive, the selection of pilot organisations included 3 small companies, 3 medium companies and 3 large ones. Each subgroup included firms representing services, commerce and manufacturing. All pilot firms were located in the region of Attica where the survey sample was drawn from. Fortunately, all nine companies responded, giving valuable feedback about the content and structure of the instrument. As a consequence,

the questionnaire was further amended to include two additional questions on the way companies implement their standards. Appendix 5-3 presents the survey's questionnaire.

5.5.3 Variables

Apart from general background and contextual information, the instrument sought information that would permit the development of quantitative indicators in the three areas of interest: (a) breadth of ICMS adoption, (b) depth of ICMS adoption and (c) context of ICMS implementation. To do so, the instrument used variables that either had been previously adopted by other studies or were original to this research. Identification of existing measurement instruments were accomplished through an extensive literature search. Unless otherwise noted, the survey items were measured on a five-point Likert scale. All variables are explained in detail in the consecutive sections. Table 5-3 below provides a summary of the variables used in the questionnaire.

Variable	Refers to:
Peer pressures	The percentage of certified firms within an industry.
Motives	The influence of various motives on firms' decision to adopt an ICMS.
Early-late adopters	The number of years a firm implements an ICMS.
Frequency of internal audits	The number of annual internal audits conducted by the firm.
Major non-conformances	The number of major non-conformances.
Secondary non-conformances	The number of secondary non-conformances.
Daily use of ICMS documents	The extent to which companies use the ICMS documents on daily basis.
Content change of ICMS documents	The extent to which companies' change the content of their ICMS documents prior to external audits.
Number of persons	The number of persons involved in the implementation of an ICMS.
Contribution of standard's key features to firms' operations	The contribution of ICMS major-requirements to the firm's operations.
Awareness of the objectives, targets and indicators	Respondents' knowledge of the objectives, targets and indicators set within the context of the ICMS implementation.
Signalling	The use of the ICMS logo as a signal of good CSR performance.
Firms' perceptions of stakeholders' awareness of ICMS	Firms' perceptions of customer and government awareness of ICMS.
Sanctions	The sanctions imposed on the firm in case of non-compliance to the standard's requirements.
Institutional environment	The influence of EU and National Legislation on the adoption of ICMS.

Table 5-3: Summary of Variables Used in the Questionnaire

- **Breadth of ICMS adoption**

- *Peer pressures:* The literature suggests that companies may adopt an innovation not because of its effectiveness but due to pressures from other companies that have already adopted this innovation (Abrahamson, 1996; Bansal & Hunter, 2003; Bansal & Roth, 2000; Haverman, 1993; Kraatz & Zajac, 1996). Thus, some innovations may diffuse even if their benefits for some adopters are questionable. To identify peer pressures, participants were asked to state the percentage of certified firms in their industry (1=less than 20%, 5=more than 80%) and to rate the degree of competitiveness in their sector (1=not strict, 5= very strict).

- *Motives:* The literature suggests that firms adopt CSR practices, such as ICMS, for a number of external and internal reasons (Anderson*, et al.*, 1999; Bansal & Hunter, 2003; Corbett & Kirsch, 2001; Delmas & Toffel, 2003; Morrow & Rondinelli, 2002). The most widely quoted motives are:
  - Improved relations with local community;
  - Improved relations with governmental authorities;
  - Fulfilment of EU requirements;
  - Improved relations with NGOs;
  - Pressures from other certified companies;
  - Access to international markets;
  - Satisfaction of domestic market requirements;
  - Satisfaction of customer requirements;
  - Increase in sales;
  - Cost savings;
  - Greater productivity;

- Improved financial performance;
- Acknowledging social responsibility.

Participants were asked to rate these items using a Likert scale (1= not important, 5= very important). In addition, they were asked to rank these items and choose the three most important ones.

➢ **Depth of adoption**

- *Early-late adopters*: According to the literature, early and late adopters of a practice face different pressures from the institutional environment and may implement the same practice differently (Oliver, 1991; Powell and DiMaggio, 1991; Scott, 1987a, Tolbert & Zucker, 1983; Westphal et al, 1997). It is argued that early adopters are mainly interested in the technical efficiency of the practice whereas late ones adopt it for legitimacy purposes. Therefore, early adopters are more like to implement the practice in a substantial way whereas late adopters to do so in a symbolic way, meaning that they do not conform to the essential requirements of the practice. To divide adopters of ICMS into early and late ones, respondents were asked to state the year they started implementing the standard.

- *Frequency of internal audits*: Practical experience suggests that for a standard to work effectively, it is necessary to have more than one audit per year, the minimum required by the standard itself. A single audit per year does not reveal credible information on the application of the standard. In order to collect information on its application, identify areas for improvement and implement any corrective actions the firm needs to have frequent audits, i.e. two or more (Tapinos, 2008; TÜV Hellas, 2008).

Participants were asked, therefore, how often they internally audit each standard (don't know, once, twice, three times or more).

- *Major-non-conformances*: As it has already been stated (see Chapter 3, § 3.4), in order to get and maintain a certificate the firm must not have any major non-conformances. Existence of a major-non-conformance will suggest that the firm does not apply a major requirement of the standard. The more major-non-conformances the firm has, the less it adheres to the standard's requirements. Participants were asked how many major non-conformances an internal audit reveals on average (none, one, two, three, four or more).

- *Number of secondary non-conformances*: This variable was used to distract the attention of respondents from the topic of interest, which was major-non-conformances. Secondary non-conformances do not provide any valuable information as there is no limit for the number that a firm may have. Also, in contrast to major-non-conformances, the secondary ones are of minor importance. Participants were asked how many secondary non-conformances an internal audit reveals on average (none, one, two, three, four or more).

- *Daily use of ICMS documents*: The literature uses as indicators of substantial versus symbolic implementation[10] the daily use of the standard's documents (Christmann & Taylor, 2006; Naveh & Marcus, 2004). This indicator reveals information on whether the company is truly interested in gaining the benefits related to the standard by using the documents created in the context of its implementation.

[10] Substantial implementation: the firm will fully commit to ICMS requirements. Symbolic implementation: the firm will not genuinely attempt to conform to ICMS requirements.

Participants were asked specify the extent to which they use the standard's documents (1=not at all, 5=to a large extent).

- *Content change of ICMS documents*: This variable has been used by previous studies (Christmann & Taylor, 2006; Naveh & Marcus, 2004) as an indicator of the way firms implement a standard. It provides information on the extent to which the firm manipulates information with the intention to mislead the auditors. Participants were asked to define the extent to which they change the content of the standard's documents prior to external audit (1=not at all, 5=to a large extent).

- *Number of persons involved in the management team responsible for the implementation of the standard*: This variable reveals how much the firm is willing to invest in terms of human resources in the management and monitoring of the implementation of the standard/s. Depending on the firm's size, the more persons are assigned to the management team, the more effectively the standard/s will be applied (Tapinos, 2008; TÜV Hellas, 2008). Participants were asked to define the number of persons involved in the management team of the standard.

- *Contribution of standard's key features to firms' operations*: This variable provides information on how firms evaluate the contribution of standards' major requirements to their operations. It was mostly used to distract respondents' attention from the area of interest, i.e. the depth of adoption. Participants were asked to evaluate the contribution of standards' key features to the performance of their company (1=not important, 5=very important).

- *Awareness of the objectives, targets and indicators set within the context of the standard's implementation*: This parameter is crucial for the implementation of the standard since it enables firms to quantify their performance, compare results with previous years and set targets for improvement. Awareness of this parameter may be seen as a sign that the standard is implemented substantially. Participants were asked to indicate whether they were aware of the objectives, targets and indicators their company has set for the next year in a closed format (yes, no). In the event of positive answer, they were further asked to state a relevant example.

- *Signalling*: The literature suggests that firms may use ICMS certification as a signal of good practice with the objective of improving their societal acceptance (Jiang & Bansal, 2003; Lenox, 2006; Terlaak, 2007). To investigate the validity of this argument, four questions were used. Participants were asked to indicate: a) for how long they use the certification's logo on their web-site (1= never, 2= 1 year, 3= 2 years, 4= 3 years, 5= 4 years or more), b) the extent to which they use the standard's logo on their documents (1=never, 5= always), c) the extent to which they use the standard's logo on their products as a signal of good product quality, and d) whether they communicate the results of the audits to the public (1=never, 5= always).

➢ **Context of ICMS implementation**

- *Firms' perceptions of stakeholders' awareness of ICMS:* The literature indicates that stakeholder awareness influences the number of ICMS certificates in the country and affects the way in which firms apply standards (Castka*, et al.*, 2004b; Corbett & Kirsch, 2001). It is further argued that firms attribute great importance to stakeholder

support since it is this support that grants them legitimacy (Jiang & Bansal, 2003; Waddock*, et al.*, 2002).

In this study, firms' perception of stakeholder awareness was measured with the help of four questions. In accordance with the literature, which argues that customers and government are the most prominent sources for setting and maintaining standards of acceptability of corporate practices (Berrone & Gomez-Mejia, 2009; Deephouse, 1996; Galaskiewicz & Wasserman, 1989; Hoffman, 2001; Meyer & Rowan, 1977), the questions focused on these two groups of stakeholders.

The first one asked respondents to rate whether customers and governments can distinguish between companies implementing Corporate Social Responsibility (excluding philanthropy) and ones that do not (1=never, 5=always). The second question asked respondents to evaluate how well informed customers and government are about standards' implementation (1=don't know, 5=very well informed). The third question addressed the extent to which customers and the government request information from firms regarding the implementation of the standard/s (1=not at all, 5=to a large extent). Last, the fourth question asked respondents to indicate how often customers and government ask for certification to be included in the contracts with them (1=never, 5=always).

- *Sanctions*: The literature suggests that the effectiveness of a practice is strongly influenced by the sanctions imposed in the case of non-compliance (King & Lenox, 2000; Maitland, 1985; OECD, 2001). It is suggested that self-regulatory measures such as ICMS cannot be effectively applied without sanctions. Lack of sanctions encourages

opportunistic behaviour of some companies that can adopt a standard for disguising bad performance. The literature argues that without sanctions companies may adopt only the minimum requirements that are needed for improving their image and avoid real efforts. To address this topic, participants were asked to rate the strictness of the regulatory framework in case of symbolic implementation of the standard (1=not strict, 5= very strict). Also, they were asked to evaluate the significance of the consequences, namely certificate recall and reputation cost, their company may face in the case of non-compliance with standard's requirements (1= not significant, 5=very significant).

- *Institutional Environment*: The institutional environment plays an important role as a factor influencing the implementation of ICMS (Delmas, 2003; Jiang & Bansal, 2003). More specifically, the institutional environment can enforce the implementation of a practice through coercive forces such as laws and regulations. These forces influence heavily the adoption of a practice by firms as the stricter they are the more companies will adopt the practice. To evaluate the influence of institutional environment on the adoption of ICMS, two questions were used. One referred to the influence of national legislation and the other to the influence of EU on the spread of certification (1=not significant, 5 very significant).

5.6 Data Collection – Interviews

5.6.1 Sample and data collection

The sample for the qualitative component of the study was much smaller than that of the quantitative one. This phase of the research aimed at gaining a deeper understanding of the issues covered by the survey. Thus, rather than obtaining a statistically

representative sample the goal was to gain a better comprehension of the themes revealed by the survey.

Due to the fact that the majority of the surveyed companies where ISO9001 certified, interviews focused on companies that did more than simply acquiring an ISO9001 certificate. Thus, this phase focused on companies with more than one certificates. Of the firms participating in the survey, 79 (37%) where certified with more than one standard. However, since the survey was anonymous, it was not possible to obtain information about all these companies. Identification was feasible only for firms that completed the questionnaire electronically because the software used had an appropriate feature.

In the end, 35 firms with more than one certificates were identified. From this population a random sample of 18 firms was selected for interviews. Following the recommendation in the literature that the most rigorous selection technique is to use a random numbers table (Creswell, 2003; Saunders, *et al.*, 2007), each of the 35 companies received a unique number. In order to ensure that each number was created in exactly the same way, two digit numbers were used; the first firm was numbered 00, the second 01 and so on. Using a computer aid program (Stat Trek Random Number Generator), the following random numbers table was produced:

35 Random Numbers*
24 25 31 02 35 19 30 07 21 34 23 09 15 14 18 03 08 29 01 12 17 11 28 10
26 13 22 33 16 05 20 27 32 00 06

* This table of 35 random numbers was produced according to the following specifications: Numbers were randomly selected from within the range of 0 to 35. Duplicate numbers were not allowed.

Figure 5-3: Random Sampling Numbers

The first number was selected at random (i.e. closing the eyes and pointing with the finger). Starting with this number, the researcher read off random numbers in a regular and systematic manner (continuing along the line) until the actual sample size was reached.

Interviews were held with companies' CEOs or General Managers and carried out during April 2010. Table 5-4 presents the profile of the selected companies. Due to reasons of anonymity their true names cannot be revealed; instead letters are used.

Company	Industry	Employees	Turnover (in millions £)
A	Lubricants and Fuel	206	224.9
B	Bank	3,000	417.56
C	Specialized Aviation Services	24	n/a
D	Airport Services	700	1,288.26
E	Food Trading	75	30.20
F	Exclusive Imports and Trade of Cars	124	10.92
G	Waste Management	28	1.2
H	Environmental Protection Services/ Production of Marine and Industrial Equipment Products	24	n/a
I	Manufacturing of Aluminum Products	2,275	354.78
J	Hotel Services	509	25.87
K	Energy, Lubricants and Fuel	310	305.48
L	Manufacturing of Pharmaceutical Products	150	21.43
M	Network Services	25	9.39
N	Educational Services	80	n/a
O	Paint Industry	265	65.07
P	Consultancy Services	11	n/a
Q	Manufacturing of Food Products	200	23.82
R	Telecommunications	2,641	1,309.22

Table 5-4: Companies Participated in Interviews

Each interview lasted approximately 30 minutes and followed a semi-structured format. This type of interviews has been selected because it enabled the researcher to cover

specific topics and at the same time to encourage respondents to talk openly and spontaneously rather than answering questions in a defensive manner. Differently put, semi-structure interviews have been chosen for their ability to provide a greater breadth of data in comparison with structured interviews (Denzin & Lincoln, 2005). Semi-structured interviews allow researchers to make respondents explain the meanings that they ascribe to different phenomena (Saunders*, et al.*, 2007). In this way, the interviewer had a better understanding of the interviewees' views on CSR practices.

5.6.2 Questions

To ensure that all issues/ questions that required attention were going to be addressed, an interview guide was prepared in advance. In accordance with existing recommendations (Arksey & Knight, 1999; Bryman & Bell, 2007; Robson, 1993; Saunders*, et al.*, 2007), the following issues were taken into account during its preparation:

- The topics areas to be covered were arranged in a logical order;
- The language used was comprehensible and relevant to interviewees;
- Closed up, multiple or leading questions that limited the interviewees' freedom to chose responses were avoided;
- Biased questions that indicated the researcher's position were avoided;
- Long questions, questions with too may theoretical concepts or questions with jargon were also avoided;
- Simple and short questions were favoured;
- Questions were designed to provoke reflective discussion so that interviewees were not lured to simply answer 'yes' or 'no';

- To avoid bias, and where possible, the use of open questions was preferred. These were followed by probing questions;
- Sensitive questions were placed towards the end of the interview to allow more time for the researcher to build up trust and confidence with the interviewees.

Prior to interviews respondents received a list of interview themes. These were derived from the questionnaires used during the 1st phase of this study and referred to the following topics:

- Motives for adopting ICMS;
- Use of ICMS;
- Use of ICMS logo;
- Influence of regulation and sanctions on ICMS implementation;
- Stakeholders' awareness of ICMS and CSR.

This procedure promoted validity and reliability as interviewees had the time to consider the information requested and where appropriate to gather any supporting organizational documents that they thought would be useful (Fontana & Frey, 2005; Saunders*, et al.*, 2007). The order of questions varied depending on the flow of conversation.

5.6.3 Researcher's role during Interviews

During interviews the researcher avoided interrupting the respondents, expressing any opinion of their answers or arguing. Also, the interviewer tried for conversational interaction and maintained a friendly tone in discussing all issues. The researcher made a special effort to make the respondents feel comfortable and positive about the process

of being interviewed. It was explained to all interviewees that they did not have an obligation to answer all questions.

Throughout the meeting the interviewer paid attention and recorded respondents' use of any nonverbal modes of communication. This provided the researcher with additional insights in the veracity of interviewees' answers. Additionally, to avoid a biased or incomplete interpretation and to allow the interviewees to evaluate the adequacy of the interviewer's interpretation (Healey & Rawlinson, 1994), the researcher summarized explanations provided by the interviewees. Occasionally, the researcher misrepresented what the respondents said to make sure he had understood them accurately. This misrepresentation was generally followed by corrections from the interviewees to the misunderstanding and further explanations. At the end of the procedure, any notes taken were shown to the interviewees for evaluating their accuracy and all participants were thanked for their cooperation. To minimize any external distortions interviews were taken in a quite, private setting.

Based on literature's suggestions on how to control bias and produce reliable data after an interview (Healey & Rawlinson, 1994; Saunders*, et al.*, 2007), the following contextual data were recorded:

- Location of the interview;
- Date and time;
- Setting of the interview;
- Background information on the interviewee; and
- The researcher's immediate impression on how the interview went.

5.7 Ethical considerations

The study received ethical approval from the University of Central Lancashire (UCLAN). This research was undertaken in accordance with UCLAN's 'Ethical Principles for Teaching, Research, Consultancy, Knowledge Transfer and Related Activities'. Moreover, the researcher conducted his PhD study in agreement with the University's 'Code of Conduct for Research'.

Compliance with ethical boundaries such as informed consent, respect of privacy, avoidance of harm and deception (Diener & Crandall, 1978; Fontana & Frey, 2005) was guaranteed to all respondents. More specifically, all participants in the survey were informed about its purpose, the procedures involved and its sponsor (i.e. UCLAN). Participants were also informed about the outputs of the project, its aim and objectives. Furthermore, information was provided regarding the analysis of the data collected: survey participants received a cover letter informing them about the purpose of the research and the use of the questionnaire (see Appendix 5-1). On top of that, questionnaires were anonymous.

Similarly, interviewees received an informed consent form and were asked to read and sign it (see Appendix 5-4). At the beginning of each interview, the purpose of the research and its progress up to that time were briefly outlined. Respondents were also informed about the nature of the study's outputs and how the data collected will be managed during and after the project. The right of participants to withdraw from the study at any time was also mentioned and on top of that their right to anonymity and confidentiality was highlighted.

The execution of this project did not threat the participants' psychological well being, health, values or dignity. Confidentiality and anonymity of all participants in both phases of the study were ensured. Nothing said by participants was attributed to them without first seeking and obtaining their permission.

Data collected were protected according to the 1998 Data Protection Act. It is not in the intentions of the researcher to use this data for other purposes without participants' permission. Data were processed lawfully and fairly. Finally, all participants were offered to obtain a summary of the project's findings.

5.8 Conclusions

This study adopted a mixed methods approach and followed a sequential explanatory research design. To succeed in its objectives, the research was based on two of the most widely used methods for data collection: survey and semi-structured interviews. Survey took place in the first phase of this study and resulted in 211 responses from micro, small, medium and big companies from services, commerce and manufacture. The aim of the first phase was to identify the prevalent tendencies regarding *why* firms adopt ICMS, *how* they apply them and in *which context*.

The second phase of this research was devoted to qualitative analysis. This type of inquiry was chosen in order to provide an in-depth account of the issues identified in survey. It was also used to verify survey's findings and thus enhance confidence in the study's results. A random sample of 18 companies was chosen from the survey sample.

Regarding the ethical considerations underlying this PhD study, the research received the approval of the Ethical Committee of the University of Central Lancashire and was conducted in compliance with UCLAN's 'Ethical Principles for Teaching, Research, Consultancy, Knowledge Transfer and Related Activities' and 'Code of Conduct for Research'.

The next two chapters are devoted in the analysis of the survey data while after these, the analysis of the interview data follows.

6 QUANTITATIVE ANALYSIS - DESCRIPTIVE STATISTICS

6.1 Introduction

As it was mentioned in the previous chapter, this study utilizes quantitative analysis in order to obtain a general understanding of the research topic and identify prevalent tendencies regarding *why* firms adopt ICMS, *how* they use them and *in which context*. Quantitative analysis equipped this study with two crucial tools: descriptive and inferential statistics. As Tabachnick and Fidel (2007) argue, the use of descriptive and inferential statistics is rarely an either-or proposition. Scholars are interested in both describing and making inferences about a data set as the combination of the two increases confidence in results. Descriptive statistics enabled the researcher to describe the basic features of the data collected through the survey while inferential statistics enabled the use of several techniques to make a prediction and generalization with reference to the hypotheses developed in Chapter 4.

This chapter focuses on the descriptive statistics of the survey data. Inferential statistics are discussed in the next chapter. To calculate both the descriptive and inferential statistics, the Statistical Package for the Social Sciences (SPSS) was used. This is the most widely employed software package for statistical analysis and it is among the best ones available (Bryman & Bell, 2007; Burns & Burns, 2008). It was chosen because it is relatively straightforward to use as most data analysis can be undertaken using menus and dialog boxes.

Due to the fact that the descriptive statistics may be voluminous, the information presented in this chapter was selected in such a way as to present the data in the clearest

and most comprehensible form. The aim of this chapter, therefore, is not to depict every little detail regarding all variables, but rather to summarize the data gathered and identify any patterns of some key variables most of which are used later in inferential statistics.

The chapter is structured in two sections: descriptive statistics and conclusions. Regarding the former, in line with the structure followed so far, the section is split into the following three categories: breadth of ICMS adoption; depth of ICMS adoption and context of ICMS adoption. In relevant sections, the reader can find measures of central tendency for all variables presented in summary tables plus more detailed information on certain variables. Moreover, frequency distributions for all variables are shown in Appendix 6-1. The chapter concludes with a commentary on the descriptive statistics' results.

6.2 Descriptive Statistics

6.2.1 Breadth of ICMS adoption

Table 6-1 presents descriptive statistics for the variables denoting the breadth of ICMS adoption. There were no variables with missing values. Looking at the means, it can be observed that, on average, the score on the *competitiveness of business environment* was 4.42 out of maximum 5, indicating a very competitive environment. Regarding firms' motives for adopting ICMS, the means denote that the most influential of them was *customers' demands* (4.15) while the least significant was *local communities* (2.63).

		Business Environment	Local Community	Governmental Authorities	EU	NGO	Other Companies	International Markets	Domestic Markets	Customers	Sales	Cost Savings	Productivity	Financial Performance	CSR
N	Valid	211	211	211	211	211	211	211	211	211	211	211	211	211	211
	Missing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mean		4.42	2.63	3.03	3.49	2.75	3.21	3.69	4.03	4.15	3.64	3.22	3.40	3.13	3.43
Std. Error of Mean		.05	.09	.09	.09	.09	.09	.09	.07	.07	.08	.08	.08	.08	.09
Std. Deviation		.69	1.33	1.31	1.32	1.31	1.29	1.32	.99	.99	1.15	1.22	1.16	1.15	1.24
Variance		.48	1.78	1.72	1.76	1.72	1.66	1.75	.97	.98	1.33	1.49	1.35	1.32	1.55
Skewness		-1.03	.35	.00	-.41	.17	-.25	-.70	-.75	-1.03	-.51	-.20	-.25	.02	-.43
Std. Error of Skewness		.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17
Kurtosis		.79	-1.11	-1.15	-1.01	-1.18	-.94	-.72	-.46	.13	-.59	-.89	-.86	-.77	-.81
Std. Error of Kurtosis		.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33
Range		3	4	4	4	4	4	4	3	4	4	4	4	4	4
Minimum		2	1	1	1	1	1	1	2	1	1	1	1	1	1
Maximum		5	5	5	5	5	5	5	5	5	5	5	5	5	5

Table 6-1: Summary Statistics for Variables Denoting Breadth of ICMS Adoption

As far as the standard deviation values are concerned, the data were relatively closely clustered about the arithmetic mean, implying that the dispersion of respondents' replies was relatively low (Tabachnick & Fidell, 2007). Turning to the skewness values, one can see that some variables have values either outside the $-1 < x < 1$ interval or very close to it. This suggests that they may not be normally distributed (Leech*, et al.*, 2008). Further information on the variables' distribution can be found in Appendix 6-1; there the reader can observe the patterns attributed by the distribution of each variable.

Moreover, looking at the minimum and maximum values, it is evident that none of the respondents has chosen the value of '1' for *business environment* (1= Not Competitive) and *domestic markets* (1=Not Important), indicating that all participants recognised at these variables at least some competitiveness/ importance. To get a more accurate picture of the patterns of the breadth of ICMS implementation, the frequency values of some key variables are presented below.

- **Percentage of certified firms**

Respondents' replies regarding the percentages of certified firms within their sector varied, indicating that some standards were more popular than others. Regarding ISO9001, almost half of certified participants (51%) said that more than 60% of firms in their sector had adopted this standard. In respect of ISO14001, the relevant percentage decreased to 30%. As far as ISO22000 was concerned, 47% of participants who had adopted this standard reported that more than 60% of firms in their sector had been certified by it while the relevant percentage for OHSAS18001 was only 11%. Regarding EMAS, the share was 14% whereas for SA8000, it was 0%.

Figure 6-1 illustrates the survey's results with reference to how the number of ICMS varied according to sector and firm size. It is evident that the number of standards that the firm applies increases with the size of the company. Furthermore, the figure reveals that ICMS certificates are most popular with manufacturing firms followed by service and commercial companies.

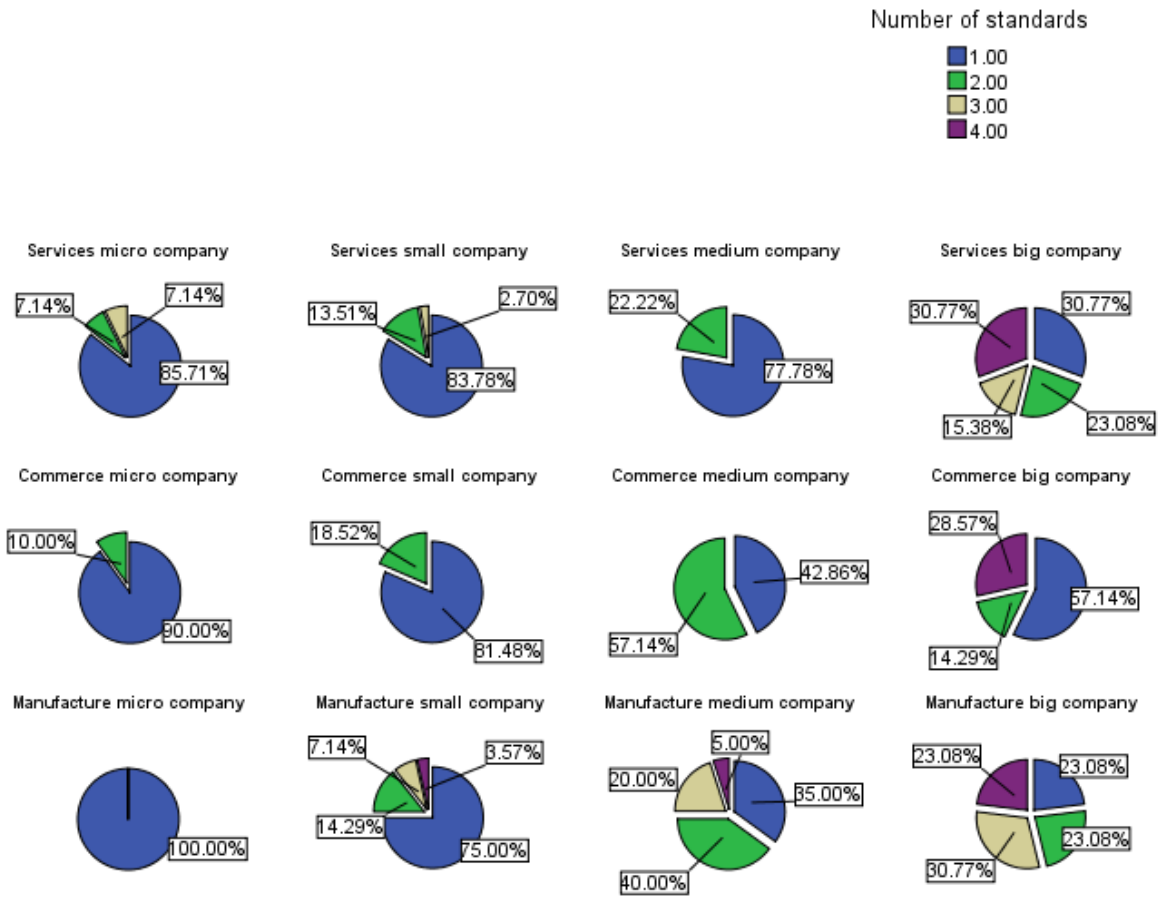


Figure 6-1: Number of Standards per Industry and Firm Size

- **Motives for adopting ICMS**

As it was mentioned earlier, most respondents (79%) identified satisfying *customer requirements* as the most influential driver for gaining certification; other important drivers were: *domestic market requirements* (75%) and *access to international markets* (64%). The least important factors were *influence of local community* (only 30% of

respondents characterised it as an important driver), *improved relations with NGOs* (34%) and *improved financial performance* (36%). As far as *CSR* is concerned, almost half of respondents (54%) argued that they adopted ICMS as a means of acknowledging the application of socially responsible practices.

Satisfying customer and *domestic market requirements* were of equal importance for all firms, irrespective of size or sector. By contrast, *accessing international markets* was more important for manufacturing and commercial companies than for firms in services. As for the least important factors, firms of different size and specialisation provided similar responses with the exception of the variable *financial performance*. Irrespectively of the sector, this variable was more important for micro, small and medium firms than for big ones. Finally, focusing on *CSR*, acknowledging the adoption of socially responsible practices was more important for medium and big companies than for micro and small ones.

6.2.2 Depth of ICMS adoption

Table 6-2 presents descriptive statistics for the variables denoting the depth of ICMS adoption. As can be seen from the table, no variable has missing values. Due to the fact that one of the variables used (*objectives, targets, indicators*) was categorical, the mean could not be used for identifying the centre of the frequency distribution of this variable. For that reason the mode was also included in this table.

		ICMS Years	Internal Audits	MNCs	Daily use of Documents	Content Change	Number of Persons	Objectives, Targets, Indicators	Logo Documents	Logo Products	Logo Web	Audit Public
N	Valid	211	211	211	211	211	211	211	211	211	211	211
	Missing	0	0	0	0	0	0	0	0	0	0	0
Mean		5.59	2.96	2.12	4.00	1.93	3.68	1.31	4.09	2.98	3.28	2.06
Std. Error of Mean		.23	.05	.08	.07	.07	.23	.03	.09	.12	.12	0.92
Mode		3	3	1	4	1	2	1	5	1	5	5
Std. Deviation		3.36	.76	1.13	.97	.99	3.39	.46	1.29	1.73	1.67	1.34
Variance		11.28	.58	1.27	.95	.99	11.47	.21	1.67	2.98	2.79	1.80
Skewness		.47	.07	.92	-.98	.84	2.97	.84	-1.34	-.02	-.29	1.01
Std. Error of Skewness		.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17
Kurtosis		-.97	-1.28	.14	.75	-.10	11.32	-1.31	.57	-1.74	-1.45	-1.59
Std. Error of Kurtosis		.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33
Range		13	2	4	4	4	24	1	4	4	4	4
Minimum		1	2	1	1	1	1	1	1	1	1	1
Maximum		14	4	5	5	5	25	2	5	5	5	5

Table 6-2: Summary Statistics for Variables Denoting Depth of ICMS Adoption

Looking at the mean numbers for *major-non-conformances* (MNCs), it can be observed that on average the score for this variable was 2.12, signifying that participants had only one *MNC*. On top of that, the relevant value for the *daily use of ICMS documents* (4.00) implies that managers maintained that they frequently used these documents. Furthermore, the mean score for *content change prior to external audits* (1.93) denotes that managers changed the content of the ICMS documents at some point pending the external audit. Likewise, the mean values for the *number of persons* indicate that companies employed on average almost 4 persons in the management team responsible for the implementation of the standard/s. With reference to the categorical value, the score that occurs more frequently in the data is '1', meaning that most managers argued that they were aware of the *objectives, targets and indicators* set within the context of ICMS implementation. In addition, the mean scores for the use of *ICMS logo* indicate that participating companies were frequently putting the *ICMS logo* on their *documents* and sometimes on their *products*. Also, the relevant values for the use of *ICMS logo on firms' web-site* (3.28) denote that, on the whole, participants have been using it for two years. Finally, the mean for *audits results to public* was 2.06, indicating that companies did not disseminate frequently the results of the ICMS audits to the public.

Observing the standard deviation values, one sees that the ratings for *ICMS years* and *number of persons* have a greater spread from the mean. This suggests that the mean values are not a good fit for these variables (Field, 2009). Looking at the range values in the table above, one sees that the first variable has the score of 13 whereas the *number of persons* has the value of 24. These numbers denote that respondents' answers varied and some of them received extreme values, influencing the standard deviation scores. Indeed, looking at the minimum and maximum values, it can be seen that these varied

for *ICMS years* (minimum 1, maximum=14) and *number of persons* (minimum 1, maximum=25), indicating significant differences among firms in terms of these two variables. The dispersion of the values for these two variables is best reflected in their histograms (Appendix 6-1). Turning to the skewness values, one can see that some variables have values either outside the -1< x < 1 interval or very close to it, which means that they may not be normally distributed (Leech*, et al.*, 2008). To get a better understanding of the characteristics of the data referring to the depth of ICMS implementation, frequency values of some key variables are considered below.

- **Years of standards' implementation**

As figure 6-2 illustrates, most firms (79%) have been applying their ICMS for up to nine years whereas 21% did it for more than ten years. At the same time, a significant percentage of companies (35%) have been implementing their ICMS for under three years.

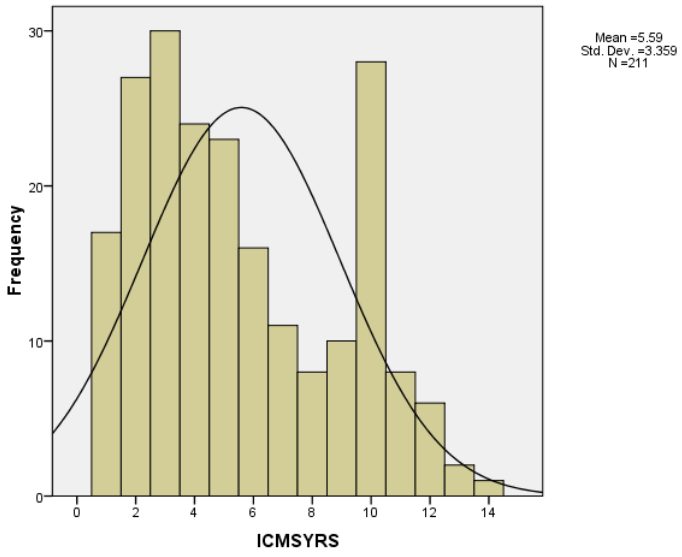


Figure 6-2: Histogram – Years of ICMS Implementation

- **Number of major-non-conformances (MNCs)**

With reference to the number of *MNCs*, the majority of respondents (64.5%) had at least one. Of these, 17% had two major-non-conformances and 13% had three or more *MNCs*.

The sector with most *MNCs* was manufacturing in which 76.6% of the firms had at least one *major-non-conformance*. The relevant percentage in commerce was lower (61.5%) whereas it reached 57.3% in the service sector. As it can be seen from the data in figure 6-3, in the service sector there is no obvious correlation between the size of the firm and *MNCs*. By contrast, in commerce and manufacturing sectors size seems to matter: as the companies' size increases, the percentage of firms with *MNCs* decreases.

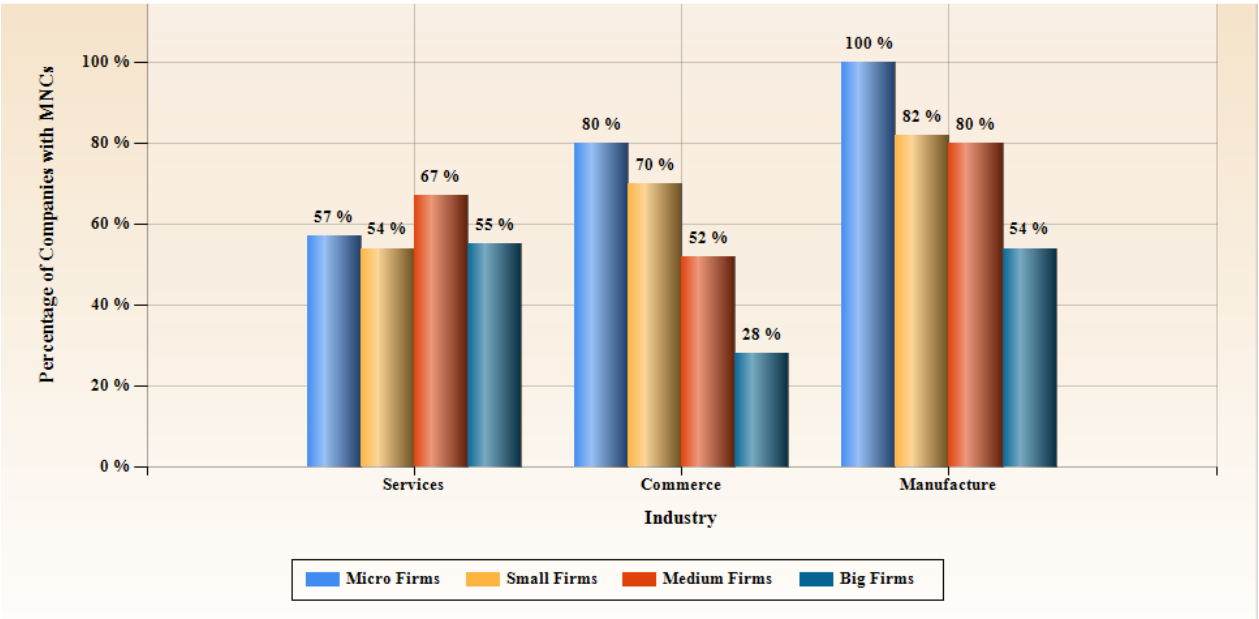


Figure 6-3: Percentage of Companies with MNCs per Industry/ Size

- **Daily use of documents**

Regarding the *daily use of documents* variable, the vast majority of participants (75%) argued that they use ICMS related documents on an everyday basis. With reference to

how this behaviour changes between different sectors and firm's sizes, no patterns could be observed.

- **Content change**

As far as the *change of documents' content* is concerned, a significant percentage of managers (42%) argued that they did not change the content prior to external audits. Interestingly, 32% said that they change the content very little while about a quarter of respondents claimed that they alter documents' content at least to some extent.

Focusing on how this behaviour varies between different sectors and firm' sizes, no specific pattern reveals itself in services and manufacturing. Only in commerce, some behaviour changes are observed as the size of the company increases (Figure 6-4). In particular, it appears that the bigger the company the less it is likely to change the documents' content.

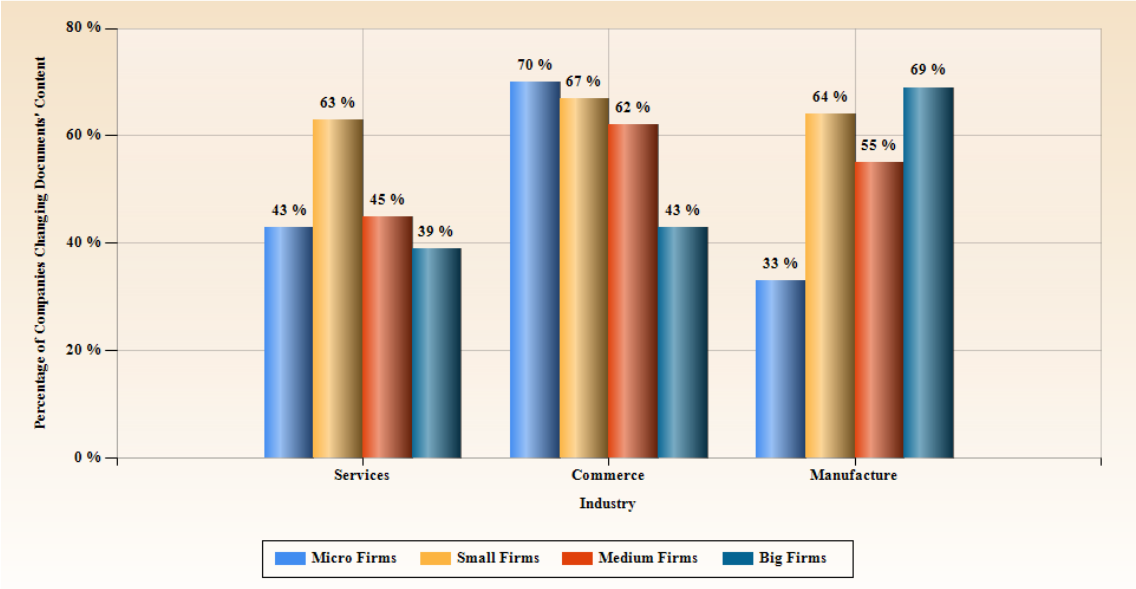


Figure 6-4: Percentage of Companies Changing Documents' Content per Industry/ Size

- **Awareness of objectives, targets, indicators**

The majority of respondents (69%) argued that they were aware of the *targets, objectives and indicators* set within the context of the standards implementation. Interestingly, when respondents were asked to give an example of an *indicator*, *target* and *objective* only 27% of them gave correct answers; 49% gave wrong examples, while another 24% did not give any examples at all.

- **Signalling**

The majority of respondents reported that they use the standards' *logo* to advertise their certification. Most participants revealed that they place it on their *documents* (77%), on their *products* (64.5%) and on their companies' *web-sites* (74%). With reference to how this behaviour varies depending on industry and firm size, respondents' answers did not reveal any patterns; irrespectively of size or sector participants' replies denoted similar trends, i.e. most of them use the ICMS logo.

- **Characteristics of firms that apply ICMS substantially**

To identify the number of firms, which conformed to the standard's requirements, the following criteria were used:

- Zero major non conformances: firms should comply to all standard's major requirements;
- Daily use of the documents created in the context of ICMS implementation: firms should have integrated these documents in their everyday operations;
- Content change of the ICMS documents prior to external audits: firms should not attempt to alter the documents' content in order to present to external auditors a different view from the real one.

Of the total number of the surveyed firms that provided valid responses, 42 (19.9%) were found to conform to all three criteria. Of these, 18 (43%) were service companies, 14 (33%) commerce ones and 10 (24%) were manufacturing corporations. A minority (12%) were micro companies, almost a third (31%) were small firms whereas more than half (57%) were medium and big companies. A significant percentage of the surveyed firms (45%), were applying more than one standard while more than half (57%) were early[11] adopters of standards.

6.2.3 Context of ICMS implementation

Table 6-3 presents descriptive statistics for the variables denoting the context of ICMS adoption. As can be seen from the table below, no variable has missing values. Regarding *customers* and *government awareness on CSR*, the mean scores indicate that, on average, respondents did not believe that these stakeholders could always discern CSR practices from philanthropy. Pertaining to ICMS, the mean scores denote that, on the whole, respondents argued that both *customers* and *government* did not often *ask for information on ICMS implementation*. Likewise, the relevant values for *customer* and *government awareness on ICMS* signify that respondents believed that these stakeholders were not very well informed. Furthermore, participants' responses point out that, on average, *customers* and *government* do not always ask for *certification to be included in contracts*.

[11] For a definition of early and late adopters see chapter 7, § 7.2.

		Customer CSR	Government CSR	Customer Request ICMS Info	Government Request ICMS Info	Customer ICMS	Government ICMS	Customer Certification	Government Certification	Certificate Recall	Reputation Cost	Regulatory Framework	National Legislation Certification	EU Certification
N	Valid	211	211	211	211	211	211	211	211	211	211	211	211	211
	Missing	0	0	0	0	0	0	0	0	0	0	0	0	0
Mean		3.10	3.08	2.86	2.50	3.10	3.08	2.98	3.13	4.41	4.31	2.63	3.39	3.63
Std. Error of Mean		.06	.07	.08	.08	.06	.07	.08	.09	.05	.07	0.75	.07	.07
Std. Deviation		.84	.96	1.15	1.18	.84	.96	1.23	1.34	.78	1.00	1.08	1.08	1.03
Variance		.70	.93	1.32	1.39	.70	.93	1.50	1.79	.61	1.00	1.18	1.17	1.05
Skewness		.14	-.22	.08	.37	.14	-.22	-.04	-.27	-1.16	-1.51	.36	-.52	-.45
Std. Error of Skewness		.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17	.17
Kurtosis		-.18	-.25	-.81	-.71	-.18	-.25	-.93	-1.11	.58	1.59	-.49	-.32	-.43
Std. Error of Kurtosis		.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33	.33
Range		4	4	4	4	4	4	4	4	3	4	4	4	4
Minimum		1	1	1	1	1	1	1	1	2	1	1	1	1
Maximum		5	5	5	5	5	5	5	5	5	5	5	5	5

Table 6-3: Summary Statistics for Variables Denoting Context of ICMS Adoption

With regard to *sanctions* in the case of non-compliance to ICMS requirements, the mean values suggest that respondents, on average, perceived both *reputation cost* and *certificate recall* as significant. On top of that, the mean for the *strictness of the regulatory framework* underlying ICMS implementation (2.63) denotes that participants did not see the framework as particularly strict. Finally, the mean scores for *national legislation* and *EU influence on certification levels* demonstrate that, on average, managers claimed that the influence of these factors was somehow significant.

The values of standard deviation show that the data are relatively closely clustered about the arithmetic mean implying that the dispersion of respondents' replies is relatively low (Tabachnick & Fidell, 2007). Turning to the skewness values, one can see that some variables have values outside the $-1 < x < 1$ interval implying that they may not be normally distributed (Leech*, et al.*, 2008). As it was mentioned earlier, the reader can observe the patterns attributed to each variable's distribution in Appendix 6-1. Furthermore, scrutinising the minimum and maximum values, it can be seen that none of the respondents circled the '1' value for *certificate recall* (1= Not Significant). This implies that all participants acknowledged at least some significance of this variable. To get a more accurate picture of the patterns attributed by the data to the context of ICMS implementation, the frequency values of some key variables are discussed below.

- **Stakeholder Awareness**

Half of the respondents believed that *customers* and the *government* could not *distinguish* between companies that implement *CSR practices* substantially and those that do not. These respondents argued that both stakeholder groups lacked interest in CSR and this was why they were not informed about it. Furthermore, most respondents

maintained that neither *customers* (66.9%) nor the *government* (60.2%) were *informed* about the *implementation of the standards*. In a similar vein, these respondents argued that *customers* and *government* were not truly interested in *getting information on ICMS*. Despite this, the majority of firms (64.9%) replied that *customers* preferred certified companies and asked for *certification in their contracts* with firms. Likewise, most firms (69.2%) responded that they faced similar pressures from the *government*.

- **Sanctions**

The influence of *sanctions* in the case of non-compliance to IMCS requirements was widely recognized by most participants. In particular, the vast majority of the surveyed firms (87%) acknowledged the significance of the impact of *losing the certificate* while 83% said that they also perceived as significant the impact on *reputation cost*.

6.3 Conclusions

This chapter presented the descriptive statistics generated by the survey. The evidence highlights some interesting aspects of the implementation of ICMS as a form of CSR practice. Focusing on the breadth of ICMS adoption, the results of the survey indicate that for most companies the decision to adopt ICMS was influenced by external factors; the three most popular motives being customer requirements, domestic market requirements and access to international markets.

Interestingly, the influence of the local community was not acknowledged as a significant driver for adopting an ICMS. In addition, few firms reported that they adopted a CSR tool like an ICMS in order to improve their financial performance. These findings emphasise the significant influence of the market on firms' decision to

adopt a CSR tool. In particular, the lack of influence of the local community in contrast to the widely acknowledged importance of market drivers may suggest that impetus for CSR practices comes more from the market itself than from society. This does not mean that the market is separated from society; it rather implies the significant role of the market in satisfying societal demands. This evidence is in accordance with the market driven approach to economic and social policy prevalent in most economies over the last thirty years or so. As it has already been analysed earlier in this dissertation, the eminence of neo-liberal philosophy and economic globalisation have favoured market forces as the most efficient methods of satisfying societal and economic demands (Lenox & Nash, 2003; Wilkinson, 2007). In this context, it is easy to see why local community was not acknowledged as an important driver. The lack of recognition does not mean that local community is ignored by firms but that the satisfaction of demands of local societies takes place through the market.

Furthermore, the fact that most companies argued that they did not adopt a CSR tool like an ICMS in order to enhance their financial performance implies that the adoption of CSR practices may not always be driven by profit. This suggests that the adoption of certain market norms is more a function of 'negative' (i.e. defensive) rather than 'positive' (i.e. profit maximization; implementation of CSR practices) stimuli. This evidence may be seen as supportive of the existence of bandwagon pressures in the market, i.e. pressures that force companies to adopt a management practice due to threats of losing legitimacy or competitive advantage (Abrahamson, 1991).

Other findings of note are:

- The use of ICMS as a means of improving financial performance is more important for MSMEs than for big ones. This supports the view of authors like Sweeney (2007) who suggest that financial resources may be a barrier for these firms in complying with market's requirements and adopting CSR practices.
- The adoption of socially responsible practices is more important for medium and big companies than for micro and small ones. This probably explains the observation made earlier in this dissertation that the number of standards that the firm adopts increases with the size of the company. Since CSR recognition is more important for medium and big companies, this type of firms will adopt more ICMS in order to promote better their engagement into CSR.

Focusing on the depth of ICMS adoption, the chapter revealed that only a minority of companies, mostly early adopters of standards, were found to substantially implement ICMS. Most firms applied ICMS symbolically, meaning they did not conform to the standards' requirements but used the fact of certification to create a certain social image. In particular, it was found that most companies had at least one MNC; had changed the content of documents prior to external audits; and did not make use of one of the most important aspects of ICMS implementation, i.e. the objectives, targets and indicators set for the next year. These findings reveal that such firms did not conform to at least some of the ICMS' major requirements and attempted to manipulate information presented to external auditors in order to retain certification. In addition, lack of knowledge of the objectives, targets and indicators, set within the context of ICMS implementation, indicates that firms did not seriously attempt to quantify their performance, compare results with previous years and set targets for improvement.

The survey also revealed that most firms used the ICMS logo for signalling purposes on their documents, website and products. Firms are allowed to use the logo on their documents and website, but not on their products since the adoption of ICMS does not relate to product quality. Evidently, by placing the logo on products, firms seek to influence (through inappropriate means because the logo is misused in this situation) the buyers' perception of the quality of the product. The fact that companies put the logo on their products, despite not being allowed to do so, indicates an opportunistic behaviour on behalf of firms and raises questions about the effectiveness of monitoring mechanisms of ICMS implementation.

With reference to the context of ICMS adoption, the following need to be highlighted. Most companies perceived the regulatory framework underlying ICMS implementation as lax. In contradiction to this result, the majority of firms indicated that the consequences of sanctions (e.g., reputation cost and certificate recall) in the case of non-compliance to ICMS requirements were important for them. Another contradiction can be observed: although respondents argued that customers and government were not well informed on CSR and ICMS, most of them replied that both groups preferred certified companies in their dealings and insisted on including certification as a requirement in their contracts with firms. This fact clearly indicates that certification has business value. However, the fact that both the government and customers were not well informed on CSR and ICMS suggests that these stakeholders may not have a good understanding of what exactly ICMS are and how they should be used by companies.

To conclude, the descriptive statistics about the breadth of ICMS adoption suggest that most firms have engaged into CSR practices in order to comply with market's

requirements. The results on the depth of adoption indicate that the market fails to secure compliance to the standards' requirements as most companies do not apply ICMS substantially but instead use them as an instrument of influence and publicity. Finally, the findings on the context of adoption imply that the context of ICMS adoption is lax, leaving plenty of room for companies to manipulate the implementation of these standards. These results highlight a problem in the application of CSR and the need for further research. The next two chapters provide additional insights into these topics.

7 QUANTITATIVE ANALYSIS - INFERENTIAL STATISTICS

7.1 Introduction

Descriptive statistics do not allow extending results based on a sample to the whole of the population. To do so, inferential statistics are required. This type of statistics 'provides a bridge across the chasm that looms between having data about a sample and having a description of a population' (Burns & Burns, 2008, p. 9).

There are two broad categories of inferential statistics: differential and associational (Leech*, et al.*, 2007). The former leads to inferences on differences between groups in the populations from which the sample was collected. Associational inferential statistics lead to inferences on the association or relationship between variables in the population. Accordingly, this chapter focuses on inferential statistics in order to allow this study to draw generalizations beyond specific sample data.

In contrast to descriptive statistics, this type of quantitative analysis has more restrictions as it includes many assumptions that need to be satisfied prior to conducting a test (Tabachnick & Fidell, 2007). For that reason, the researcher needs to be very careful regarding the choice of statistical methods and thoroughly analyse whether his/ her data meet the various requirements. To test the hypotheses developed in Chapter 3 this study uses both differential and associational inferential statistics as it examines differences between groups (i.e. early – late adopters of ICMS) and also analyses relationships between certain variables.

The chapter is structured as follows: first, data analysis issues are discussed. Second, the dependent, independent and control variables used in the analysis are presented. Third, the statistical techniques chosen, their assumptions and how these were dealt with are explained. In cases where any violations were found, these are explicitly mentioned and their treatment is discussed. Next, the results for each model tested are presented while the last section discusses the relevant conclusions.

7.2 Preliminary Analysis

7.2.1 Robustness checks

To assess the internal consistency of all the scales used, a Cronbach alpha test was applied to all scales (Tabachnick & Fidell, 2007). All scales except one (i.e. government awareness) exhibited satisfactory alphas that were larger than the acceptable threshold of 0.70, indicating good internal consistency of the survey items (Nunnally, 1978). Even in the case where the Cronbach alpha value was below 0.70, it was above 0.60 permitting to continue the analysis[12] (Leech*, et al.*, 2008). To screen the data for outliers in the sample, Mahalanobis distance measures were used (Tabachnick & Fidell, 2007). Seven cases were identified as outliers when testing Hypothesis 4 about stakeholder awareness. Careful screening of these variables did not provide any information and these values were removed from the analysis (Pallant, 2005; Tabachnick & Fidell, 2007).

Due to the fact that the data used in this study are self reported, there was the threat of bias due to common method variance (CMV) (Podsakoff*, et al.*, 2003). CMV is a type

[12]Although an adequate Cronbach's alpha is above 0.70, for new scales and for scales with a handful of items in the scale a smaller alpha in the .60-.69 range is permissible (Leech *et al.*, 2008). Prior studies have also used Cronbach's alphas with values smaller than 0.70 (e.g Amis *et al.*, 2004; Damanpour *et al.*, 2009).

of spurious correlation which occurs among indicators or constructs when these derive from a common source (Chang*, et al.*, 2010). Following the relevant literature (Chang*, et al.*, 2010; Podsakoff*, et al.*, 2003), a number of ex ante approaches, implemented in the research design, as well as an ex post approach, implemented after the research was conducted, were taken into account.

Podsakoff *et al.*, (2003) have categorised the sources of CMV: (a) common rater effect, (b) item characteristics effect, (c) item context effect, and (d) measurement context effect. The current research is based on the measurement of simple, objective, and unambiguous constructs –such as internal audits, motives for adopting ICMS and use of ICMS logo- that one would expect to be associated with lower levels of CMV as it is in the case of 'other business areas'. Yet, the potential presence of CMV was tested.

First, the common rater effect was examined. It occurs when respondents' answers are influenced by social desirability (Podsakoff *et al.*, 2003; Malhotra *et al.*, 2006). To ensure that respondents' answers were not influenced by any social imperatives, all questionnaires were anonymous. Second, the item characteristics effect was taken into account. This occurs when the questions are ambiguously phrased and respondents do not understand the questions (Podsakoff *et al.*, 2003; Malhotra *et al.*, 2006). The bias caused by the measurement items was not a problem in the current study because all items in the questionnaire were simply and concisely defined. In addition to that, to ensure the effectiveness of the instrument and secure its reliability, several considerations were taken into account (see § 5.5.2). Third, the item context effect was analysed. It occurs when several questions lead to respondent fatigue, or when the positioning of the questions related to the dependent and independent variables may

imply a causal relationship (Podsakoff *et al.*, 2003; Malhotra *et al.*, 2006). As it was discussed in Chapter 5 (see § 5.5.2), special care was taken regarding the order of the questions and the way these were formulated. In addition to that, the questions related to the dependent and independent variables were presented in a balanced manner in the questionnaire. Due to these reasons, it was expected that item context was not a potential source of bias. Fourth, the measurement context effect was taken into account. It takes effect when a single respondent provides answers to the independent and dependent variables at the same time (Podsakoff *et al.*, 2003; Malhotra *et al.*, 2006). Due to the fact that in this study the independent and dependent variables were measured at the same time, measurement context effects may be present.

Finally, to examine any problems related to common method bias, an ex post statistical approach was conducted. To decide which test to choose the relevant literature was consulted (Chang*, et al.*, 2010; Malhotra*, et al.*, 2006; Podsakoff*, et al.*, 2003). Due to the fact that all statistical tests available have several limitations and the relevant literature is largely split as to which test to choose (Sharma*, et al.*, 2010), the most widely known approach for assessing CMV, the Harman's single-factor test, using principal components analysis, was computed (Podsakoff*, et al.*, 2003; Podsakoff & Organ, 1986). If CMV is present, a single factor emerges from the factor analysis or one general factor accounts for the majority of the variance in the variables (Podsakoff and Organ, 1986). The test yielded 11 factors with Eigenvalues greater than 1.0 and indicated that the first factor accounted only for a minority of variance (19.8%) (Appendix 7-1). This signifies that common method variance is not of great concern in the data (Pérez-Nordtvedt*, et al.*, 2008).

7.2.2 Variables used in the analysis

Because not all variables discussed in the methodology chapter (Chapter 5) were included in statistical analysis, it is necessary to separately present those employed at this stage of the dissertation. For clarity, the scales used for measuring the variables included in the analysis are reiterated in this section.

- **Dependent variables**

The dependent variables associated with the study's hypotheses are: *percentage of certified firms, number of MNCs, daily use of the standard's documents*, *content change of the standard's documents, frequency of internal audits, use of ICMS logo on web-site, use of ICMS logo on documents and use of ICMS logo on products.*

To measure the diffusion of ICMS and identify whether this relates to efficiency or imitation considerations a variable, which could provide information on the number of companies that have already adopted ICMS, was needed. Thus, the *percentage of certified firms* was used as the dependent variable. It was measured using a single item, which invited respondents to indicate the percentage of certified firms in their industry (1=less than 20 %, 5=more than 80 %).

To identify whether the firm conforms to all major ICMS requirements, participants were asked to indicate the *number of MNCs* (none, one, two, three, four or more). To capture *daily use of the standard's documents* and *content change of the standard's documents*, the study adopted the methodology employed by Christmann and Taylor (2006) and Naveh and Marcus (2004), which involved asking managers to identify the level to which they use ICMS documents in their everyday activities (1=not at all, 5=to

a large extent), and the degree to which they change the content of the ICMS documents prior to external audits (1=not at all, 5=to a large extent). To evaluate whether companies audit the implementation of ICMS more times than the minimum required, respondents were asked to specify the *frequency of internal audits* (don't know, once, twice, three times or more).

As it has already been explained, to investigate the use of ICMS as a signal of CSR performance by firms, three survey items were used. Participants were asked to indicate: a) how long they used the certification's logo on their web-site (1= never, 2= 1 year, 3= 2 years, 4= 3 years, 5= 4 years or more); b) the extent to which they used the standard's logo on their documents (1=never, 5= always); and c) the extent to which they used the standard's logo on their products as a signal of good product quality (1=never, 5= always). These items were not collapsed into a single measure because it was assumed that they may have different effects on the way companies use them. The low bivariate correlations (Spearman's rho < .40) diminished the threats of multicollinearity and allowed the separate use of these variables in the analysis.

- **Independent variables**

The independent variables associated with the study's hypotheses are: *motives*, *CSR*, *customer awareness* and *government awareness*, *years of ICMS implementation, sanctions* and *strictness of regulatory framework.*

As it has already been discussed, the survey included 12 different motives for adopting ICMS and respondents were asked to rate the influence of each of these motives in their decision to adopt an ICMS on a 1 to 5 scale (1= not important, 5= very important). Due

to the fact that this number was too large to include in the statistical analysis, these variables needed to be grouped together. To do so, factor analysis was conducted (Field, 2009; Leech*, et al.*, 2008; Pallant, 2005; Tabachnick & Fidell, 2007). This test makes it possible to collapse a large set of items into few groups. Hence, following factor analysis (principal component analysis with varimax rotation) the variables referring to firms' motives for adopting ICMS were consolidated into the following three scales:

- *Influence of internal factors:* influence of greater productivity; cost savings*;* financial performance; sales' increase. (Cronbach's $\alpha = .85$).
- *Influence of external factors:* influence of governmental authorities: NGOs; EU; local community. (Cronbach's $\alpha = .81$).
- *Influence of market factors:* influence of customers requirements; domestic market requirements (Pearson $r = .65$, $p<.0001$)[13] (Appendix 7-2).

Due to the significance of *CSR* in this study, its influence on firms' decision to adopt a standard was used separately in the analysis. The influence of *CSR* was measured by a single survey item asking respondents to evaluate CSR importance (1= not important, 5= very important).

Customer and government awareness of ICMS was measured by four survey items. Respondents were asked to: a) rate whether customers and government could distinguish between companies that implement CSR practices and those that did not (1=never, 5=always); b) evaluate how well customers and government were informed of standards' implementation (1=don't know, 5=very well informed); c) identify the extent to which customers and government requested information from firms regarding

[13] In the first place, pressure from other companies was also added resulting in a low internal consistency (Cronbach's Alpha = -.06). Therefore, it was excluded from further analysis.

the implementation of the standard/s (1=not at all, 5=to a large extent); and d) indicate how often customers and government asked for certification to be included in the contracts with them (1=never, 5=always). The high correlations these variables exhibited (Spearman's rho > .70) did not allow their separate use in the analysis. Thus, these items were averaged and collapsed into two indices named *customer awareness* (Cronbach's Alpha = 0.73) and *government awareness* (Cronbach's Alpha = 0.62).

To measure *years of ICMS implementation* and divide the sample into early and late adopters, respondents were asked to state the year they started implementing the standard. Firms that adopted ICMS prior to 2000, year when ICMS started widely diffusing in Greece (ISO, 2000; 2003), were treated as early adopters. Respectively, firms that subscribed to an ICMS from 2000 onwards were treated as late adopters.

To capture *sanctions*, two survey items were used. Respondents were asked to identify the significance of the consequences of certificate recall and reputation cost that their company might face as a result of non-compliance with standard's requirements (1=not significant, 5=very significant). High correlations that these variables exhibited (Spearman's rho > .70) did not allow their separate use in the analysis. Consequently, these items were averaged and collapsed into a single index named *sanctions*. For *strictness of regulatory framework*, a single survey item was used asking participants to rate the strictness of the regulatory framework in case of non-compliance to the standard's requirements (1=not strict, 5= very strict).

- **Control Variables**

Firm size and *industry* were used as control variables. The choice of these variables is not incidental. Evidence from the literature indicates that MSMEs might have problems in implementing ICMS due to lack of resources (King & Lenox, 2000; King*, et al.*, 2005). To control for firm size, the logarithm[14] of the number of employees was used. Additionally, the literature implies that ICMS may be better adapted to the manufacturing sector than to the service or commerce sectors, resulting in service and commerce firms being more likely to pursuit symbolic implementation (Boiral, 2003b; Christmann & Taylor, 2006). To control for this effect, a survey item was used asking respondents to identify the industry sector to which their company belonged (1= service, 2 = commerce, 3= manufacture). Table 7-1 summarizes the variables used in the analysis of the three areas of interest namely breadth, depth and context of ICMS adoption.

[14] A transformation was necessary to achieve normal distribution.

BREADTH OF ADOPTION

Hypothesis	Method of Analysis	Variables		
		Dependent	Independent	Control
1	Logistic Regression	Percentage of certified firms	Influence of internal factors Influence of external factors Influence of market factors Influence of CSR Customer awareness Government awareness	Firm-size Industry

DEPTH OF ADOPTION

Hypotheses	Method of Analysis	Variables		
		Dependent	Independent	Control
2a	MANOVA	Major non-conformances Daily use of ICMS documents Content change of ICMS documents Internal audits	Early – Late adopters	Firm-size Industry
2b	MANOVA	ICMS logo on web-site ICMS logo on documents ICMS logo on products	Early – Late adopters	

CONTEXT OF ADOPTION

Hypotheses	Method of Analysis	Variables		
		Dependent	Independent	Control
3a	Logistic Regression	Major non-conformances	Sanctions Regulatory framework	
3b	Logistic Regression	ICMS logo on products	Sanctions Regulatory framework	Firm-size Industry
4	Logistic Regression	Daily use of ICMS documents	Customer awareness Government awareness	

Table 7-1: Summary of Variables used in the Analysis of Breadth, Depth and Context of ICMS Adoption

7.2.3 Choosing statistical tests

The hypothesis referring to the breadth of ICMS implementation (hypothesis 1) investigates how well a set of predictors explains a dependent variable while controlling for some other variables. Due to violations in some of the assumptions of multiple regression (the normal distribution of errors and the variance of the residuals being constant), the hypothesis was tested using hierarchical logistic regression (Leech*, et al.*, 2008; Tabachnick & Fidell, 2007). To transform the dependent variable *percentages of certified firms* into a categorical one, the recommendations of the diffusion of innovations literature were followed (Rogers, 2003). As it was explained earlier in this dissertation, during the first years of the introduction of an innovation only few companies adopt it each year. Then a critical mass of adopters is reached and the cumulative rate of adoption speeds up. It is argued that the latter stage is reached when the number of adopters is large enough to influence the rate of adoption, but still is below the average number. Consultancy experience indicates that this number is around 40% (Tapinos, 2008). Accordingly, in this study it was assumed that answers that indicated certification percentages above 40% were indicative of 'significant certification percentages' whereas those below that percentage represented 'insignificant certification percentages'.

The hypotheses about the depth of ICMS implementation (hypotheses: 2a and 2b) deal with the effect of a categorical variable (early vs. late adopters) on multiple continuous variables. These hypotheses were tested using multivariate analysis of variance (MANOVA) (Leech*, et al.*, 2008; Tabachnick & Fidell, 2007). Finally, the hypotheses referring to the context of ICMS adoption (Hypotheses 3a, 3b, 4) examine whether a discrete outcome such as group membership (e.g. the firm has/ the firm does not have

MNCs; the firm uses/ the firm does not use the logo on its products; and the firm applies the ICMS/ the firm does not apply the ICMS) can be predicted by a set of continuous variables. To test these hypotheses, hierarchical logistic regression was performed (Leech*, et al.*, 2008; Tabachnick & Fidell, 2007). To transform the dependent variable *number of MNCs* into a categorical one, replies that indicated zero MNCs were labelled as 'absence of MNCs' while answers that indicated one MNC and above were labelled as 'presence of MNCs'. Similarly, to transform the dependent variable *use of ICMS logo on products*, answers that indicated that firms never use it were labeled as 'non-use of logo on products' while replies that indicated at least seldom use where labeled as 'use of logo on products'. Last but not least, to transform the dependent variable *daily use of the standard's documents* into a categorical one, answers, which indicated that the company uses at least to some extent the documents, were labelled as 'the company uses the documents'. Similarly, replies, which indicated that the firm uses the documents 'very little' or 'not at all', were labelled as 'the company does not use the documents'.

7.2.4 Checking the assumptions of the statistical tests

- **Logistic regression**

Logistic regression has no assumptions on the distribution of predictors. In particular, the test does not require predictors to be normally distributed, linearly related or of equal variance within each group (Tabachnick & Fidell, 2007). In addition, logistic regression does not have any requirements regarding the type of predictors, which can be any mix of continuous or categorical variables (Leech*, et al.*, 2008; Tabachnick & Fidell, 2007).

However, the test is sensitive to multicollinearity, i.e. to high correlations among predictors (Pallant, 2005). Moreover, logistic regression requires a dichotomous dependent variable and single representation of each case in a group. Additionally, in order to be accurate, it needs a minimum of 20 cases per predictor with a minimum of 60 cases.

The test's assumptions were checked and met for all hypotheses for which this test was employed (i.e. for the hypotheses referring to the breadth and context of ICMS adoption; hypotheses: 1, 3a, 3b, 4). In particular, each case was related to only one group and the number of cases for all hypotheses was higher than the minimum requirement of 20 cases per predictor[15] (Leech*, et al.*, 2008). Furthermore, the Tolerance and VIF values in the Coefficients table indicated that there were not any problems of multicollinearity since the tolerance values were close to 1 (table 1 in appendices 7-3; 7-7; 7-9; 7-11). Additionally, to check the assumption that each of the continuous variables is linearly related to the log of the outcome variable, interactions between each predictor and its natural log were added to the model (Field, 2009; Tabachnick & Fidell, 2007). The results (table 2 in appendices 7-3; 7-7; 7-9; 7-11) indicated one violation for hypotheses 1 and 4 and no violations for hypotheses 3a and 3b.

Regarding Hypothesis 1, a violation was found for the interaction term of *internal factors* by its log. However, as Tabachnick and Fidell (2007) argue, a reasonable criterion for identifying significance for this type of test is to divide the alpha value by the number of terms entered. In this test, there were thirteen terms; therefore, the new alpha value was $\alpha=.05/13=.003$. Because the variable's value was well above .003, the

[15] There were: 26 cases per predictor for Hypothesis 1 and 53 cases per predictor for hypotheses 3a, 3b and 4.

model run as originally intended. In the case of Hypothesis 4, the violation found referred to the interaction term of *customer awareness* by its log. Even though the alpha value was readjusted following Tabachnick and Fidell (2007), the values were still significant. On top of that, there were seven cases with ZResid values well above 2.5. These cases were clear outliers; following recommendation in the relevant literature (Pallant, 2005; Tabachnick & Fidell, 2007), these values were removed and analysis was repeated. The new analysis did not show any violations and thus hierarchical logistic regression analysis was conducted.

- **MANOVA**

The assumptions of MANOVA include: independent observation, multivariate normality and homogeneity of variance/ covariance matrices across groups (Leech*, et al.*, 2008). In addition, the test requires a conceptual relation among the variables and a moderate correlation. MANOVA has the advantage of being 'robust to violations of multivariate normality and to violations of homogeneity of variance/covariance matrices if groups are of nearly equal size', i.e. when the large group is no more than 1.5 bigger than the small group (Leech*, et al.*, 2008, p.171).

Preliminary assumption testing was conducted with no violations noted for Hypothesis 2a. In particular, each person's scores were found to be independent of every other person's scores. Moreover, the number of cases in each cell was bigger than the required number of cases per cell (Appendix 7-5). Tabachnick and Fidell (2007) suggest that a sample size of at least 20 cases in each cell secures 'robustness' of MANOVA. In both hypotheses, 2a & 2b, the number of cases was well above 20 (i.e. 47 and 164 cases for early and late adopters respectively). The dependent variables used in both

hypotheses related conceptually with each other and correlated at medium to moderate levels satisfying MANOVAs relevant requirement (Table 7-2).

For hypothesis 2b, there were violations of the assumptions of homogeneity of covariances and on the equality of error variances. In particular, the Box Test of Equality of Covariance Matrices was found to be significant, implying that the assumption of homogeneity of covariances was violated (Leech*, et al.*, 2008). Likewise, the Levene's test of the equality of error variances was significant for *logo use on website*, indicating violation of this assumption (Field, 2009; Leech*, et al.*, 2008; Pallant, 2005; Tabachnick & Fidell, 2007). Since the two groups (i.e. early and late adopters) were not of equal size, these violations could not be disregarded. Following the relevant literature (Pallant, 2005; Tabachnick & Fidell, 2007), the variable that was found to be significant (*logo use on website*) was transformed. Since the variable had a negative skew it was square rooted and cubed (Leech*, et al.*, 2008) to see which of the two transformations reduces the skewness more effectively. The cube of *logo use on website* proved to be more effective and was chosen as a transformation technique. Following transformation of the variable, the test's assumption was checked again and this time no violation was noted.

Multivariate normality was tested for both hypotheses by calculating Mahalanobis distance (Pallant, 2005). The latter is the distance of a particular case from the 'point created by the means of all variables' (Pallant, 2005, p.250) and aims to identify cases that follow a strange pattern of scores on the dependent variables (Tabachnick & Fidell, 2007). After calculating the Mahalanobis distance and comparing it with critical

values[16] for both hypotheses 2a and 2b, no case was found to have extreme values. Furthermore, the Box Test of Equality of Covariance Matrices was non-significant suggesting that the assumption of homogeneity of covariances was not violated. Likewise, the Levene's test of equality of error variances was not significant for all variables implying no violation (Field, 2009; Leech*, et al.*, 2008; Pallant, 2005; Tabachnick & Fidell, 2007) (Appendices 7-5 & 7-6).

7.3 Results

Table 7-2 provides the descriptive statistics and correlation matrix of the variables used in the analysis. No inter-factor correlation was above the recommended level of 0.70 (Tabachnick & Fidell, 2007) indicating that multicollinearity did not seriously affect the results. To diminish any multicollinearity threats, the variance inflation factors (VIF) of each individual predictor were also examined. Their values ranged between 1.01 to 1.89, well below the acceptable level of 10.0, indicating the absence of multicollinearity (Hair*, et al.*, 1995).

Several results from the correlation table deserve particular attention. Regarding the breadth of ICMS adoption, there was a positive significant correlation between the *percentages of certified firms* and: *external factors*; *market factors*; *customer awareness* and *government awareness*. This finding indicates that increased pressures from *external* and *market factors* and/ or increased levels of *customer* and *government awareness* result in increased *percentages of certified firms*.

[16] Critical values were identified by using a critical values chi-square table, with the number of dependent variables as degrees of freedom (df) value (Pallant, 2005).

Variables	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1. % of Certified Firms	2.99	1.35	1																				
2. Employees[a]	203	494.72	.09	1																			
3. Services	.39	.49	-.17*	-.05	1																		
4. Commerce	.31	.46	.11	-.09	.53**	1																	
5. Manufacture	.31	.49	.05	.11	-.51**	-.42**	1																
6. External Factors	3.38	1.02	.25**	.03	.01	-.01	-.00	1															
7. Internal Factors	3.04	1.01	.10	.09	-.13	.08	.04	.34**	1														
8. Market Factors	4.03	.99	.26**	.07	-.07	.06	-.01	.30**	.32**	1													
9. CSR	3.43	1.25	-.02	.13	-.14*	.07	.08	.29**	.58**	.18*	1												
10. Customer Awareness	3.29	.93	.23**	.14*	-.14*	.04	.08	.11	.06	.18**	.10	1											
11. Government Awareness	2.98	.87	.29**	.10	-.09	.12	-.04	.21**	.33**	.19**	.15*	.24**	1										
12. Years of ICMS	5.59	3.36	.21**	.38**	-.03	-.13	.13	.08	.04	.05	.01	.20**	.12	1									
13. Internal Audits	1.88	.73	-.00	.13	.09	-.14*	.07	.18**	.10	.09	.19**	.08	-.02	.11	1								
14. Major-non-conformances	2.12	1.13	.02	-.15*	-.11	-.01	.11	-.04	-.00	-.08	-.04	-.04	-.15*	-.17*	-.14*	1							
15. Daily use of Documents	4.00	.97	.14*	.11	-.12	.03	.06	.31**	.18*	.13	.15*	.50**	.19**	.25**	-.02	-.04	1						
16. Content Change	1.93	.99	-.00	-.14*	-.12	.11	.02	-.08	.04	.05	-.01	-.07	-.09	-.25**	-.16*	.28**	-.24**	1					
17. Logo Web-site	3.28	1.67	.02	.13	.03	-.15*	.09	-.01	.08	.03	.09	.13	-.02	.23**	.12	.03	.09	.09	1				
18. Logo on Documents	4.09	1.29	-.08	-.24**	.11	-.08	-.03	.00	.08	-.00	.04	-.05	.07	-.08	.07	-.07	.06	.04	.40**	1			
19. Logo on Products	2.98	1.73	.03	-.04	.07	-.12	.04	.03	.09	.09	.08	.01	.09	.08	.12	-.06	.11	.22**	.44**	.40**	1		
20. Sanctions	4.36	.79	.16*	.18**	-.07	-.02	.08	.29**	.29**	.32**	.30**	.25**	.19**	.02	.01	.05	.30**	.03	.07	.05	.02	1	
21. Regulatory Framework	4.51	.50	.00	.03	.13	-.25**	.12	-.16*	-.23**	-.04	-.18*	-.20**	-.12	.02	-.00	-.03	-.12	-.02	.03	.09	-.02	-.06	1

Notes: ** Correlation is significant at the 0.01 level (two tailed). * Correlation is significant at the 0.05 level (two tailed).

[a] Mean and standard deviation values for employees are reported before log transformation for better interpretability.

Table 7-2: Descriptive Statistics and Correlation Analysis (n= 211)

With reference to the depth of ICMS adoption, there was a positive relationship between *years of ICMS implementation* and: *daily use of documents* and the *logo on the website*. This result implies that the more years the firm applies an ICMS the more it is likely to use the ICMS *documents on a daily basis* and the *ICMS logo on* its *website*. In addition, the findings indicate that there was a significant negative relationship between the *years of ICMS implementation* and: *number of major-non-conformances* and *content change*. This result suggests that the more years the firm applies a standard the less *major-non-conformances* it is likely to have; also, it is less likely to attempt to *change the content of the ICMS documents* prior to external audits.

Regarding the context of ICMS adoption, the correlation table shows that the number of *major-non-conformances* positively and significantly related to *content change*. This indicates that the more *MNCs* the firm has, the more it can be expected to attempt to *change the content* of the ICMS documents prior to external audits. Also, the table above illustrates that there was a negative correlation between the number of *MNCs* and *government awareness*. This indicates that greater *government awareness* of ICMS implementation may result in a decrease of the number of *MNCs* that firms allow themselves to have. In addition, there was positive and significant correlation between the *daily use of documents* and: *customer awareness*; *government awareness* and *sanctions*. These correlations imply that the company tends to use more the ICMS *documents on a daily basis* when *customer* and *government* show greater *awareness* of ICMS implementation and when there are increased *sanctions* for non-compliance to ICMS requirements.

Table 7-3 shows the results of logistic regression analysis with respect to the breadth and context of ICMS implementation while the findings from MANOVA regarding the depth of ICMS adoption are presented in Table 7-4.

7.3.1 Breadth of ICMS adoption

Hypothesis 1 stated that ICMS diffusion is based on other reasons than their potential to improve CSR. The results from logistic regression supported this hypothesis. There was a good model fit on the basis of the two control variables alone, x^2 (8, N=211) = 8.32, p= .40. However, the model with these two predictors was not significant: x^2(3, N= 211) = 6.43, p >.05, implying that the combination of *number of employees* and *industry* did not predict significant or insignificant percentages of certified firms.

After the addition of the six independent variables (Table 7-1), the model considerably improved and was statistically significant: x^2(9, N= 211) = 32.18, p<.0001, indicating that these predictors, as a set, reliably distinguish between significant and insignificant certification percentages. The model was able to classify 90% of the firms that indicated significant percentages and 35% of those that indicated insignificant percentages, for an overall success rate of 72%. The overall classification of the model is satisfactory. Model 1, presented in Table 7-3, shows that of all predictors *commerce* [x^2(1, N=211) = 3.94, p<.05], *external factors* [x^2(1, N=211) = 6.35, p<.05], *market factors* [x^2(1, N=211) = 4.43, p<.05] and *government awareness* [x^2(1, N=211) = 5.58, p<.05], reliably predicted significant percentages of certified firms. Further details on the logistic regression for the breadth of ICMS adoption can be found in Appendix 7-4.

	Breadth of ICMS Adoption				Context of ICMS Adoption											
	Model 1 (Hypothesis 1)				Model 4 (Hypothesis 3a)				Model 5 (Hypothesis 3b)				Model 6 (Hypothesis 4)			
Variables	B	Wald	p	Odds ratio	B	Wald	p	Odds ratio	B	Wald	p	Odds ratio	B	Wald	p	Odds ratio
Constant	-3.47	11.47	.00**	.03	1.09	.43	.51	2.98	3.15	3.52	.06	23.33	-5.02	20.69	.00**	.01
External Factors	.45	6.35	.01**	1.57												
Internal Factors	-.28	1.62	.20	.76												
Market Factors	.36	4.43	.03*	1.43												
CSR	-.16	.92	.34	.85												
Customer Awareness	.16	.84	.36	1.18									1.39	26.20	.00**	4.03
Government Awareness	.50	5.58	.02*	1.64									.38	2.35	.13	1.45
Sanctions					.15	.67	.41	1.17	-.16	.68	.41	.85				
Regulatory Framework					-.13	.18	.68	.88	-.32	1.17	.28	.72				
Control Variables																
Employees	.10	.97	.32	1.11	-.23	5.64	.02*	.80	-.07	.52	.47	.94	.33	5.54	.02*	1.39
Industry (Services)	-	3.94	.14	-	-	7.10	.03*	-	-	3.66	.16	-	-	.52	.77	-
Industry (Commerce)	.79	3.94	.05*	2.20	.12	.11	.74	1.13	-.58	2.71	.10	.56	-.17	.13	.72	.84
Industry (Manufacture)	.32	.69	.41	1.38	.98	6.59	.01**	2.66	.06	.03	.88	1.06	-.36	.52	.47	.70
Log-likelihood	234.55				261.96				271.70				162.65			
Model chi-square	32.18**				12.66*				5.22				52.63**			
Cox & Snell R^2	.14				.06				.02				.23			
Nagelkerke R^2	.20				.08				.03				.35			
Number of cases	211				211				211				204			

Notes: **p≤0.01; *p<0.05

Table 7-3: Logistic Regression Analysis for Breadth and Context of ICMS Adoption

7.3.2 Depth of ICMS Adoption

Hypothesis 2a conjectured that late adopters of ICMS tend to implement them symbolically rather than using them to improve their performance in terms of corporate social responsibility. The findings supported this hypothesis as the MANOVA produced a significant difference between early and late adopters on the combined dependent variables: Wilk's Λ = .93, F (4,204) = 3.7, p =.01, partial η^2 = .068[17]. According to Cohen (1988), the partial η^2 found in this study represents a medium or typical effect size, suggesting a medium difference between levels of the independent variable with respect to dependent variables.

The evidence provided in Model 2 (Table IV) suggests that there is some difference between the two groups. Late adopters tend to have more than one *MNCs* (M=2.21 SD=1.16) while early adopters tend not to have any (M=1.87 SD=1.01). This evidence indicates that late adopters do not conform to at least one major requirement of ICMS while early adopters tend to conform to all standards' major requirements. Also, late adopters tend to *change the content* of documents prior to external audits (M=3.96, SD=.89) whereas early adopters tend not to do so (M=4.38 SD=.68). This evidence indicates that late adopters, in contrast to early adopters, tend to present to external auditors a touched up picture of the implementation of ICMS. Also, early adopters use the standard's *documents on a daily basis* to a greater extent (M=1.55, SD=.83) than late adopters (M=2.06, SD=1.02) (Model 2, Table 7-4). This implies that the former have integrated ICMS in their operations in a more profound manner than the latter.

[17] To calculate the effect size, one has to calculate the square root of the partial eta squared (Leech *et al.*, 2008). In this case the effect size is η = .26.

	Depth of ICMS Adoption							
	Model 2 (Hypothesis 2a)				Model 3 (Hypothesis 2b)			
Variable	Early Adopters (N=47)	Late Adopters (N=164)	F (1,207)	P	Early Adopters (N=47)	Late Adopters (N=164)	F (1,207)	P
Internal Audits	2.00 (.77)	1.79 (.68)	2.81	.09				
Major-non-conformances	1.87 (1.01)	2.21 (1.16)	3.96	.05*				
Daily use of ICMS Documents	1.55 (.83)	2.06 (1.02)	6.95	.01**				
Content Change of ICMS Documents	4.38 (.68)	3.96 (.89)	8.69	.00**				
ICMS Logo on Website					3.36[a] (1.90)	3.27 (1.61)	.04	.84
ICMS Logo on Documents					3.68 (1.45)	4.20 (1.23)	1.00	.32
ICMS Logo on Products					2.87 (1.74)	3.06 (1.73)	.02	.90

Notes: Standard deviations in brackets
**p≤0.01; *p<0.05.
[a]Mean and standard deviation values for ICMS logo on website are reported before cubic transformation for better interpretability

Table 7-4: Means, Standard Deviations and Univariate ANOVAs for Early and Late Adopters on Indicators of Depth of ICMS Adoption

Hypothesis 2b stated that late adopters use the standards' logo for signalling purposes while early adopters do not. The results did not support the hypothesis as the MANOVA has failed to produce any significant difference between early and late adopters on the combined dependent variables: Wilk's $\Lambda = .99$, $F(3,205) = .90$, $p = .44$, partial $\eta^2 = .001$. An inspection of the means of the scores (Model 3, Table 7-4) revealed that late adopters reported slightly less years of using the standards' *logo on their website* (M=3.27, SD=1.61) than early adopters (M=3.37, SD=1.90). Also, late adopters stated somewhat higher levels of using the *logo on their documents* (M=4.20, SD=1.23) than early adopters (M=3.68 SD=1.45). Finally, late adopters reported slightly higher levels of using the standards' *logo on their products* (M=3.06, SD=1.73) than early adopters

(M=2.87, SD=1.74). Further details in the MANOVA results for the depth of ICMS adoption can be found in Appendices 7-5 & 7-6.

7.3.3 Context of ICMS Adoption

Hypothesis 3a asserted that the number of *major-non-conformances* (MNCs) is influenced by the strictness of the *regulatory framework* and the *sanctions* applied in the case of non-compliance to the standard's requirements. The logistic regression findings did not support the hypothesis. When the two control variables were considered together, there was a good model fit: x^2 (8, N=211) = 6.55, p=.59. Likewise, the model with these two predictors was significant: x^2(3, N= 211) = 11.78, p=.01, implying that the combination of *employees* and *industry* predicts the presence of *MNCs*.

Following the addition of *sanctions* and *regulatory framework* (Table 7-1), the model considerably improved and was statistically significant: x^2(5, N= 211) = 12.66, p=.03, implying that these predictors, as a set, reliably distinguish between existence or not of *major-non-conformances*. The model was able to classify 93% of the firms that indicated significant percentages and 13% of those indicated insignificant percentages, for an overall success rate of 65%.This is a highly satisfactory result as far as the presence of *MNCs* is concerned. Regarding the absence of *MNCs*, the model did not do so well. Similarly, its overall success rate was unimpressive. Model 4 (Table 7-3) illustrates that of all predictors, only number of *employees* [x^2(1, N=211) = 5.64, p=.02], services [x^2(1, N=211) = 7.10, p=.03] and *manufacture* [x^2(1, N=211) = 6.59, p=.01] reliably predicted the presence of *MNCs*. *Sanctions* and strictness of *regulatory framework* did not predict the presence of *MNCs*.

Hypothesis 3b contended that the use *of ICMS logo* on the firm's products is influenced by the strictness of *regulatory framework* and the *sanctions* following non-compliance to the standard's requirements. The results from logistic regression did not support the hypothesis (Model 5, Table 7-3). During the initial stage of analysis, number of *employees* and *industry* were entered as control variables. There was no good fit of the model and none of the variables were significant predictors of whether or not the company uses the *logo on its products*. Likewise, the model with these two predictors was not significant: $x^2(3, N= 211) = 3.45$, p=.33, implying that the combination of *employees* and *industry* does not predict the use of logo on products. As the next step, *sanctions* and strictness of *regulatory framework* were added to the model to see if they were going to improve prediction. They did not do so; there was not a good model fit and the model remained non-significant: $x^2(5, N= 211) = 5.22$, p=.39. This indicates that these predictors, as a set, do not distinguish reliably between the use and non-use of *logo on products*.

Hypothesis 4 suggested that stakeholder awareness influences the way companies apply ICMS. The logistic regression findings partially supported this hypothesis. There was a good model fit on the basis of the two control variables alone, x^2 (8, N=204) = 1.72, p=.98. Also, the model with these two predictors was significant: $x^2(3, N= 204) = 10.69$, p=.01, indicating that the combination of *employees* and *industry* significantly predicts *daily use of documents*.

After the addition of the two independent variables (i.e. *customer awareness* and *government awareness*), the model improved considerably and was statistically significant with $x^2(5, N= 204) = 52.63$, p<.0001. This indicates that *customer awareness*

and *government awareness* as a set reliably distinguish between the use and non-use of documents. The model was able to classify 91% of the firms that indicated daily use of documents and 29% of those indicated non-use of documents, for a satisfactory overall success rate of 78 %. Model 6, presented in Table 7-3, illustrates that of all predictors *employees* [$x^2(1, N=204) = 5.54, p=.02$] and *customer awareness* [$x^2(1, N=204) = 26.20, p<.000$], reliably predicted *daily use of documents*. Further details in the logistic regression results for the context of ICMS adoption can be found in Appendices 7-8; 7-10; & 7-12.

7.4 Conclusions

To test the hypotheses developed in Chapter 3, this study employed both differential and associational inferential statistics. Regarding the breadth of ICMS adoption (Hypothesis 1), the results lend support to the view that these standards have diffused due to pressures coming from the market and the government, and not because they assist companies in improving their social and economic performance. This finding is in accordance with the results of the descriptive statistics presented in the previous chapter. Hence, hypothesis 1 has been confirmed in that the wide diffusion of some CSR tools, like ICMS, has not taken place due to their potential in changing the companies' CSR performance but due to the fact that the market and the government provide a backing for such tools.

The hypotheses pertaining to the depth of ICMS adoption (Hypotheses 2a and 2b) examine differences in the way early and late adopters implement ICMS, and in the way these two groups use the logo of these standards. Regarding implementation, a difference was found in the way early and late adopters applied ICMS with the former

being more likely to implement ICMS substantially. This difference is further supported by the descriptive statistics presented in the previous chapter where it was found that early adopters tend to be more interested in dealing with their social responsibilities as they tend to apply these standards substantially.

As for the use of ICMS logo, no differences were found in the way early and late adopters used it as both groups employed certification for signalling reasons. This may be interpreted as evidence that companies tend to employ the ICMS logo as a means of declaring the application of socially and environmentally responsible practices. Qualitative analysis will shed further light onto this topic.

The hypotheses related to the context of ICMS adoption (Hypotheses 3a; 3b and 4) evaluate the influence of sanctions, regulatory framework and stakeholder awareness on firms' behaviour towards ICMS. Hypotheses 3a and 3b focused on two major aspects of ICMS implementation: major-non-conformances and use of ICMS logo on products. Interestingly, no evidence was found regarding the influence of sanctions and regulatory framework on firm's behaviour towards ICMS. Although firms recognized the importance of sanctions, they often succeeded in behaving in a way that clearly violated the assumptions built into the use of ICMS, i.e. they had major-non-conformances and used the ICMS logo on their products. This might imply a problem in the way ICMS implementation is monitored. A plausible explanation to the lack of significant relation could be attributed a) to inefficiency of monitoring mechanisms on behalf of the certification bodies or b) to poor audit quality of ICMS.

Finally, the fourth hypothesis deals with evaluating stakeholders' influence on the way firms adopt ICMS. The results indicate that the way companies apply management standards is influenced by customers, but not by the government. This emphasises the significance of the influence of the market on ICMS implementation. In addition, the lack of significant relation between government awareness and the way firms implement ICMS may suggest that government's awareness on the topic is limited. The results from qualitative analysis will shed further light in to this topic. Table 7-5 summarizes the hypotheses' testing results.

	Research Question	Hypothesis	Description	Aim	Result	
Breadth of ICMS Adoption	Why companies adopt ICMS?	1	ICMS diffuse in a bandwagon way and are not motivated by efficiency gains	Evaluate the reasons behind ICMS diffusion	ICMS have diffused due to market and government and not as means of improving firms' CSR performance	Hypothesis Supported
Depth of ICMS Adoption	How companies implement ICMS?	2a	Late adopters of ICMS are more likely to implement them symbolically	Analyse the differences between early and late adopters in the way they implement ICMS	Late adopters tend to apply ICMS symbolically	Hypothesis Supported
		2b	Late adopters will use the standards' logo on their products, documents and web-site for signalling purposes	Analyse the differences between early and late adopters in the way they use the ICMS' logo	Both early and late adopters use the ICMS logo for signalling purposes	Hypothesis Not Supported
Context of ICMS Adoption	In which context firms adopt ICMS?	3a,	Major non-conformances positively relate to weak regulation and sanctions	Evaluate the influence of sanctions and regulatory framework in the way firms implement ICMS	Sanctions and regulatory framework do not influence the way companies treat ICMS	Hypothesis Not Supported
		3b	The disallowed use of the standard's logo on company's products is influenced by the strictness of the regulatory framework and the significance of sanctions in case of non-compliance			Hypothesis Not Supported
		4	The way firms apply the standard depends on stakeholders' awareness	Analyse the influence of customers and government in the way firms adopt ICMS	Only customers influence ICMS adoption by firms. Government does not play a significant role in the way companies implement these standards	Hypothesis Partially Supported

Table 7-5: Summary of Hypotheses-testing Results

8 QUALITATIVE ANALYSIS

8.1 Introduction

> *Hamlet: Do you see yonder cloud that's almost in shape of a camel?*
>
> *Polonius: By the mass, and 'tis like a camel, indeed.*
>
> *Hamlet: Methink it is like a weasel.*
>
> *Polonius: It is backed like a weasel.*
>
> *Hamlet: Or like a whale?*
>
> *Polonius: Very like a whale.*
>
> *(Shakespeare, Hamlet, act 3, scene 2 cited in Fontana & Frey, 2005)*

Qualitative research is fundamentally interpretive; the researcher makes an interpretation of the data 'through a personal lens that is situated in a particular socio-political and historical moment' (Creswell, 2003, p. 182). As Bryman and Bell argue, 'qualitative research embodies a view of social reality as a constantly shifting emergent property of individuals' creation' (Bryman and Bell, 2007, p.28).

This type of inquiry employs different methods of data collection and analysis in comparison with quantitative research. Instead of using inanimate instruments of data collection, qualitative analysis uses the researcher as the main means of data gathering (Denzin & Lincoln, 2005). Moreover, the data that emerge from qualitative research are descriptive; in contrast to quantitative analysis, data are reported in words rather than numbers (Miles & Huberman, 1994). At large, qualitative research is mostly exploratory and may offer a more nuanced understanding of the patterns revealed by the quantitative data (Bryman & Bell, 2007).

This study uses qualitative analysis in order to gain an in-depth knowledge of the issues identified by the survey. Moreover, qualitative analysis aims at increasing the validity of the descriptive and inferential statistics' results. In particular, the cross-checking of the quantitative and qualitative results verifies the propositions made in the previous chapters and enhances the credibility of the survey findings.

This chapter is structured in three parts. First, it explains the purpose of qualitative analysis and the approach followed for analysing the interview data. Next, the chapter discusses the findings of the interviews on the breadth, depth and context of ICMS adoption while the third section of the chapter presents the relevant conclusions.

8.2 Data Analysis

8.2.1 Purpose of the analysis

Analysis of qualitative data usually follows an inductive process during which the data are used for theory building (Teddie & Tashakkori, 2009). In this study, however, qualitative analysis was used differently. Because a list of *a priori* themes had emerged during quantitative research, the analysis of qualitative data was mostly based on a deductive process. More specifically, the quantitative analysis pointed towards certain theoretical propositions on the *breadth*, *depth* and *context* of ICMS adoption:

- Breadth of ICMS adoption: Companies adopt ICMS due to external factors and not due to the potential of these standards to improve the firm's CSR performance;
- Depth of ICMS adoption: There is a difference between early and late adopters in the way they apply ICMS. Companies that adopted ICMS prior to their wide diffusion tend to apply them more substantially than firms which adopted them

at later stages. However, both groups of firms use the ICMS logo for signalling purposes to declare application of CSR practices;

- Context of ICMS adoption: The way companies use ICMS is not influenced by sanctions or the regulatory framework. Rather it is influenced by customer awareness on the topic; the government plays a role in promoting ICMS as CSR tools but it does not seem to play any role in the way the firm adopts an ICMS.

These propositions offered an explanatory framework of *why*, *how* and *in which context* firms use ICMS. However, to enhance the validity of this framework and its explanatory power, further exploration was necessary. Accordingly, qualitative analysis was used to test existing propositions rather than develop a new theory.

8.2.2 Companies interviewed

As it was mentioned in Chapter 5, 18 interviews were conducted with companies' CEOs or General Managers. Although the profile of the interviewed companies was illustrated earlier in Chapter 5 (§ 5.6.1), it is appropriate to repeat this information enhanced with some additional data. The sample of firms included five small firms, eight medium and five large companies representing manufacturing (five firms), the service sector (nine firms) and commerce (four firms). Some over-representativeness of the service firms (50%) and an under-representativeness of the trade sector in the interview sample should be attributed to the fact, first, that the sample was randomly selected (see Figure 5-3) and, second, that the service sector was the most prevalent sector in the survey sample reflecting its dominant position in the Greek economy (NSSG, 2008). Furthermore, of the sample firms six were early adopters of ICMS, applying management standards for more than ten years, and 12 were late adopters.

Company	Interviewee	Employees	Turnover (in millions £)	Established	Years of ICMS implementation	Certifications	Industry Sector
A (medium company)	General Manager	206	224.9	1974	6 years	ISO9001, ISO14001, EMAS	Manufacturing
B (large company)	General Manager	3,000	417.56	1899	12 years	ISO9001, ISO14001	Services
C (small company)	General Manager	24	n/a	2002	3 years	ISO9001, ISO14001	Services
D (large company)	General Manager	700	1,288.26	1996	4 years	ISO9001, ISO14001	Services
E (medium company)	General Manager	75	30.20	1967	6 years	ISO9001, ISO22000	Commerce
F (medium company)	General Manager	124	10.92	1978	5 years	ISO9001, ISO14001, OHSAS18001	Commerce
G (small company)	General Manager	28	1.2	1977	12 years	ISO9001, ISO14001, EMAS, OHSAS18001	Services
H (small company)	General Manager	24	n/a	2001	6 years	ISO9001, ISO14001, OHSAS18001	Commerce
I (large company)	General Manager	2,275	354.78	1973	7 years	ISO9001, ISO14001	Manufacturing
J (large company)	CEO	509	25.87	1874	11 years	ISO9001, ISO22000	Services
K (medium company)	CEO	310	305.48	1954	7 years	ISO9001, ISO14001, OHSAS18001	Commerce
L (medium company)	General Manager	150	21.43	1967	5 years	ISO9001, ISO14001, ISO17025	Manufacturing
M (small company)	General Manager	25	9.39	2002	6 years	ISO9001, ISO14001, ISO27001	Services
N (medium company)	General Manager	80	n/a	1933	11 years	ISO9001, ISO14001	Services
O (medium company)	CEO	265	65.07	1932	15 years	ISO9001, ISO14001, EMAS, OHSAS18001	Manufacturing
P (small company)	General Manager	11	n/a	1995	6 years	ISO9001, ISO14001	Services
Q (medium company)	General Manager	200	23.82	1955	8 years	ISO9001, OHSAS18001, ISO22000,	Manufacturing
R (large company)	CEO	2,641	1,309.22	1992	14 years	ISO9001, ISO14001, EMAS, OHSAS18001, ISO27001	Services

Table 8-1: Profile of Interviewed Firms

8.2.3 Approach

Data analysis followed an iterative process with two main phases. In the first phase, all interview recordings were listened to and the parts of interviews that were deemed interesting and useful were transcribed. Each interview was listened to twice to secure that all important issues were put onto paper. The texts were checked for accuracy and where necessary cleaned from any errors occurred during the transcription process. Transcribed data were saved in a word-processed file using filenames that maintained confidentiality and preserved anonymity of interviewees whilst allowing easy identification of each interview.

To facilitate the management of the data, the study employed the QSR NUD*IST Vivo (NVivo) software. This is a software package for the management and analysis of qualitative data that provides an online environment for organizing and handling data, notes and ideas. NVivo is one of qualitative analysis tools most widely used by scholars. It was chosen because it allows researchers to code text while working at the computer and to easily retrieve the coded text (Bryman & Bell, 2007). These features enabled the researcher to better organize the transcribed text and get a clearer view on interviewees' responses.

The second phase of the data analysis aimed at tracking information on the breadth, depth and context of ICMS adoption. To do so, the transcribed texts were systematically studied. The first reading of the transcript of each interview was undertaken with the recording of each interview running. This helped the researcher to focus on emphasis, mood, and intonation. Analysis proceeded in an iterative way by reading and rereading the interview transcripts several times to form a comprehensive image of the data.

During this phase, quotes in the interview texts, that unveiled information on the three areas of interest, were marked and marginal notes on the transcribed text were taken by the researcher (memos). As the reading progressed, these memos were refined into codes. Coding is the process of organizing data into 'chunks' and it involves segmenting sentences into categories and labelling those categories with a term (Creswell, 2003). To assist the coding procedure, free nodes were used; this enabled the researcher to include all quotes on a certain topic from all interviews combined. Bringing data from many documents together in the same node was significantly important as it enabled the researcher to analyse more effectively the interview texts and focus each time on the topic of interest.

The terms used to label the categories identified in the interview texts were derived from the interview themes mentioned in the methodology chapter (§ 5.6.2) and referred to the following topics:

- Motives for adopting ICMS (Breadth of adoption);
- Use of ICMS (Depth of adoption);
- Use of ICMS logo (Depth of adoption);
- Influence of regulation and sanctions on ICMS implementation (Context of adoption);
- Stakeholders' awareness of ICMS and CSR (Context of adoption).

Despite the fact that the initial readings provided clear indications regarding interviews answers, the researcher did further readings of the transcripts to gain a deeper understanding of the data. Qualitative analysis ended with the identification of several

explanations that were then translated into 5 findings regarding *why* firms adopt ICMS, *how* they use these standards and *in which context*.

8.2.4 Preliminary analysis

Preliminary analysis was conducted to get a first glimpse on respondents' replies. To do so, word lists and the Key Words in Context (KWIC) technique were used. These approaches draw on a simple observation: if you want to comprehend what people are talking about, look closely at the words they use (Bernard & Ryan, 2010; Ryan & Bernard, 2003).

During the reading of the interview texts it became immediately evident that certain words were repeated more frequently than others. This repetition drew the attention of the researcher as he had in mind that words that occur a lot can be seen as being salient in the minds of respondents (Ryan & Bernard, 2003).

Using the word frequency query function of NVivo, it was possible to identify the words that appeared more frequently in the interview texts. The word 'state' appeared 172 times making the researcher believe that state is a prevalent concept in the implementation of ICMS. The word 'customers' appeared 130 times in the interview texts suggesting that customers as a particular category of stakeholders might also be an important aspect of ICMS. Other very frequent words were 'company' and 'market' which were used 100 and 82 times respectively. Again these frequent uses suggested that these concepts might also play a significant role in the topics under investigation. Another word that drew the attention of the researcher was the word 'honorary' as it was only used 1 time. Table 8-2, depicts key words frequently (or less frequently) used

by interviewees. The frequent use of certain words indicate that the concepts these words describe are important, recurring themes related to the breadth, depth and context of ICMS implementation.

Word	Count
state	172
customers	130
company	100
market	82
logo	79
informed	70
monitoring	63
profile	58
audits/ auditors	58
certification/ certificate/ certify	50
fines/ sanctions	46
awareness/ aware	43
requirement	40
competition/ competitors	37
enhance/ improve	35
supply	34
projects	34
financial	30
problems/ problematic	30
procedures	29
credibility	26
financial	24
documents	23
website	23
operations	22
boycotts/ picketing	22
tools	22
employees	20
certification	18
ESYD	18
reputation	17
marketing	17
absent	15
substantial	15
impediment	14
compliance	13
integrated/ integration	12
house	10
honorary	1

Table 8-2: Key Words

Due to the fact that concentrated data such as word lists and counts take words out of their original context (Bernard & Ryan, 2010; Ryan & Bernard, 2003), a Key Words in Context (KWIC) approach was also employed with the aid of NVivo. This technique requires that the researcher identifies key words or phrases and then systematically searches the body of text to find all instances of each key word or phrase. Using the key words previously mentioned the texts of the interviews were searched to identify the key phrases. Then, with the aid of text search query function of NVivo, all instances of the application of these phrases in the texts were identified. Table 8-3 illustrates the procedure with examples of how the key words illustrated previously (Table 8-2) were used by respondents. In addition, some phrases are also included in this table for information.

Company/ Sector	Breadth	Depth		Context	
	Motives	Use of ICMS	Use of ICMS logo	Sanctions & Regulation	Stakeholder Awareness
A (medium company)/ Manufacturing	• To comply with state legislation • To participate in public projects • We force our suppliers through supply chain	• Bureaucratic procedures • ICMS have limited benefits • We prefer in-house systems	• The logo is a marketing tool • Reputation enhancement	• Problems due to commercial relationships • Problems due to insignificant fines	• The state is impediment • The state isn't informed
B (large company)/ Services	• To improve our operations • To improve our financial performance	• Customer focused • Created new procedures • Monitoring of our operations	• We don't use the logo so much • Certification is an honorary title	• More often audits are needed • Problematic monitoring	• Consumers are knowledgeable • The state is somehow informed
C (small company)/ Services	• ICMS are market's requirement • Supply chain	• Internal tools • Integration is needed to see results	• We use the logo on our website and documents • Logo brings credibility and enhances our reputation	• ESYD lacks knowledge • Public employees aren't informed	• The state is absent • Customers are partially informed
D (large company)/ Services	• ICMS are a market's requirement • Participation in public projects	• ICMS implementation takes time • ICMS require substantial changes • ICMS grant accountability	• ICMS logo is a communication mechanism • We use it on our website and on our CSR reports	• The state is absent • There are problems due to infrequent audits	• The state puts obstacles

E (medium company)/ Commerce	• The market requires certification by certain standards • Supply chain	• Secure compliance with the state's laws • Important tools	• The logo is a means of communication • The certification logo is a means of marketing	• Not fair imposition of fines • The framework is lax	• The state isn't aware • Customers might punish a company through boycotts & picketing
F (medium company)/ Commerce	• To operate in Greek market • Certification was customers' requirement • Supply chain	• Tools that entails bureaucratic procedures • ICMS increase red tape • We prefer in-house systems	• Logo on documents, website • It improved our profile and reputation	• There is a need to secure the free operation of the market	• The state isn't informed • Customers are aware
G (small company)/ Services	• Participation in public projects • Supply chain	• ICMS are significant tools • ICMS require continuous improvement	• We put the logo on our documents, and website • It is a proof of credible performance	• Certification bodies are problematic • The state lacks knowledge	• Customers are partially aware • Customers might boycott • The state is absent
H (small company)/ Commerce	• To improve our finances • To improve our operations • To be able to participate in public projects	• We integrated ICMS into our operations • ICMS need time • ICMS require substantial changes	• Logo on documents, website, informative material • ICMS certification grants recognition and enhances the firm's profile	• Auditors follow a personal approach • Auditors aren't well trained • Problems due to infrequent or no auditor visits	• The state lacks knowledge • The state doesn't care • Customers pay some attention
I (large company)/ Manufacturing	• The market demands certification • Supply chain	• ICMS are marketing tools • ICMS ensure customer benefits • External audits prove ICMS implementation	• Logo on website, documents • The logos improved the company's profile	• ESYD employees aren't knowledgeable	• The state is absent and not informed • Customers are aware • Boycotts & picketing are customers' weapons
J (large company)/ Services	• The Greek market asks for ICMS	• ICMS entail substantial benefits • We satisfy ICMS requirements	• We put the logos on the company's website, documents	• ICMS monitoring is lax • Civil employees lack knowledge	• The state isn't interested • The state pays lip service
K (medium company)/ Commerce	• Competitors were certified	• ICMS increase red tape in a company	• We use the logos on our website • Our profile got improved	• The current mechanism is problematic • Stricter audits are needed	• The state is irresponsible • Customers are partially informed • Customers have power
L (medium company)/	• ICMS are market's requirement	• We cover ICMS requirements • ICMS use is	• Logo on website • The logo enhanced our	• ESYD employees lack	• Customer awareness increases

Manufacturing	• Competition demanded to be certified	proved by certification	profile	knowledge	• The state pays lip service
M (small company)/ Services	• To improve the company's finances • To enhance the company's operations • Supply chain	• ICMS have economic benefits • Annual external audits secure compliance to ICMS	• We use the ICMS logos on our website, documents and brochures	• Not fair imposition of fines	• Customers are informed • The state isn't aware
N (medium company)/ Services	• Market requirement • The main competition is certified	• Monitoring the company's operations • Organize activities	• Logo offers differentiation from competitors • Reputation improvement	• Market knows better • The state is absent	• Boycotts and picketing can threaten a firm's survival • The state is not well informed
O (medium company)/ Manufacturing	• In order to improve our operations • To differentiate from competitors • Supply chain	• ICMS require substantial changes • We monitor our activities • We have set objectives, targets and indicators	• We put the logo on the company's documents, website, brochures and packages	• Auditors aren't well trained • Lax monitoring creates competition problems	• The state lacks awareness • Customers are partially informed • Picketing is a strong weapon
P (small company)/ Services	• Participation in public projects • ICMS certification was market's requirement	• ICMS are important tools • ICMS significantly improve business operations	• We use the logo on our website • Our profile enhanced	• ICMS audit is typical • Once per year audits are mostly a window-dressing	• The state is not informed • Customers aren't informed
Q (medium company)/ Manufacturing	• The market demanded certification • Our company got certified to participate in public projects	• Partial use of ICMS • Only when needed	• Logo on website, packages • Our reputation improved	• Problems due to typical audits • No actual auditing	• Customer is everything • Customers might boycott a firm • The state's operation is problematic • The state is not informed
R (large company)/ Services	• Market requirement • Supply chain	• Substantial use of ICMS • We have set objectives, targets, indicators • Frequent audits	• We put the certification logos on our documents, website, brochures, reports • Profile improvement	• There is a clear need for a better structured market • No significant audits are performed	• Customer awareness raises • The state isn't informed

Table 8-3: Examples of how Key Words were used in Interview Texts

The interviews allowed making some initial observations during the preliminary analysis. It became evident that irrespective of the size of the firm or the industry it belongs to, comments given by interviewees regarding the use of ICMS logo indicated that almost all firms systematically abused the rules regulating such use. Only one firm was an exemption, a large services company, the manager of which stated that they do not use the logo to promote ICMS certification. Similarly, it was noticeable that respondents' replies regarding the regulatory framework underlying ICMS implementation and the sanctions in case of non-compliance to ICMS requirements were revealing a problematic situation and a need for a more efficient market structure. In addition, it appeared from the transcripts that the state lacked awareness whereas customers were somehow better informed.

Regarding firms' motives to adopt ICMS and how ICMS were used, respondents' replies were influenced by firm size and industry affiliation. Market pressures presented itself as the most important single motive for all firms irrespective of size and industry. At the same time reaction to other motives varied. For instance, the second most important motive for large and small companies was public projects whereas for medium sized firms it was supply chain. With reference to the industry sector, it was noticed that for the service sector the most important motive was market requirement, for manufacturing supply chain and for commerce market requirement and public projects. Table 8-4 illustrates these observations.

Firm Size	Motives
Large	1. Market requirement
	1. Public projects
	2. Business case
Medium	1. Market requirement
	2. Supply
	3. Public projects, Competition
Small	1. Market requirement
	2. Public projects
	3. Supply
	4. Business case

Industry	Motives
Services	1. Market requirement
	2. Projects
	3. Supply
	4. Business case
	5. Competition
Manufacturing	1. Supply
	2. Competition
	3. Public projects
	4. Market requirement
Commerce	1. Market requirement, Public projects
	2. Supply
	3. Business case, Competition

Table 8-4: Firm Size – Industry Sector - Motives

With reference to the use of ICMS, four out of five large firms maintained that they used the standards in their operations. The relevant rate for medium firms was three out of eight, whereas for small firms it was two out of five. Some differences were also evident between industries. Six out of nine service firms replied that they use ICMS whereas the relevant rate for manufacturing was two out of five and for the commerce sector it was one out of four. Table 8-5 presents these results.

Firm Size	Use of ICMS
Large	80% (4/5) use ICMS
Medium	37.5% (3/8) use ICMS
Small	40% (2/5) use ICMS

Industry	Use of ICMS
Services	66.6% (6/9) use ICMS
Manufacturing	40% (2/5) use ICMS
Commerce	25% (1/4) use ICMS

Table 8-5: Firm Size – Industry Sector – Use of ICMS

8.3 Findings

8.3.1 Breadth of ICMS adoption

The qualitative findings on why firms adopt ICMS verified those from quantitative analysis. The interviews indicated that management's primary aim in relation to ICMS was satisfaction of market's requirements and government's pressures rather than improvement of CSR performance. Interviewees revealed their motives by using formulations such as 'ICMS are a window-dressing', 'getting certified was like satisfying a requirement', 'our customers demanded from us to be certified' or 'everyone things and expects from us to be certified'.

Focusing on the market, analysis of the interviewees' comments unveiled that ICMS had diffused through the supply chain. Interviewees described significant pressures exerted by certified companies towards their non-certified suppliers to obtain an ICMS certification. The following quote is characteristic: 'we demand from them [the suppliers - KI] to be certified and comply with certain criteria stemming from our management standards…if the supplier is not certified we will stop our cooperation and we will try to find another one' (Company I).

Many accounts indicated that peer pressure was also important motivation for pursuing certification. On these occasions, the adoption of a management standard was perceived as *sine qua non* for accessing the market. As one manager explained, 'accessing a market nowadays presupposes that the company adopts the standards this market requires. For instance, if we want to export to European countries we need to adopt certain ICMS to demonstrate that we comply with market requirements. The companies

that export to these markets are certified….if we want to access these markets we also need to adopt certain standards' (Company L).

With reference to pressures coming from the government, two main sources could be identified from the transcripts of the interviews: a) participation in public projects; and b) legal requirements. These findings did not come as a surprise: participation in public projects was a major motive for most Greek companies as these projects are usually big and entail attractive returns. In addition, in the county of Attica (where the sample was drawn from) there is relevant regulation forcing companies to adopt ICMS (Law 2965/2001).

Apart from the market and the government, a third driver could also be deduced from the interview texts. A minority of respondents referred to ICMS adoption as a means for enhancing the firm's financial and CSR performance. This result seems to confirm the business case approach to CSR and, in contrast with the views expressed above, suggests that firms may not always passively respond to external factors. One interviewee explained: 'The certificate is a proof of applying certain actions. Sometimes, a company may already have in place certain procedures and be very close to a desired result [improvement of operations - KI]. In some other cases, a standard guides the company towards how to get better. For us, it was like marrying both factors...for us it was both…enhancing our profile and implementing substantial changes in the way we operated' (Company H).

The examples discussed above, along with the evidence presented in Table 8-6, show that, in most cases, ICMS potential to improve the firm's CSR performance does not

influence firms' decision to adopt such standards. This relationship can be expressed as follows:

Finding 1: Market and government pressures are more likely to influence firms' decision to adopt ICMS than the business case approach.

ICMS drivers	Exemplary quotes	Company
Market	'The leader in our sector got certified. It does not need this certification…it does not even need publicity to differentiate its position. For us, this company is the benchmark…the fact that this company got certified was a major driver for us to also obtain ICMS certification'	N
	'Especially ISO9001 and ISO14001 are prerequisites for operating in the Greek market'	D
	'…if we had not had it [the certification - KI] we would have had problems, now that we have it, it does not mean that we see benefits from it'	R
	'We cooperate with our suppliers forcing them to also apply ICMS'	O
Government	'We got certified to be able to participate in public projects. For us, certification is a driving licence; it is not enough to say that you know how to drive but you also need to have a paper verifying your ability to drive. Our approach is that the paper that allows you nowadays to drive is ICMS'	P
	'Mainly we got certified to respond to legal requirements'	A
Business case	'We adopted an ICMS to improve both our operations and financial benefits. Even before getting certified we had our own approach to CSR; the adoption of ICMS enabled us to enhance this approach'	B
	'We adopted ICMS in order to enhance our profile, the way we operate and by extension our finances'	M

Table 8-6: **Evidence of Firms' Motives for Adopting ICMS**

8.3.2 Depth of ICMS adoption

- **Use of ICMS**

Analysis of interviewees' responses on the use of ICMS revealed discrepancies between what participants said and what they actually did. Although managers' remarks mainly

praised ICMS as CSR tools, follow-up questions regarding the actual examples of how ICMS had been integrated in the everyday activities of their firms revealed a different picture. Most comments failed to verify a link between action and discourse and revealed a superficial approach to ICMS with no serious attempts on behalf of management to apply the standards substantially. Only a few 'early adopters' of standards could provide convincing evidence of substantial implementation. In these cases the application of ICMS had been integrated in the firm's everyday activities through daily monitoring of ICMS implementation; executive meetings during which the adoption of ICMS was discussed; setting and monitoring of annual targets, objectives and indicators regarding ICMS implementation; customer satisfaction and supplier evaluation; corrective and preventive actions regarding ICMS adoption, etc. These firms clearly regarded the adoption of an ICMS as an ongoing process. As one interviewee explained: 'the firm cannot completely comply with all requirements…the adoption of an ICMS is an ongoing procedure. There are some [requirements - KI] that are very general and are applicable to all processes in the company; these requirements demand big and time consuming changes and cannot take place overnight…' (Company H).

In some comments ICMS were presented as an unnecessary exercise that does not assist firms but instead increases red-tape, complicates business operations and leads to delays in the firm's production. For instance, one interviewee explained: 'OK…to be honest…standards help pacify customers' concerns…when they see a certification…it is like a recognition…because I am a technocrat and I am interested in getting to the essence of things…the truth is that ICMS are very bureaucratic…we have to adopt them to play the game the market requires…sometimes, as we say here in Greece, ICMS

focus on the 'tree but miss the forest', meaning that ICMS focus on detail…this is not always good for the firm…time pushes and we have to do many things in the short-run, we do not have the luxury to note everything down…at the end of the day, there is no need to write down all things…' (Company F). Table 8-7 provides additional evidence for the way firms use ICMS.

Use of ICMS	Exemplary quotes	Company
Substantial use	'ICMS have definitely helped us; their implementation assisted us to record in detail our operations; to formalize our approach to various issues such as quality and environmental protection; to set annual objectives, targets, indicators an so on….we monitor the implementation of ICMS on a daily basis; we have a separate team exclusively dealing with the monitoring and implementation of our ICMS. Here are some examples of how we implement our standards….[the respondent shows to the interviewer several documents on ICMS implementation - KI]'	B
	'ICMS are very important tools for dealing with our CSR activities and we cannot afford to use them symbolically. ICMS assist us setting objectives and targets and monitoring our annual performance. For example, we monitor our waste and emissions through ISO14001; also in the context of ISO9001 we set objectives regarding our financial situation, the way we deliver our products etc. Moreover, the implementation of OHSAS18001 enables us to take all the needed measures for securing health and safety in the workplace…	O
Symbolic use	'ICMS are a window-dressing thing; we have our own in house systems, which we substantially apply'	A
	'We are very cautious towards ICMS because we are afraid that their adoption will increase red-tape. Overall, we prefer in house systems'	K
	'Because the country [Greece – KI] is not well organized we use ICMS only when we need them and depending on our priorities we may pay attention to their implementation or not'	Q
	'Yes, ICMS have helped us and this is why we use them. The benefits we have seen relate with our customers who come here [to the firm's facilities - KI] and see that we are certified….The use of ICMS in our everyday activities is proven by the fact that we successfully comply with the requirements of the annual external audits'	I

Table 8-7: Evidence of Use of ICMS

The examples described above indicate that, except for a minority of early adopters, most companies do not use ICMS in their everyday activities. This finding can be expressed in the following sentence:

Finding 2: The depth of ICMS adoption is the minimum required as most firms do not genuinely attempt to conform to the standards' requirements.

- **Use of ICMS logo**

The interview results supported the findings of the quantitative analysis that both groups of ICMS adopters, i.e. early and late ones, use the ICMS logos for signalling the application of CSR practices. Also, the results confirmed the assumption made in the previous chapter that firms may use the ICMS logo as a means of declaring to society that they responded to demands for the adoption of CSR practices. The most common way of advertising their certifications was through corporate web-sites and documents while a minority of respondents said that they also used the certification logo on their products.

Comments mainly revealed that the use of ICMS logo was employed by companies as: a) a means to enhance their legitimacy; and b) as a marketing tool to increase their attractiveness to stakeholders. An interviewee explained: 'It is in our interest to promote our certifications…obviously, we can gain financially from doing so' (Company N).

Interviews have revealed that in their attempts to influence stakeholders' perceptions about the firm's operations some managers are prepared to be less than economical with truth as is evident from the following dialogue between the interviewer (IV) and company F General Manager (FG):

'IV: You have been certified by various standards…how these standards help you manage your CSR activities?

FG: Yes..I would say that….[pause - KI]..hold on a second...we have not been certified by many standards…we have got only ISO9001 certification.

IV: Oh!!…I am sorry… but on your web-site you advertise that you have other certifications too, like ISO14001 and OHSAS18001.

FG: Well…yes [pause - KI]….we do have them…but these certifications do not refer to the whole range of our activities. There are certain operations that have been certified by these standards; not the company as a whole.

IV: But you do not specify this on your web-site….instead you give the impression that the company as a whole has been certified by all these standards.

FG: Yes.. [unease - KI].. you are right...we do not specify this.

IV: I see…well…to be honest as an ex-consultant I have seen this before.

FG: [nervous laughter - KI] Yes, ok…it is common practice'.

The examples described above along with the evidence illustrated in Table 8-8 indicate that the ICMS logo has a signalling value first and foremost and firms use it as means of communication with their stakeholders and marketing. This relationship can be expressed in the following sentence:

Finding 3: Firms use the ICMS logo as a transmitter of information intended to convince or even mislead the stakeholders that the firm operates within a framework set by society.

Use of ICMS logo	Exemplary quotes	Company
Extensive use	'We do use the ICMS logos…You see, the logos enable our company to gain an image…our suppliers treat us differently; when for example they have to deliver a product at certain cooling temperature etc they know that because we are certified we are serious about the way we operate and treat us differently'	J
	'Yes, all our stakeholders know that we are certified as we advertise our certifications in our website and documents…the logo assists our company to enhance its credibility and reputation'	C
	'Yes, they [the stakeholders - KI] do know that we are certified…certification is a means of communication and marketing'	E
	'We promote our certifications through our website and documents. Suppliers treat us more professionally and customers perceive our company as a specialized one with expert knowledge in our area….ICMS work as a proof of credible performance'	G
	'The ICMS logos provide our company with a recognition from all stakeholders and this is why we explicitly mention them in our documents, on the web-site and in other informative material'	H
	'They [the government - KI] will treat you differently if they see that the company is certified…even more if you have EMAS…this is why we use our logos'	N

Table 8-8: Evidence of Use of ICMS Logo

8.3.3 Context of ICMS adoption

- **Influence of regulation and sanctions on ICMS implementation**

Interviewees consistently reported that regulations and sanctions did not influence the way firms implemented ICMS because the framework underlying the enforcement of regulation and the imposition of sanctions was lax. Most accounts noted inefficiencies in the way the national accreditation body (i.e. ESYD)[18] monitored the implementation of relevant laws and in the way the certification bodies monitored ICMS implementation. These findings confirm the proposition made in the previous chapters

[18] National accreditation bodies are the sole national agencies responsible for ensuring compliance of the standardization market to national and EU legislation.

that the lack of significant relation between sanction, regulation and ICMS implementation could be attributed a) to the lack of monitoring mechanisms on behalf of the certification bodies or b) to poor audit quality of ICMS.

Regarding the implementation of regulation, most comments indicated that the majority of civil servants, dealing with ICMS and CSR implementation, lacked sufficient knowledge on these topics. In addition, corruption was identified as a significant influence in the implementation of regulation. With reference to the sanctions imposed by certification bodies, the main problems identified during the qualitative stage of research relate to: a) commercial relations between auditors; and firms and b) auditor competence. As an interviewee noted: 'some certification bodies may not even visit the firm's facilities to perform an audit prior to granting a certificate' (Company H).

These findings along with the evidence shown in Table 8-9 indicate that there are serious inadequacies in the way ICMS implementation is monitored. The following sentence illustrates the previously discussed results:

Finding 4: Regulation and sanctions do not influence the way firms implement ICMS due to inefficiencies in the monitoring mechanisms on behalf of accreditation agencies and certification bodies.

Influence of regulation & sanctions	Exemplary quotes	Company
Regulation	'The implementation of regulation is very lax….monitoring mechanisms don't work as they should'	K
	'I think the rational underlying the audit and accreditation services is: if you don't want to improve your operations then don't'	Q
	'The people involved in the implementation of ICMS don't have adequate knowledge of the topic and this is why the framework underlying the implementation of these standards is not strict'	L
	'Imposition of fines is not fair; there are firms that have connections with ESYD and other public agencies and can easily influence their decisions'	M
Sanctions	'Recently there were cases of EMAS certified firms, which were found to pollute rivers….the fines these firms got were insignificant'	A
	'Auditors mostly follow a personal approach to ICMS…they aren't sufficiently trained'	H
	'The small certification bodies grant certificates very easily because they are interested in increasing their client lists and becoming more competitive	P

Table 8-9: Evidence of Influence of Regulation and Sanctions on ICMS Implementation by Firms

- **Stakeholder awareness of ICMS and CSR**

The assumption made in the previous chapter that the state might not be well informed on the implementation of ICMS and CSR has been confirmed by the outcomes of the interviews. As it was previously mentioned, there was a general belief among interviewees that public sectors employees, dealing with the monitoring of ICMS and CSR implementation, were not well informed. In addition, all accounts highlighted that the government was only paying lip-service to the implementation of management standards. When the state tried to be active (for example, a number of programmes encouraging firms to obtain certification was initiated), there was general agreement among the interviewees that little real commitment was shown. Managers' remarks indicated that the state bodies were often satisfied with a minimal typical

implementation of ICMS and did little to encourage companies to integrate the standards in their everyday operations.

As far as customer awareness is concerned, the interviewees generally agreed that although customers may not be very well informed about ICMS and CSR they can significantly influence business operations. Interviewed managers consented that customers had the potential to affect the firm through a number of actions, including boycott and picketing. In addition to that, there was a general feeling among the interviewees that customers who were more aware of ICMS and CSR did not believe that firms were taking their social responsibility seriously. This was recognized by all managers as an important issue awaiting its resolution. The interviewees revealed their views on customer awareness by using such phrases as 'customer knowledge gradually improves', 'customers have the ability to recognize' or 'customers can influence the way our firm operates'. Table 8-10 provides evidence for customer and government awareness of ICMS and CSR.

Stakeholder awareness of ICMS and CSR	Exemplary quotes	Company
Government awareness	'Until now, the state has been absent; it's the market that has moved things in this direction [towards the application of CSR practices - KI]. The state needs to award good practices and push companies towards such practices'	C
	'The government doesn't have adequate knowledge of ICMS and CSR; these topics are new and civil servants, involved in their implementation, need to have an educational level necessary to comprehend how these things work. Unfortunately, most times these people don't have the knowledge needed'	F
	'Government's awareness?...they are like parrots… repeating what they hear without knowing the meaning'	A
	'There is a global trend for governments to pass to the market responsibilities that used to be undertaken by the state…in this context, the government is not really interested in substantially monitoring ICMS and CSR implementation…'	J
	'We are talking about social responsibility and the state has no responsibility…they don't bother to monitor the implementation of ICMS and CSR at large'	K
Customer awareness	'Customers like to see logos… I wouldn't say that they are very well informed about ICMS…however, with time their awareness increases'	L
	'Customers are aware of ICMS and CSR….they may not know every little detail, but they do have some knowledge and can evaluate whether the firm applies an ICMS substantially or not'	I
	'Customers are aware and may be very harsh critics…they are the ones who truly judge the way we operate'	F
	'Customers can recognize whether what you sell is image or an integrated strategy'	B
	'There is a general belief among customers that companies don't do much about CSR…we need to address this topic in order to change their opinion'	R

Table 8-10: Evidence of Stakeholder Awareness of ICMS and CSR

The findings described above along with the evidence illustrated in Table 8-10 show that customers are perceived as significant influences in the way firms apply ICMS while government is not. This relationship can be expressed in the following sentence:

Finding 5: Customer awareness influences the way firms apply ICMS. By contrast, the state is relatively absent in ICMS and CSR implementation and this is why government awareness does not play any significant role in the application of these topics.

8.4 Conclusions

The purpose of this chapter was to enhance the validity of the framework developed in the quantitative analysis chapters. The results from qualitative analysis broadly confirmed the assumptions made at earlier stages of this study and increased confidence in the findings discussed in previous chapters.

Preliminary analysis indicates that firms' motives to adopt ICMS and the manner in which firms apply these standards differ depending on firm size and industry sector. In line with the evidence from the quantitative analysis, qualitative analysis reveals that most firms are more likely to adopt ICMS due to external pressures rather than in pursuit of a CSR agenda. Firms have been found to adopt ICMS for three main reasons: market pressure; government pressure; and the enhancement of the firm's financial and CSR performance (business case to CSR). As figure 8-1 illustrates, firms driven by market and government pressures are more likely to use ICMS symbolically while firms driven by the business case are more likely to adopt them substantially. In reality, however, as it was previously discussed, most firms use ICMS symbolically; only a minority of early adopters appear to be driven by the business case approach and adopted them for improving both their financial and CSR performance.

Additionally, all interviews confirmed that the use of ICMS logo was seen by firms as a means of declaring the application of CSR practices and in some cases even as a means

of misleading stakeholders about the firm's CSR position. This evidence supports the assumption made in the previous chapter that firms employ the ICMS logos mainly for signalling purposes.

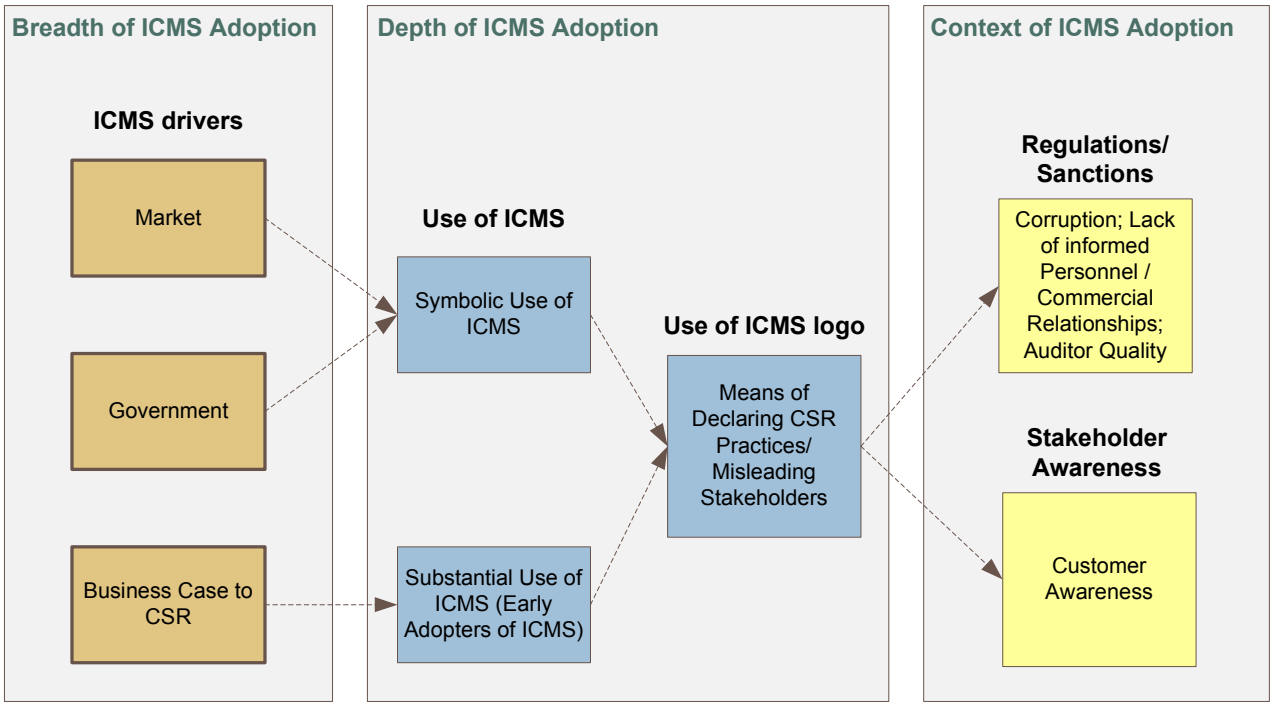


Figure 8-1: Summary of Qualitative Analysis Results

Finally, the evidence on the context of ICMS adoption has been found to confirm the findings of the quantitative analysis. In particular, the lack of significant relationship between sanctions, regulation and the way firms apply ICMS has been explained on the basis of inefficiencies in the monitoring mechanisms of ICMS implementation. Moreover, qualitative analysis indicated that in contrast with government awareness, customer awareness may influence the way firms adopt ICMS.

9 DISCUSSION

9.1 Introduction

The purpose of this dissertation was to address gaps identified in the literature regarding the implementation of CSR at the firm level and the factors that influence this implementation. The study has established that current theorizing fails to provide satisfactory guidance to the topic as the relevant literature suffers from three significant shortcomings. First, there is controversy over the actual spread of CSR practices; second, there is dissent regarding the validity of the business case for CSR; and third, there is discord among scholars about firms' motives to adopt a CSR practice. Importantly, many of the different views on CSR are not substantiated by grass root analysis, as the discourse on the topic evolves mainly in the conceptual domain. In this context, there have been calls in the literature for studies that draw on empirical data (Frederick, 2006; Lindgreen*, et al.*, 2009a; Lindgreen*, et al.*, 2009b; McWilliams*, et al.*, 2006). This thesis responds to these calls.

To begin with, the study employs International Certifiable Management Standards as a proxy indicator of CSR-related practices. The choice of these standards is not incidental. ICMS have been widely ignored by scholars (Brunsonn*, et al.*, 2005), yet these standards share several characteristics that make them a *sine qua non* for the analysis of CSR. Next, the study adopts an inter-disciplinary approach and pays specific attention to: firms' motives for adopting ICMS (breadth of adoption); how firms apply these standards (depth of adoption); and the conditions under which firms adopt ICMS (context of adoption). In so doing, the dissertation employs a more holistic approach when compared with existing literature, which either analyses the adoption of CSR

practices from a purely economic perspective (Beurden & Gössling, 2008; Carroll & Shabana, 2010; Du*, et al.*, 2010; McWilliams & Siegel, 2001; Peloza & Papania, 2008), or uses unreliable indicators of CSR implementation (Bondy*, et al.*, 2008; Branco & Rodrigues, 2006; Chapple & Moon, 2005; Ki & Kim, 2010).

The investigation of the breadth and depth of ICMS adoption allowed the assessment of the degree to which companies' decision to adopt these standards is influenced by their potential to enhance the firm's CSR performance. Also, the analysis of why firms adopt ICMS and how they integrate these standards in their everyday operations enabled this dissertation to evaluate the explanatory power of the most prominent conceptual approach to CSR, the so-called 'business case' for CSR. In turn, the investigation of the context of ICMS adoption made it possible to identify the role of such important factors as regulation, sanctions, and stakeholder awareness in encouraging firms to substantially apply CSR practices.

This chapter aims to elaborate commentary on the study's findings in light of existing research and is structured as follows: first, it discusses the issues raised by combining qualitative and quantitative data. In continue, it analyses the study's findings on the three areas of interest namely breadth, depth and context of adoption. Next, it discusses the study's implications for research, policy makers and practitioners. Finally, the chapter evaluates the study's limitations and highlights future research directions.

9.2 Issues Raised by Using a Mixed-Methods Approach

This study employed a mixed method approach to identify the influence of CSR on business practice. Philosophically, mixed method research constitutes the 'third wave' or the third research movement (Johnson & Onwuegbuzie, 2006), a movement that provides a solution to the paradigm debate by suggesting a logical and practical alternative. With reference to epistemology, pragmatism challenges the distinct contrast between objectivity and subjectivity and maintains that epistemological issues exist on a continuum, rather than two opposing poles. Regarding ontology, the pragmatist point of view regarding reality consists of two parts: on the one hand, pragmatists agree with positivists' view of an external independent reality. On the other hand, pragmatists' view of reality is not formulated simply as a theory or definition, but as the pragmatists' attempt to say something interesting about the nature of truth.

Mixed method research constitutes an endeavour to legitimize the use of multiple approaches in answering research questions, rather than restricting or constraining researchers' choices (i.e., it rejects dogmatism). It is an expansive and creative form of research, not a limiting form of research. Mixed method approach is inclusive, pluralistic, and complementary, and it implies that researchers take an eclectic approach to method selection, the thinking about research and its conduct. What is most important is the research question—research methods should follow research questions in a way that offers the best chance to obtain useful answers. Many research questions and combinations of questions are best and most fully answered through mixed research solutions (Johnson & Onwuegbuzie, 2006). This is also the case of this study. In particular, in identifying the influence of CSR on business practice this research was influenced by two considerations:

a) on the one hand, CSR was treated as an element of objective reality, independent of our minds, which reveals itself through the implementation by companies of a series of measures for reducing the environmental impacts of their operations, enhancing health and safety in the workplace, etc.
b) on the other hand, it was acknowledged that the way individual actors respond to CSR measures might vary and follow less deterministic patterns.

These two premises implied that, with reference to epistemology, a middle position, rather than a distinct objectivist or subjectivist approach, would suit this study better. Regarding ontology, the view of reality was influenced by positivists' views of an independent reality and at the same time this reality was not seen as something absolute but as the attempt of this researcher to contribute to knowledge in the CSR topic.

Thus, it became clear to this researcher that to obtain valuable answers he would have to find what 'works' best to answer the research questions. In this sense, the choice of methods followed the research question and not the other way. Rejection of the either-or approach and adoption of a mixed method research as a means of identifying the influence of CSR on business practice was deemed the most appropriate thing to do. In order to conduct mixed method research in an effective manner, this scholar considered all the relevant characteristics of quantitative and qualitative research. This enabled him to gain a thorough understanding of the strengths/weaknesses of quantitative and qualitative research and, thus, use different methods in such a way that the resulting mixture was likely to produce complementary strengths and non-overlapping weaknesses. In particular, to indentify prevalent tendencies regarding why, how and in which context firms adopt ICMS and due to absent of any relevant data, quantitative

method was chosen as a first step. The use of existing theories and development of specific hypotheses (Figure 4.1) enabled this researcher to put into test certain explanations with reference to the research questions. By doing so, the study had its first set of answers about these questions. To enhance the validity of the initial explanations, qualitative method was chosen as the second step. The use of qualitative method put on test the conclusions drawn from statistical analysis. Corroboration of these conclusions enabled this study to produce a superior product compared to a mono-method study.

The fact that the study's conclusions were verified by qualitative analysis does not mean that this is always the case as in many instances the findings might conflict. Had this been the case, this researcher would still have improved his knowledge and could modify his interpretations and conclusions accordingly. In any case, this researcher shares the view of Johnson and Onwuegbuzie (2006) and believes that the goal of mixing methods is not to look for corroboration but rather to expand one's understanding. In this sense, the intention of this study was to enhance knowledge regarding the influence of CSR on business practice.

This study demonstrates that the mixing of quantitative and qualitative methods is feasible and in some cases necessary. In addition, it shows that the use of a mixed method approach enables scholars to utilize the positive aspects of qualitative and quantitative approaches, put together insights from both approaches and produce a superior product. Thus, this study advocates a needs-based approach to research method and concept choice.

9.3 Breadth of ICMS Adoption

As Figure 4.1 illustrates, to explain why firms voluntarily embark upon adopting CSR activities, the study drew on diffusion of innovations theory. This theory has been proved particularly popular among CSR scholars (Corbett & Muthulingam, 2007; Halila, 2007; MacGregor & Fontrodona, 2008; Viadiu*, et al.*, 2006), who have used it to analyse firms' motives for adopting CSR practices. Diffusion of innovations theory offered valuable insights with reference to whether companies engage into CSR practices to enhance their CSR performance or for other reasons.

The results from quantitative analysis suggest that in most cases CSR practices, such as ICMS, have not diffused among companies due to their potential to improve the firm's CSR performance. In particular, the findings from descriptive statistics highlight that companies' decision to adopt ICMS is mainly influenced by customer requirements, domestic market requirements, and access to international markets. Similarly, the evidence from the hypothesis on the diffusion of ICMS (hypothesis 1, Figure 4.1) indicates that firms voluntarily get involved in self-regulating their activities due to pressures coming from the market and the government.

Information gathered during interviews support further the above findings, increasing confidence in their validity. In particular, qualitative analysis reveals the importance of market and government pressures as factors determining firms' decision to adopt ICMS. Only few comments, received during the interviews, indicated that firms' adopted ICMS in order to improve their social, environmental and financial performance.

Consequently, the study's results contribute to knowledge by emphasizing the importance of external pressures on firm's decision-making to adopt CSR practices and highlight the significance of bandwagon pressures as an explanatory factor of the diffusion of such practices. According to the theoretical framework employed in this study, bandwagon pressures occur when there is the threat of losing either legitimacy or a competitive advantage (Abrahamson, 1991). Due to the significant influence of the market and the government on firms' competitiveness and legitimacy (Bansal & Clelland, 2004; Deephouse, 1996; Narver & Slater, 1990; Porter*, et al.*, 2009), it may be deduced that companies adopt ICMS in order to stay competitive/ legitimate as choosing not to do so may negatively affect their competitiveness/ threaten their legitimacy. Thus, the conformance to market norms and governmental requirements may be attributed to firms' tendency to defend themselves from significant and immediate negative impacts on their competitiveness/ legitimacy.

These conclusions contradict the view expressed by numerous supporters of the 'business case of CSR' that firms will voluntarily adopt CSR practices because their adoption enhances both their financial and social performance (Aupperle*, et al.*, 1985; Kotler & Lee, 2005; Marin & Ruiz, 2007). Also, these findings oppose the position of those scholars who argue that firms' motives to voluntarily engage in CSR activities lie in the sense of altruism and their 'social conscience' (Davis*, et al.*, 1997; Gonzalez-Benito & Gonzalez-Benito, 2005; Heugens*, et al.*, 2008; Muller & Kolk, 2010). Although these motivations are not impossible, the results contained in this study confirm previous findings and contribute additional evidence that emphasises the importance of other considerations, such as the desire to secure legitimacy and

competitive differentiation, and thus provide support to a pragmatic outlook on firm behaviour as expressed by Bansal and Hunter (2003) and Campbell (2007).

9.4 Depth of ICMS Adoption

- **Use of ICMS**

To analyse the degree to which firms comply with the ICMS requirements this study employed institutional theory (Figure 4.1). As with the diffusion of innovations theory, the choice of institutional theory was not incidental. Many CSR scholars (Bansal & Clelland, 2004; Berrone & Gomez-Mejia, 2009; Campbell, 2007; Delmas & Montes-Sancho, 2011; Delmas & Toffel, 2003; Schaefer, 2007) have previously used this theory in their attempt to analyse how firms use CSR practices.

According to the theoretical framework discussed in Chapter 4, the depth of adoption reflects the true value of CSR in the eyes of the management of the firm (Corbett & Muthulingam, 2007). Thus, it can be expected that firms seeking certification for signalling purposes will be satisfied with the minimal necessary depth of adoption, i.e., to do just enough to meet the formal requirements (Corbett & Muthulingam, 2007). As it was explained in Chapter 4, when analysing the depth of adoption, it is beneficial to make a distinction between early and late adopters (Delmas & Montes-Sancho, 2007; Rogers, 2003; Westphal*, et al.*, 1997). This is done in acknowledgement of the fact that the choice of the moment when the firm decides to subscribe to ICMS is determined by a combination of pressures exerted by the institutional environment in which it operates. It follows that the same practice may be accepted for different reasons. Early adopters are more likely to be motivated by direct efficiency gains. For this reason, they can be expected to adopt a standard 'substantially', i.e., to show full and sincere commitment

to its requirements. By contrast, late adopters accept a standard because they want to maintain their legitimacy with peers and society and as a result they apply the standard 'symbolically', i.e., they make no genuine attempt to conform to the requirements of the standard (Delmas, 2003).

The results from quantitative analysis corroborate the results by Corbett (2006) and Delmas and Montes-Sancho (2007), and suggest that late adopters of ICMS apply these standards symbolically and are not interested in gaining the economic, social and environmental benefits of their implementation. In particular, the findings of descriptive statistics' reveal that early adopters of ICMS are more likely to adopt ICMS substantially because they are interested in gaining the aforementioned benefits. By contrast, late adopters tend not to conform to the ICMS requirements because they are mainly concerned in gaining the signalling benefits, meaning they are interested in using ICMS to create a certain social image. Similarly, the results related to Hypothesis 2a (the manner in which late adopters apply ICMS, Figure 4.1), indicated that late adopters of ICMS tend to apply ICMS symbolically. More specifically, the findings reveal that late adopters are likely to fail to comply with at least one major requirement of ICMS; they are also expected to attempt to present to external auditors a distorted account of the implementation of ICMS; and tend not to use the ICMS documents on a daily basis. By contrast, early adopters of ICMS exhibit a notably different behaviour that reflects a profound integration of ICMS in their operations

The results of the qualitative analysis fully validate the above findings, but also reveal some important new details. Thus, it has been established that only a minority of early adopters of ICMS apply these standards substantially. At the same time early adopters

are more knowledgeable about ICMS requirements and have integrated ICMS in their everyday activities. By contrast, the replies by late adopters reveal a superficial attitude to ICMS and are evidence of little interest in implementing the standards.

Due to the fact that the vast majority of ICMS are late adopters (BSI, 2009; Europa, 2009b; ISO, 2009; SAI, 2009), the study's results reinforce the view that despite societal pressure to adopt CSR practices, firms mainly use CSR self-regulatory measures to reconcile the traditional business model with limited social and environmental performance (Mayhew, 1997; Valor, 2005). Hence, businesses seek to continue the 'business as usual' scenario and do not attempt to use ICMS as a means of improving their social and environmental performance. These results put in doubt the conviction expressed by some authors (Lenox & Nash, 2003; Levy & Kaplan, 2008) that CSR practices can be best implemented through self-regulatory tools. The findings also question market fundamentalism and its assumption that voluntary action is preferable to public interference.

Consequently, the results of this study enhance our understanding of the effectiveness of voluntary self-regulatory approaches to promote CSR practices. The present study confirms previous findings and contributes additional evidence that suggests that, judging by the example of ICMS, self-regulation alone cannot effectively respond to the complexity of environmental and social challenges caused by business activities. In this sense, the results provide ammunition to the critics of the business case approach to CSR, who argue that companies will mostly use self-regulation for window-dressing and as a means of adopting a friendlier façade to their constituencies (Doane, 2005;

McMillan, 2007; Smith & Halina, 2009; Waddock, 2007). The evidence on how firms use the ICMS logo, obtained in this thesis, sheds further light into this topic.

- **Use of ICMS logo**

Similarly to other CSR research (Cole, 1998; Darnall & Carmin, 2005; Folta & Janney, 2004; Jørgensen*, et al.*, 2004; Terlaak & King, 2006), this study employed signalling theory to analyse whether firms use the ICMS logo as symbol of conformance to societal demands (Figure 4.1). According to the theoretical framework employed in this study, companies are more likely to pursuit certification when they have (a) visible and complicated operations (Jiang & Bansal, 2003); (b) when there are information asymmetries in the market (Terlaak, 2007), and (c) when firms are involved in operation of controversial nature (Bansal & Hunter, 2003). All three situations have one denominator: they put firms in a position when it is particularly important to create a positive image and convince the public of the legitimacy of what they do. Under these circumstances, certification by an authoritative third party creates a signal of good practice and helps the firm to obtain legitimacy (Fombrun, 2005; Kimerling, 2001).

These observations are highly relevant to ICMS. Organizations publishing ICMS are well respected international or national bodies enjoying high prestige. Moreover, they possess specific knowledge that other members of society do not have. This constitutes the source of credibility of ICMS as effective means in dealing with the social and environmental aspects of business activities. By extension, it is at least plausible that firms subscribing to these standards are likely to be perceived by the public as more efficient in comparison to firms that have not adopted them (Kimerling, 2001). This creates the environment in which firms are tempted to subscribe to a standard simply

because using its logo may send a right signal to interested parties and, therefore, help them to reduce transaction costs.

The results from quantitative and qualitative analyses confirm these arguments as they demonstrate that firms mainly use the ICMS logo as a signal of good practice to convince stakeholders that the activities of the firm are carried out within the framework set by society. In particular, the findings from the descriptive statistics chapter highlight that most of the surveyed companies use the ICMS logo on their documents, products and web-site. Likewise, the results from inferential statistics (hypothesis 2b, Figure 4.1) point out that both early and late adopters of ICMS use the standards' logo extensively. These findings lend support to existing research adopting the view that businesses employ strategies and symbols with the intention to induce their stakeholders about the legitimacy of their operations (Child & Tsai, 2005; Glynn & Abzug, 2002; Jiang & Bansal, 2003; Oliver, 1997; Terlaak, 2007). According to this view, companies are aware of the importance of societal support and this is why they attempt to manipulate their environment and adopt various facades to present themselves and their goals as consistent with societal beliefs and values (Palazzo & Scherer, 2006; Scherer & Palazzo, 2008; Scherer*, et al.*, 2009).

The results of the qualitative analysis provide general support for this view. This study has found that firms use the ICMS logos as symbols of corporate responsibility to reassure or even mislead their stakeholders about their operations. Analysis of the interviews allows the conclusion that the use of ICMS logo is often perceived by managers as a means of pacifying societal concerns over the firm's activities and impressing on stakeholders the firm's commitment to CSR.

Therefore, the findings from both quantitative and qualitative analyses contribute to knowledge by demonstrating that companies get certified by ICMS predominantly because they want to convince the public that they conform to existing social expectations. In this sense, ICMS are employed as a symbolic form that grants legitimacy to certified firms. Symbolic forms are 'produced, constructed or employed by a subject who, in producing or employing such forms, is pursuing certain 'aims' or 'intends', in and by the forms thus produced' (Thomson, 1992, p.138). Similarly, by using the ICMS logo certified firms intend to demonstrate to society their managerial effectiveness in dealing with CSR issues. By doing so, companies aim to acquire a symbolic value as a means of increasing economic value. The same strategy is used by advertisers when they use well-known film stars, pop stars or public figures as a means of promoting certain products: the aim is to increase economic value by association with a figure of high symbolic value, even though there is no necessary connection between the two (Thomson, 1992). Accordingly, by adopting widely accepted CSR practices, such as ICMS, symbolically, firms attempt to shape stakeholders' perceptions and persuade them that the firm's operations comply with societal demands for adoption of CSR practices, and thus are worthy of support. In this way, firms can continue the business as usual scenario without having to bear the costs necessary for improving their CSR performance.

9.5 Context of ICMS Adoption

- **Regulation and sanctions**

The study has also sought, through the application of self-regulation and stakeholder theories, to extend research on self-regulatory CSR tools by focusing on the conditions under which firms adopt such tools. According to the theoretical framework analysed in

Chapter 4 (Figure 4.1), weak monitoring and poor awareness may feed free-riding. As it was argued earlier in the thesis, if the firm is in doubt regarding the consequences of adopting self-imposed rules for its standing vis-à-vis competition, and monitoring is lax, it may be tempted to minimize obligations stemming from the adoption of self-regulatory tools and, thus, avoid conforming to any requirements as long as such avoidance is compatible with retaining its ICMS certification (Cradden, 2005). In other words, it may choose to free-ride and not implement the self-regulatory measures substantially.

The empirical findings in this study contribute to knowledge by providing a new understanding of the context of CSR implementation. In contrast to the view expressed in the literature on CSR, which assumes that national legislation prescribes business behaviour (Palazzo & Scherer, 2006), the evidence collected by this study indicates that sanctions and regulation do not have much impact on the manner in which firms apply ICMS. In particular, descriptive statistics revealed discrepancies between theory and practice. Although the survey's respondents mainly acknowledge the importance of sanctions in the case of non-compliance to ICMS requirements, collected data on the implementation of regulation reveal a different situation. More specifically, the application of the regulatory framework underlying ICMS has been found to be largely ineffective. In addition, the results from inferential statistics show that there is no significant relationship between the depth of ICMS adoption and sanctions or regulations (hypotheses 3a and 3b, Figure 4.1). This finding is surprising in light of existing research arguing that in the presence of explicit sanctions firms will not behave opportunistically (King & Lenox, 2000; Lenox & Nash, 2003). The lack of significant

relation between the depth of adoption and sanctions and regulations might, therefore, be attributed to inefficiencies in monitoring during the post-certification period.

The findings from qualitative analysis confirm these propositions. The interviews revealed that the implementation of ICMS is not influenced by regulations and sanctions due to inefficiencies in ICMS implementation monitoring. These inefficiencies relate to: insufficient knowledge of civil servants dealing with ICMS and CSR implementation; corruption; commercial relationships between auditors and firms; and poor training of auditors.

Therefore, it has been established that third-party audits, required by ICMS, reduce the risks of decoupling certification from the implementation of ICMS requirements, but they do not guarantee the application of the certified practices. This is a significant finding, which adds substantially to our understanding of the context of implementation of CSR practices. King *et al.* (2005) came to similar conclusions, but the scope of their research was limited by its focus on ISO14001 exclusively and relied on secondary data. This study, by contrast, examined the whole spectrum of ICMS.

The literature attributes drawbacks in the implementation of ICMS to audit quality. There is a body of literature that argues, similarly to this thesis, that commercial relationships between companies and auditors, insufficient auditor training and knowledge, and infrequent visits from auditors to certified facilities, enable firms to manipulate the ICMS implementation and behave opportunistically (Boiral, 2003b; O'Rourke, 2003; Yeung*, et al.*, 2006). Therefore, the argument made by Lenox and Nash (2003) and Prakash and Potoski (2005), that independent monitoring secures

credible implementation of CSR practices, lacks credibility. As this study has shown, robust entry requirements are not enough to secure compliance to CSR tools' requirements; strict monitoring mechanisms and substantial audits are also needed.

- **Stakeholder awareness**

As it has been shown, the depth of ICMS adoption may also depend on the position taken by the stakeholders of the firm as follows from stakeholder theory (Donaldson & Preston, 1995; Freeman, 1984; Jones, 1995; McWilliams*, et al.*, 2006). According to the theoretical framework discussed in Chapter 4, if stakeholders are in favour of ICMS, the firm will be motivated to adopt them to gain the acceptance and support of its constituencies. At the same time, it was demonstrated that research indicates that firms' propensity to implement a standard symbolically is negatively related to the knowledge of stakeholders about management standards (Christmann & Taylor, 2006). In other words, low awareness may result in only a minimal adoption of the standards, just enough to maintain a desirable public image.

Following the literature, customer and government awareness were used as prominent sources of setting and maintaining the principles that decide the acceptability of corporate practices (Berrone & Gomez-Mejia, 2009; Deephouse, 1996; Galaskiewicz & Wasserman, 1989; Hoffman, 2001; Meyer & Rowan, 1977). The findings from descriptive statistics indicate that both customers and the government are mainly perceived by respondents as not well informed about ICMS and CSR. Inferential statistics further indicate that the way companies apply management standards may be influenced by customers, but not by the government (hypothesis 4, Figure 4.1). Thus, although the government is a significant influence, forcing companies to obtain

certification (see hypothesis 1), it does not influence the way firms apply the standards. This result questions the role that the government plays in the application of CSR practices and appears to reflect the diminishing role of the government in the implementation of CSR (Albareda, 2008), i.e. the state forces companies to adopt CSR tools but it does not take any further actions to evaluate the use of these tools.

Analysis of the interview texts provides additional insights. The findings show that although the government is interested in promoting the diffusion of CSR practices, it does not take any substantial measures in order to monitor how such practices are implemented by firms.. By contrast, customer awareness presents itself as a force that influences the actual implementation of CSR practices. Although most interviewees acknowledge that customers are not very well informed about ICMS and CSR, they agree that customers' awareness of these topics is constantly improving.

Regarding the government, the study's results make an important contribution to the CSR literature by demonstrating that, with reference to CSR practices, the state fails to secure their implementation, complicating the operation of the market. More specifically, the fact that the government fails to efficiently monitor the application of CSR practices leaves plenty of room for companies to behave opportunistically. This is likely to create competition problems for some firms, which apply such CSR practices as ICMS substantially and have incurred costs in order to change the way they operate and adopt a socially responsible profile. What may happen is that the malfunction of monitoring mechanisms may enable other firms to acquire a socially responsible image without undertaking any investments and changing the way they operate. This evidence questions the assumption made by neo-liberal economic philosophy, eminent in most

western countries over the last thirty years or so, that by playing the role of the arbiter the state can secure the harmonic operation of the market (Bauman, 2007; De La Cuesta Gonzalez & Martinez, 2004; Giddens, 2007). The empirical findings in this study provide a new understanding of the role of the government with reference to the implementation of CSR practices.

With reference to customers' influence, the study's results extend knowledge by reinforcing existing research, which shows that companies have realised that there is much to be gained from their customers feeling good about dealing with ethical and 'caring' firms (Hollender & Fenichell, 2006). Also, the study's overall findings contribute to knowledge by confirming the view that the degree to which firms are prepared to incorporate in their decision-making the interests of each stakeholder depends on stakeholder's power and legitimacy (Mitchell*, et al.*, 1997; Post*, et al.*, 2002). The literature indicates that constituencies who possess legitimacy and power are considered as very important stakeholders and for that reason their involvement into formulating firms' policies is deemed essential. The fact that customers have been found by this study to be, in the degree to which firms incorporate CSR practices in their everyday operations, more influential compared to the government, may indicate that companies perceive this group of stakeholders as more important than the government. In this sense, the results question the government's legitimacy and power in the implementation of CSR practices and highlight customers' importance. These findings add substantially to our understanding of the influence of customers and government on the way firms apply CSR practices and provide fertile ground for scholars working on how to build a global governance system for CSR.

9.6 Implications for Research

The study's findings have important implications for research and advance CSR theory in several ways. Primarily, by conceptualizing CSR as a business-processes oriented construct this study attributes great importance to the impacts of business operations and to the policies/ tools that companies use to mitigate those impacts. In so doing, the study responds to calls from scholars (Godfrey & Hatch, 2007; Wood, 2010) to invigorate CSR research by focusing on processes and outcomes of business operations. The results of this study forge a strong empirical basis on which a practical direction into the analysis of CSR can build.

Moreover, the obtained results have implications for researchers who use narrow indicators of CSR practices (e.g. Avshalom & Tal, 2008; Bondy*, et al.*, 2008; Branco & Rodrigues, 2006; Chapple & Moon, 2005; Runhaar & Lafferty, 2009) and effectively substitute analysis of firms' rhetoric for the analysis of their actual action. This researcher holds the view that to evaluate the influence of CSR on business practice academics need to use more reliable indicators of practices like ICMS. On top of that, the results of this study reveal that the analysis of CSR activities requires the pursuit of a holistic approach to be able to identify how CSR is really implemented by firms. By analyzing why, how and in which context firms apply CSR practices this study provides a fertile ground for a new line of inquiry into the analysis of such activities.

The results further reveal that, within the globalized business environment, self-regulation measures fail to set conditions for a well functioning market and to encourage CSR practices. This evidence advances existing knowledge on the effectiveness of self-regulatory tools by reinforcing the view expressed by previous

studies that the development of CSR as a voluntary framework reflects the attempts of corporations to satisfy own interests (Campbell, 2007; Haufler, 2001; Haufler, 2003). Obtained evidence indicates the need to abandon the evangelical rhetoric approach that claims that firms will voluntarily implement social and environmental practices. It should not be forgotten that by definition firms are organizations, which 'are created with purposive intent in consequence of the opportunity set resulting from the existing set of constraints' (North, 1990, p. 5). In other words, within the constraints imposed by society, firms will always put profit maximization first. This indicates that granting authority to the private incentive to self-regulate its activities can only work when both parties, i.e. society and firms, have great knowledge about each other. However, due to the fact that modern markets are characterised by information asymmetries (Terlaak, 2007), self-regulatory tools cannot be effective. By contrast, it is more likely that the existing information asymmetries will result in an inefficient 'market for lemons' (Akerlof, 1970), where only low quality self-regulatory tools can be 'sold'. Researchers need to give this limitation full consideration when dealing with self-regulatory measures.

Significantly, this study has produced only limited support for the so-called 'business case' for CSR. While existing research in CSR has been dominated by this approach (Palazzo & Scherer, 2006; Vogel, 2005), the study's results indicate that firms' decision to adopt ICMS is mainly driven by defensive reasons (i.e. ensuring legitimacy and competitiveness) rather than the business case per se. This finding has serious implications because it reinforces the view that the analysis of CSR through the lens of financial performance fails to grasp some important aspects of CSR practices and does not have much to offer in terms of explanation. The limitation of the business case as a

framework for CSR research has also been recently noted by other scholars who argue, somewhat timidly, that 'this may not be the most fruitful avenue for research at this time'(Wood, 2010, p. 75). In this context, the findings of the present thesis may assist in shifting the analysis of implementation of CSR practices away from the narrow perspective of the business case.

9.7 Implications for Policy Makers and Practitioners

The study's findings have important implications for governments that use self-regulatory approaches to encourage CSR. It has been shown that these tools may not be as effective as neo-classical economic theory suggests. Instead of exhorting firms to adopt CSR self-regulatory tools, governments should play a more active role in the implementation of CSR. By taking into account that within the globalized business environment most states are not willing to regulate (Bauman, 2002; Haufler, 2001), a possible solution would be for governments to collaborate with industry associations and work towards improving existing self-regulatory tools. This researcher agrees with other scholars (Aguilera*, et al.*, 2007; Campbell, 2007) that this may help governments' to split the costs related with the application of CSR practices and establish strict monitoring and sanction mechanisms to ensure that such practices do not become subject to adverse selection[19].

The results of this study have significant implications for industry associations and policy-makers in terms of the design of future voluntary CSR self-regulatory tools. The study provides evidence that the way in which the application of CSR practices, such as ICMS, is monitored is problematic and needs to change. To deal with this issue,

[19] Adverse selection: poorly performing firms will adopt self-regulatory measures for gaining benefits such as signalling and legitimacy enhancement without actually putting them into effect (Lenox and Nash, 2003).

industry associations and policy-makers have to focus on issues identified in the literature, this thesis including, as those that undermine substantial implementation of CSR self-regulatory tools such as auditor quality, commercial relationships between companies and auditors, and infrequent external audits.

In addition, the study's findings have implications for managers who use ICMS certification as a criterion of selecting their business partners. It has been demonstrated that the presence of certification is not sufficient to establish the CSR credentials of the firm; it is necessary to collect information about the actual implementation of the standard before making any decisions.

9.8 Limitations and Future Research Directions

There are a number of limitations to this study pointing to interesting avenues for future research. First, testing the study's hypotheses in the context of a single country enabled the analysis to hold any influences exerted by the environment constant, but weakened the generalizability of the results. Due to cultural influences on organizations (Hofstede, 2001) and on ICMS implementation (Delmas, 2004), an interesting extension of this study could be a cross-country research analyzing institutional and cultural influences on: a) firms' motives for adopting ICMS; b) the way firms adopt ICMS; and c) the context of ICMS adoption. Such research would assist in further testing the robustness of the current theoretical predictions and investigate whether firms' motives for adopting ICMS, way and context in which firms apply these standards vary in different cultural contexts.

Second, the quantitative data collected were based on self-reporting. Although statistical tests were carried out to diminish the bias that self-reporting may cause and also interviews were conducted to verify the survey data, individual biases in reporting are bound to exist.

Third, the present research is based on cross-sectional survey and interview research, which provides limited longitudinal evidence on how firms use CSR practices in their everyday activities. Future studies with access to longitudinal data will be able to address questions concerning temporal changes in CSR implementation.

Fourth, using data from firms that have been certified by several certification bodies allowed the study to examine whether there is an auditor effect on the depth of ICMS implementation, but precluded the analysis from holding auditor quality constant. Future studies could examine further the influence of auditor quality on the breadth, depth and context of ICMS implementation.

Fifth, the vast majority of the surveyed firms were ISO9001 certified influencing the study's results. Due to the fact that IS09001 has implementation and audit requirements similar to ISO14001, ISO22000, SA8000 and OHSAS18001, it was assumed for the purpose of this research that firms applying these latter standards will exhibit the same pattern of behaviour, with respect to the standards, as ISO9001 certified firms (Christmann & Taylor, 2006; Oskarsson & von Malmborg, 2005). Nonetheless, an interesting extension of this study would be to have a dedicated investigation of firms that have been certified with standards other than ISO9001.

Sixth, due to the immense presence of SMEs in the Greek economy (EOMMEX, 2009), there was an over-representativeness of this type of firms in both samples of this study. Although no difference was observed regarding the context of ICMS adoption, some differences were identified with reference to the breadth and depth of the standards' adoption. In particular, the results indicate that financial performance is more important for SMEs than for large companies. Also, the findings show that SMEs are less likely to implement ICMS substantially compared to large firms. Although statistical analysis controlled for this influence by using firm size as a control variable, biases are bound to exist. Further research is needed to investigate in greater detail the breadth, depth and context of ICMS adoption exclusively for SMEs or large companies.

Seventh, drawing on previous research (Cambra-Fierro*, et al.*, 2008; Castka*, et al.*, 2004a; Jenkins, 2006; Jenkins, 2009; Tilley, 2003), which suggests that CSR is less size sensitive than it is believed, this study did not focus very much on differences between SMEs and big firms. Although this has not affected the study's results, a more dedicated analysis may be needed to highlight inevitable peculiarities of SMEs.

Eighth, measurement context effects may be present in the current study because the independent and dependent variables were measured at the same time. However, several ex ante approaches, implemented in the research design, along with an ex post approach, implemented after the research was conducted, indicate that this study does not suffer from any potential sources of CMV.

Ninth, the measures used in this study are by no means exhaustive. The operationalization of the breadth, depth and context of ICMS adoption may not have

fully captured the various facets of these three areas. Nonetheless, given that, to the best of our knowledge, the approach this study adopts is the first of its kind it provides as it stands the basis for a new line of inquiry into CSR and self-regulation. Future studies should introduce additional measures to further test the robustness of the theoretical suggestions.

Tenth, because the difference found between early and late adopters of ICMS was not very big, further research is needed in order to identify whether early adopters apply ICMS substantially or not.

Despite the aforementioned limitations, the study's findings are supported by other studies (Boiral, 2007; Christmann & Taylor, 2006; Hart, 2010; King*, et al.*, 2005) indicating that this analysis has been able to overcome limitations related to the fact that data were collected from a single, small country not influential in terms of defining the conditions of CSR implementation. Therefore, these results can be expected to hold true for CSR practices across a wide range of countries.

10 CONCLUSIONS

This study sought to investigate CSR implementation at the firm level and the factors that influence this implementation. To succeed in its aim, the study used the most widely diffused CSR tool, namely International Certifiable Management Standards, as proxy indicator of CSR practices. Given that existing studies mainly: a) analyse CSR from a business case perspective; b) use unreliable indicators of CSR practices (e.g. web reporting); and c) are limited to specific institutional contexts (e.g. the USA and China) (Christmann & Taylor, 2006; King*, et al.*, 2005), this PhD research focused on a less explored institutional environment (Greece) and adopted a more holistic approach.

Drawing on arguments made in the literature (Corbett & Muthulingam, 2007; Westphal*, et al.*, 1997) that in order to evaluate the adoption of a practice by firms one needs to analyse both the breadth and depth of adoption, the study extended this idea by suggesting that to get a holistic perspective one needs to also analyse the context of the practice's adoption. This research expands existing knowledge by paying particular attention to: a) firms' motives for adopting ICMS; b) the way firms integrate these standards in their everyday activities; and c) the context in which firms adopt ICMS.

By adopting a multidisciplinary and mixed-methods approach, the study highlighted the importance of conceptual bricolage and multi-level analysis to comprehend a complex topic like corporate social responsibility. In particular, the study built its conceptual framework by adopting a cross-disciplinary approach, which drew on the following theories: diffusion of innovation; institutional; signalling; self-regulation; and stakeholder theory. Also, the research followed a sequential explanatory research design

and employed the two most widely applied methods for data collection: survey and semi-structured interviews.

The empirical data were collected in two phases. Survey took place in the first phase of this study and produced 211 responses from micro, small, medium and big companies from services, commerce and manufacture (21.4% response rate). The aim of the first phase was to identify the prevalent tendencies regarding *why* firms adopt ICMS, *how* they apply them and in *which context*. The second phase of this research was devoted to qualitative analysis. Its aim was to triangulate the survey's results and enhance the convergent validity of its analysis. In this context, a random sample of 18 companies was chosen from the survey sample.

To eliminate variations in levels of scrutiny and societal demands firms face (Hoffman, 2001; Long & Driscoll, 2008), the empirical data in both phases were collected from a single county of a single country. Also, to ensure high quality of responses the study drew on the key informant method (Campbell, 1955; Kumar*, et al.*, 1993). In line with previous studies (Christmann & Taylor, 2006), this thesis understood the managers responsible for the implementation of the standard/s in each company as the most knowledgeable and appropriate persons to complete a questionnaire in ICMS. In addition, to increase the validity and reliability of the analysis, the study employed the multiple informants' method (Bagozzi*, et al.*, 1991; Golden, 1992; Seidler, 1974). In this context, 18 of the surveyed firms were randomly selected and interviews were held with their' CEOs or General Managers.

The findings suggest that CSR practices fail to influence business practice and become part of the firm's everyday activities. In particular, the results reveal that the adoption of CSR practices such as ICMS by firms is rather driven by competitive and legitimacy reasons than from a sheer interest on behalf of the firm to integrate CSR practices in its operations. Furthermore, the findings show that most firms do not comply with the ICMS requirements and rather use these CSR tools for their signalling value in order to pacify or even mislead societal concerns over their activities. Lastly, the results reveal that the implementation of CSR tools like ICMS suffers from significant inefficiencies in the way the implementation of these tools is monitored. To this, great role plays the fact that the government pays lip service in the implementation of these CSR tools.

In conclusion, this study makes several important contributions to the literature in the implementation of CSR practices. It provides new and interesting insights in such topics as why companies engage into CSR practices, how they use such practices and in which context. The framework presented here is designed to be a crucial first step in conducting rigorous empirical and theoretical research on this poorly understood but significant aspect of CSR research. In this sense, the study has not only provided an explanation for the three areas of analysis, but also has opened up a new line of inquiry for future research on implementation of CSR practices. However, much work remains to be done in identifying and examining other factors that influence the implementation of CSR practices.

APPENDICES

Appendix 3-1: ICMS Requirements

- ISO9001

ISO9001 requires from firms to develop and put into operation a Quality Management System (QMS). The latter consists of the following:

- Statements of Quality Policy and Objectives (strategic level);
- Quality Manual (strategic level);
- Quality Procedures (operational level);
- Work Instructions/ Documents (functional level); and
- Records.

Depending on the company's size, the type of industry and the complexities of operations, the extent of this documentation may differ from one firm to another. Thus, in order to minimise red tape some small firms prefer to adopt more compact schemes; in some cases all necessary requirements are included in the Quality Manual. Some firms may prefer to merge procedures into a single one (ISO, 2009). For example, it is common to merge the procedures dealing with 'Document control' and 'Record control'. In turn bigger companies may have more than one manual for their branches and may need more complex management systems.

Usually, the Statements of Policy and Objectives are included in the Quality Manual. These are developed according to specific requirements and must contain management's commitment to continuous improvement and legal compliance, and the objectives set in the context of QMS implementation. The Quality Manual operates as an umbrella document for the QMS:

- It discusses the firms' organizational structure;
- It identifies the company's processes; and
- It provides an account of how the company conforms to the standard's requirements, otherwise known as clauses, by referring to the relevant Quality Management Procedures (ISO, 2009).

Quality Management Procedures are developed according to the standard's clauses and provide a detailed account of how each procedure is undertaken. The procedures required by ISO9001 are presented in the table below. Their aim is to ensure the correct implementation of the Quality Policy and the constant improvement and effectiveness, taking into consideration the customers' needs and requirements and the applicable legislative and regulatory constraints. These procedures are accompanied by a number of documents such as document control list, approved supplier list and quality system overview document. Depending on companies' activities some of the ISO9001 procedures may not be applicable.

MANAGEMENT PROCEDURES
DOCUMENT CONTROL: entails the development of a simplified coding system of a firm's documents for enabling their easy control.
RECORDS CONTROL: requires that all company's records are kept in specific places and that access to these records is controlled by the person responsible for their maintenance.
INTERNAL AUDITS: includes periodical audits of the system's implementation.
NON-CONFORMITIES/ CORRECTIVE ACTIONS: involves identification and record of any non-compliances with the system's requirements and the implementation of the actions needed for securing the correctiveness of these non-compliances.
PREVENTITIVE ACTIONS: requires certain actions to be taken for preventing any non-compliances with the system's requirements.
MANAGEMENT REVIEW: entails periodical management reviews of system's implementation (at least one per year).
QUALITY OBJECTIVES, TARGETS AND INDICATORS: includes the setting of annual objectives, targets and indicators for enabling the quantification of a company's performance.
RESOURCES MANAGEMENT PROCEDURES
PERSONNEL RESPONSIBILITIES: requires the clarification of a firm's organizational structure and specification of personnel's responsibilities.
PERSONNEL TRAINING: involves periodical training of personnel.
INFRASTRUCTURE MANAGEMENT: includes the management of a firm's infrustructe for enabling its daily operation.
EQUIPMENT MAINTENANCE: entails setting a progam related to equipment's maintenance.
EQUIPMENT CALLIBRATION: demands the callibration of measuring devices.
PROCUREMENT MANAGEMENT PROCEDURES
SUPPLIER EVALUATION: requires the setting of certain criteria for evaluating and selecting suppliers.
PROCUREMENT MANAGEMENT: entails the setting of certain technical criteria for the supply of raw and package materials.
DELIVERY/ CONTROL OF SUPPLIES: includes the identification of the way a firm accepts/ controls/ storages the incoming materials.
COMMUNICATION WITH CUSTOMERS PROCEDURES
CONTRACTS/ OFFERS: refers to the clarification of the way a firm submitts offers to its customers and signs contracts with them.

ORDER MANAGEMENT: involves the setting of a certain procedure for the management of customers' orders.
CUSTOMER SATISFACTION: requires from a firm to use appropriate techniques (usually questionnaires) for getting feedback on customer satisfaction.
COMPLAINT MANAGEMENT: entails a management procedure that a firm must follow in case of complaints.
DESIGN AND DEVELOPMENT PROCEDURES
DESIGN AND DEVELOPMENT: in case of design and developmenet of new products/ services a firm must follow certain procedures that enable the monitoring, review and verification of the design process.
PRODUCTS/ SERVICES REALIZATION PROCEDURES
Requires the development of a number of procedures describing the way a firm undertakes its core activities. For example, in case of production of goods a company must develop and apply procedures such as: -Production Planning; -Execution of Production; -Quality Monitoring of Production; -Product Specifications; -Product Identification and Traceability; -Storage/ Packaging/ Loading/ Transport of Products; and -Quality Plans.

Quality Management System Procedures

(adapted from ISO, 2009)

Work instructions are step-by-step guidelines on how to implement a certain task. In practice, work instructions describe who is responsible for performing the task, when it has to get started, when to be completed, how it has to be done, etc. An instruction can be incorporated in a procedure as a part of it but it is more often included in a separate document (functional level). With reference to the latter, this is very common in large organizations that have a significant number of necessary instructions and operations, which need to be monitored and controlled. Forms and documents help personnel to record all information required for the successful development, implementation and maintenance of a QMS in an accessible and understandable form (Tapinos, 2008; TÜV Hellas, 2008).

Finally, records provide evidence that the QMS is being maintained according to the standard's requirements and are necessary for evaluating the system's implementation. They also help to track and evaluate improvement in relation to the organization's quality policy, objectives and targets (Tapinos, 2008; TÜV Hellas, 2008).

- ISO 14001

The standard has been written in such a way that all types and sizes of organizations can be included and diverse geographical, cultural and social conditions can be addressed. The overall aim of ISO14001 is environmental protection and prevention of pollution in balance with socio-economic needs. The standard does not establish absolute requirements for environmental performance beyond commitment, in the policy, to compliance with applicable legislation and regulations, and to continual improvement (ISO, 2009).

ISO 14001 documents an organization's environmental aspects, which include energy use, water consumption, site history - everything the organization exerts control over, or over which it could be expected to have influence. Once these aspects are identified, they are used by the organization to establish objectives and targets and formulate a program in pursuing them. The obligations of the standard are continual, so that the environmental operations and action plans are constantly improved, and the environmental policy continually revised. More precisely, ISO14001 requires the development and operation of an Environmental Management System (EMS) that consist of:

- Environmental Policy (strategic level)
- Environmental Management Procedures (operational level)
- Working Instructions/ External Documents (functional level).

The Environmental Policy is usually included in the Environmental Management Manual. It sketches out the organization's intentions with regard to the environment and puts emphasis on the following:

- Legal compliance with relevant legislation;
- Setting clear and sufficient objectives and targets;
- Pollution prevention through avoidance, reduction and control; and
- Commitment to continuous improvement of the environmental management system, and hence the environmental performance of the organization, in line with its environmental policy (ISO, 2009; TÜV Hellas, 2008).

The Environmental Manual is not mandatory for ISO 14001. The standard requires that organizations should maintain information or documentation on the core elements of the

EMS, i.e. its environmental policy, environmental objectives and targets, environmental management programs, procedures, roles and responsibilities. In most cases, however, organizations prepare an Environmental Manual, which is considered as the first level of the system's documentation (ISO, 2009; Tapinos, 2008; TÜV Hellas, 2008).

As the contents of an environmental manual do not refer to any 'sensitive' sector of the organization, it can be used as a marketing tool when sent to customers or other stakeholders. Similarly with the Quality Manual, the Environmental one provides a general description of the system. In particular, apart from the Environmental Policy it describes the company's organizational structure, identifies the procedures that constitute the EMS and discusses how the standard's requirements are satisfied.

Apart from the requirement to compile Environmental Management Procedures, the standard has many similarities with ISO9001. Thus, an Environmental Management System includes the same Management Procedures, the same Resources Management Procedures and the same Procurement Management Procedures with ISO9001. Environmental Management Procedures aim at setting a clear framework for dealing with the environmental impacts of their activities. These procedures include:

- **Environmental Communication**: requires the establishment of a mechanism for the diffusion of all information related with a company's EMS.
- **Emergency Prepardness and Response**: refers to the identification of potential accidents or emergency situations and preparation of relevant plans for the management of these situations.
- **Identification of Legal and other Normative Requirements**: entails the identification of all relevant legal, normative or other (e.g. codes of practices of associations in which the firm is a member) requirements related with a firm's activities.
- **Identification of Environmental Aspects and Environmental Impact Assessement**: requires the development of a specific methodology for identifying the environmental aspects of a company's activities and evaluating the environmental impacts stemming from its operations/ products.
- **Waste Management (Toxic/ Non Toxic- Solid/ Liquid)**: demands a describtion of the way a firm manages the solid/ liquid (toxic and non-toxic) waste stemming from its activities.

- **Air Pollution Management:** entails the monitoring and controlling of the air pollution caused by a company's activities.
- **Noise Control**: involves describtion of the way a firm measures and controls the noise levels caused by its activities in order to undertake the needed policies for the protection of its employees and of environment at large.
- **Monitoring and Measurement of Environmental Aspects**: includes a describtion of the way a company measures its environmental aspects (ISO, 2009; Tapinos, 2008; TÜV Hellas, 2008).

- OHSAS 18001

The standard follows the operating principle Plan-Do-Check-Act and requires from firms to develop and apply a Health and Safety Management System (HSMS) that consists of:

- Health and Safety Policy (strategic level);
- Health and Safety Management Procedures (operational level);
- Working Instructions/ External Documents (functional level).

Similarly to ISO9001 and ISO14001, the firm's policy is included in the Health and Safety Manual. This serves as the System's directory and has three main purposes:

- To define the organizational structure and responsibilities;
- To provide a description of the risk analysis mechanism, which has been developed and implemented for the purpose of identifying/communicating present and potential hazards; and
- To describe the procedures that constitute the Health and Safety Management System and to analyse how the standard's requirements are satisfied (BSI, 2009; SGS, 2009; TÜV Hellas, 2008)

In line with ISO9001 and IS014001, the standard requires the development of Management Procedures, Resources Management Procedures and Procurement Management Procedures. Apart from these, OHSAS18001 requires from firms to develop and apply the following Health and Safety Procedures:

- **Hazard identification, risk assessment and determining controls**: entails the development of a methodology for identifying and assessing the significance of all risks related with a firm's activities.

- **Legal and other requirements**: refers to the identification of all relevant legal, normative or other requirements related with a firm's activities.
- **Objectives and OHS program(s)**: requires the setting of targets and objectives related with health and safety in the workplace and the establishment of health and safety programs for achieving those targets and objectives.
- **Communication, participation and consultation**: involves the establishment of a mechanism for the diffusion of all information related with a company's HSMS.
- **Operational control**: includes the way a firm identifies and manages all health and safety related risks that may be found in the workplace; it also entails how a firm manages these risks for minimizing their venturesomeness for employees and stakeholders at large.
- **Emergency preparedness and response**: refers to the identification of potential accidents or emergency situations and preparation of relevant plans for the management of these situations.
- **Performance measuring, monitoring and improvement**: requires the establishment of a specific method of monitoring and measuring a firm's health and safety performance; it also refers to the way a firm monitors and measures its equipment (BSI, 2009; SGS, 2009; TÜV Hellas, 2008).

- EMAS

EMAS stands for Eco-Management and Audit Scheme. EMAS follows the continuous improvement approach discussed earlier and has the following requirements:

1. **Environmental policy**: a formal environmental policy is required at corporate level, containing commitment both to complying with relevant environmental legislation and to continually improving the environmental performance.
2. **Environmental review**: identification of all environmental impacts, as well as procedures for improvement and prioritisation of targets, are required by the scheme.
3. **Environmental program**: based on environmental review it describes the set objectives and targets and sets the pathway to achieve them. In other words, it puts policy into practice through a clear chain of command.
4. **EMS**: the system must be properly organised and documented by trained personnel and incorporated into the management structure. The EMS must be

established on the basis of the review with an aim at improving the environmental performance of the organisation.

5. **Environmental Audit**: any progress made must be audited at regular intervals by internal environmental audits.
6. **Environmental statement**: this is a document that contains information on organization's efforts and accomplishments. In particular, it provides: an assessment of all the significant direct and indirect environmental issues; a summary of year-by-year figures on pollution emissions, waste generation, noise and consumption of raw materials, energy and water; and a presentation of the organisation's environmental policy, programs and management system.
7. **Validation**: prior to its publication, the statement must be validated by an accredited verifier who should be independent of the site auditor (Europa, 2009a).

- ISO 22000

ISO22000 is applicable to all firms regardless of size and is compatible with ISO9001 in order to encourage firms, which already apply the quality standard, to also adopt this one. As other food management standards, ISO22000 builds on HACCP. This abbreviation stands for Hazard Analysis and Critical Control Point and is a systematic approach used to identify, evaluate and control food safety hazards. It is based on certain principles, which companies must follow to develop a HACCP plan. This is a document analysing how the company aims to identify, evaluate and control food safety hazards (FAO & WHO, 1999).

ISO 22000 integrates the HACCP plan with other managerial requirements. In particular, the standard requires the development and operation of a Food Safety Management System (FSMS) that consist of:

- Food safety policy (strategic level)
- Food Safety Procedures (operational level)
- Work Instructions/ Documents (functional level).

The standard does not require a Food Safety Manual; nonetheless most companies choose to prepare one and include in it their policy and objectives. Similarly to the previously analysed ICMS, ISO22000 requires Management Procedures (e.g. document and record control, internal audits, non-conformities, corrective/ preventive actions etc),

Resources Management Procedures (e.g. personnel training, product identification and traceability, equipment maintenance etc) and Procurement Management Procedures (e.g. supplier evaluation, procurement management etc). Apart from these, the standard requires the following food safety procedures:

- The setting of a **Food safety team** responsible for the development, implementation and verification of the FSMS.
- **HACCP Plan**: see above.
- The allocation of food safety specific **responsibilities and duties** for all **personnel working in areas related with food safety**.
- The setting of a mechanism through which a **firm programs the productions lines**, in order to meet all requirements related to the final products and market needs.
- The setting of a mechanism through which the **supplied materials are received**;
- Detailed description of the way **raw materials/ semi finals products/ final products are stored/ delivered**.
- Detailed description of the procedure followed for **recalling finished products**.
- Detailed description of how products are treated during **production, packaging, storage and delivery to customers.**
- Description of the way the firm assigns, documents and authorizes the **specifications of** its **semi-final and final products**.
- Establishment of a mechanism for the **diffusion of all information related with a company's FSMS**.
- **Identification of potential accidents or emergency situations** and preparation of relevant plans for the management of these situations.
- Securing **Health and Safety in the workplace** through actions such as pest control, cleaning and disinfection and waste management (ISO, 2009; Tapinos, 2008; TÜV Hellas, 2008).

- SA 8000

SA8000 is widely regarded as a standard that secures an ethical environment for employees and its popularity constantly increases (Leipziger, 2003). SA8000 sets standards for:

- **Child Labour:** a firm should not use any child labour in its activities.
- **Forced Labour**: the use of forced labour is prohibited.

- **Health and Safety**: a company must provide a healthy and safe workplace and apply the needed policies for preventing potential accidents.
- **Freedom of Association and Right to Collective Bargaining**: a firm must not discourage personnel from forming/ joining trade unions and bargain collectively.
- **Discrimination**: no discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age, is allowed to be included in a firm's policies.
- **Discipline**: a firm must not use any form of punishment, coercion or abuse to its personnel.
- **Working Hours**: these should comply with relevant legislation and should not exceed a 48 hours working shift/ week.
- **Remuneration**: a company must pay its employees in accordance with relevant laws; it should never pay them below minimum national wage standards; and the paid wages must ensure covering of basic needs and provision of discretionary income (Leipziger, 2003).

In order to demonstrate competence and continuous improvement in these areas the firm must develop and apply a Social Management System (SMS). This must be consisted of:

- Policy (strategic level)
- Social Management Procedures (operational level)
- External Documents (functional level)
- Records.

The standard does not require the establishment of a social manual. Nonetheless, as with other standards, many firms prefer to prepare one and use it as a mirror of the whole management system. The policy, included in the manual, must be publicly available. In line with ISO9001 and ISO14001, SA8000 requires the firm to develop a number of management procedures such as internal audits, management review and allocation of responsibilities (Leipziger, 2003). These procedures were discussed in detail in the previous standards.

Appendix 5-1: Survey information sheet

Lancashire Business School
University of Central Lancashire

Research on International Certifiable Management Standards and Corporate Social Responsibility

Dear Sir/ Madam

Lancashire Business School is conducting a study on the application of international certifiable management standards in Greece. We would appreciate your help. Your company was selected because of its experience with adopting such standards. All you need to do is to read the information below and answer the questionnaire attached. The completion of the questionnaire will take no more than 5 minutes.

The study pursues exclusively scientific objectives. It is intended to assist in designing more effective management standards that will respond better to the needs of companies and society at large. The questionnaire refers to motivations for applying a management standard in your company and perceptions about the use of such a standard.

Confidentiality: Your answers will be treated in full confidentiality at every stage of the project and will never be used to identify you or your company. They will be aggregated with answers from other respondents to produce a statistical database. The research results are intended for publication in academic journals.

Thank you for taking the time to help this research. Please return the completed questionnaire no later than the 15th of December 2008 in the enclosed Freepost envelope.

Alternatively, you can answer the questionnaire through the following web-site:

https://www.surveymonkey.com/s.aspx?sm=Hqs6Iqbyn_2btzp_2fxROLDM9g_3d_3d

If you have any queries please contact Mr Konstantinos Iatridis by e-mail: **KIatridis@uclan.ac.uk**

Finally, we would like to inform you that you could access a summary of the research findings through the Lancashire Business School web site at: http://www.uclan.ac.uk/lbs/index.php or through e-mail in the above mentioned address.

Thank you for your help,

Professor Andrei Kuznetsov Professor Philip Whyman

Appendix 5- 2: T-test results for early (N=47) and late respondents (N=164)

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Employees	Equal variances assumed	2.310	.130	-1.042	209	.298	-71.672	68.755	-207.213	63.870
	Equal variances not assumed			-1.073	208.014	.285	-71.672	66.826	-203.414	60.071
Industry	Equal variances assumed	1.137	.288	-.709	209	.479	-.082	.115	-.309	.146
	Equal variances not assumed			-.706	190.499	.481	-.082	.116	-.311	.147
Influence of external factors	Equal variances assumed	.301	.584	.440	203	.660	.063	.144	-.220	.347
	Equal variances not assumed			.444	196.748	.658	.063	.143	-.218	.344
Influence of CSR	Equal variances assumed	.901	.344	.195	209	.845	.034	.174	-.308	.376
	Equal variances not assumed			.194	187.169	.847	.034	.175	-.311	.379
Influence of internal factors	Equal variances assumed	.772	.381	-.106	209	.916	-.015	.141	-.293	.263
	Equal variances not assumed			-.107	199.018	.915	-.015	.140	-.291	.261
Influence of market factors	Equal variances assumed	3.238	.073	.462	209	.645	.056	.120	-.182	.293
	Equal variances not assumed			.454	180.002	.651	.056	.122	-.186	.297
Customer awareness	Equal variances assumed	3.610	.059	.253	209	.801	.035	.138	-.237	.306
	Equal variances not assumed			.246	171.636	.806	.035	.141	-.244	.314
Government awareness	Equal variances assumed	.276	.600	.983	209	.327	.118	.120	-.119	.355
	Equal variances not assumed			.978	189.737	.329	.118	.121	-.120	.357

Number of annual internal audits	Equal variances assumed	.701	.403	-.807	209	.421	-.082	.101	-.281	.118
	Equal variances not assumed			-.817	201.836	.415	-.082	.100	-.278	.115
Number of MNCs	Equal variances assumed	3.460	.064	.397	209	.692	.062	.157	-.247	.371
	Equal variances not assumed			.388	175.839	.699	.062	.160	-.254	.379
Daily use of documents	Equal variances assumed	.758	.385	1.204	209	.230	.159	.132	-.101	.418
	Equal variances not assumed			1.218	201.289	.225	.159	.130	-.098	.415
The company changes the content	Equal variances assumed	1.989	.160	-.274	209	.784	-.038	.138	-.311	.235
	Equal variances not assumed			-.278	202.426	.781	-.038	.136	-.307	.231
Logo use on products	Equal variances assumed	1.791	.182	-1.069	209	.286	-.257	.240	-.729	.216
	Equal variances not assumed			-1.061	188.304	.290	-.257	.242	-.733	.220
Logo use on documents	Equal variances assumed	.081	.776	.891	209	.374	.162	.182	-.196	.520
	Equal variances not assumed			.897	198.135	.371	.162	.180	-.194	.518
Logo use on web-site	Equal variances assumed	.035	.852	-1.133	209	.258	-.359	.317	-.984	.266
	Equal variances not assumed			-1.133	193.886	.258	-.359	.317	-.984	.266
Sanctions	Equal variances assumed	.061	.805	-.950	209	.343	-.122	.129	-.376	.132
	Equal variances not assumed			-.943	188.410	.347	-.122	.130	-.378	.134
Strictness of the regulatory framework	Equal variances assumed	4.084	.045	-.649	209	.517	-.098	.151	-.396	.200
	Equal variances not assumed			-.636	178.164	.526	-.098	.154	-.402	.206

Appendix 5-3: Questionnaire

LANCASHIRE BUSINESS SCHOOL

INTERNATIONAL CERTIFIABLE MANAGEMENT STANDARDS AND CORPORATE SOCIAL RESPONSIBILITY	Page 1 of 4

BACKGROUND INFORMATION
NUMBER OF EMPLOYEES: .....
ANNUAL TURNOVER:……..
DECLARED PROFIT:……
INDUSTRY:…….....
YEAR OF ESTABLISHMENT:……...
NUMBER OF PERSONS DIRECTLY INVOLVED INTO THE SETTING UP AND MONITORING OF THE MANAGEMENTSTANDARD/S:……...

1. **Please specify the standard/s under which your company is certified:**

   i) ISO9001 ☐ ii) ISO14001 ☐ iii) EMAS ☐ iv) OHSAS 18001/ELOT1801 ☐

   v) HACCP/ISO22000 ☐ Other (please specify):……..

2. **For how long have you been implementing the standard/s?**

STANDARDS	YEARS
ISO9001	
ISO14001	
EMAS	
OHSAS18001/ELOT 1801	
HACCP/ISO22000	
OTHER	

3. **How many times per year do you *internally* audit the standard/s' implementation? (Please circle as applicable).**

STANDARDS	I don't know	Once	Twice	3 Times or more
ISO9001	1	2	3	4
ISO14001	1	2	3	4
EMAS	1	2	3	4
OHSAS18001/ ΕΛΟΤ 1801	1	2	3	4
HACCP/ISO22000	1	2	3	4
OTHER	1	2	3	4

4. **How many *major* non-conformances does an internal audit reveal on average? (Please circle as applicable).**

None	1	2	3	4 or more
1	2	3	4	5

5. **How many *secondary* non-conformances does an internal audit reveal on average? (Please circle as applicable).**

None	1	2	3	4 or more
1	2	3	4	5

6. With reference to standard's implementation please state to what extent: (Please circle as applicable).

	Not at all	Very little	To some extent	To a large extent	To a very large extent
The documents created for the purpose of the management system are used in daily practice	1	2	3	4	5
The content of the documents changes pending the external audit	1	2	3	4	5

7. How would you rate the influence of the following factors in your decision to adopt and implement a management standard? (Please circle as applicable).

	Not important	Of little importance	Some importance	Important	Very important
Improved relations with local community	1	2	3	4	5
Improved relations with governmental authorities	1	2	3	4	5
Satisfaction of EU requirements	1	2	3	4	5
Improved relations with NGOs	1	2	3	4	5
Pressures from other certified companies	1	2	3	4	5
Access to international markets	1	2	3	4	5
Satisfaction of domestic market requirements	1	2	3	4	5
Satisfaction of Customer requirements	1	2	3	4	5
Increase in sales	1	2	3	4	5
Cost Savings	1	2	3	4	5
Greater productivity	1	2	3	4	5
Improved financial performance	1	2	3	4	5
Acknowledging Social Responsibility	1	2	3	4	5

8. Please choose and rank the 3 most important factors according to their importance in influencing your decision to adopt and implement a management standard (where 1 the most important and 3 the least important):

Improved relations with local community		Satisfaction of Customer requirements	
Improved relations with governmental authorities		Increase in sales	
Satisfaction of EU requirements		Cost Savings	
Improved relations with NGOs		Greater productivity	
Pressures from other certified companies		Improved financial performance	
Access to international markets		Acknowledging Social Responsibility	
Satisfaction of domestic market requirements			

9. How would you evaluate the contribution of the following features of the management standard to improving your company's operations?

	Not important	Of little importance	Some importance	Important	Very important
Management review	1	2	3	4	5
Internal Audits	1	2	3	4	5
Objectives, Targets, Indicators	1	2	3	4	5
Complaints Management	1	2	3	4	5
Document Control	1	2	3	4	5
Record Control	1	2	3	4	5
Supplier Evaluation	1	2	3	4	5

10. Are you aware of the objectives, targets and indicators that, within the context of the standard's implementation, your company has set for the next year?

Yes ☐ 1 No ☐ 2

If yes, could you please refer a target, an objective and an indicator?

Objective:……
Target:……
Indicator:……

11. How many companies in your industry, do you think, are certified? (Please circle as applicable).

Standards	Less than 20%	Between 20%-39%	Between 40%-59%	Between 60%-79%	More than 80%
ISO9001	1	2	3	4	5
ISO14001	1	2	3	4	5
EMAS	1	2	3	4	5
OHSAS 18001/ ΕΛΟΤ 1801	1	2	3	4	5
HACCP/ ISO22000	1	2	3	4	5
ΑΛΛΟ	1	2	3	4	5

12. How would you evaluate the EU influence on certification levels in Greece? (Please circle as applicable).

Not significant	Not particularly significant	Somehow significant	Significant	Very significant
1	2	3	4	5

13. How would you evaluate the influence of national legislation on certification levels in Greece? (Please circle as applicable).

Not significant	Not particularly significant	Somehow significant	Significant	Very significant
1	2	3	4	5

14. How strict is the regulatory framework in terms of the fines that a company may face in case of symbolic implementation of a standard? (Please circle as applicable).

Not strict	Not particularly strict	Somehow strict	Strict	Very strict
1	2	3	4	5

15. How would you rate your business environment? (Please circle as applicable).

Not competitive	Lowly competitive	Competitive	Highly competitive
1	2	3	4

16.

16. Do you think that customers and government can distinguish between companies implementing Corporate Social Responsibility (excluding philanthropy) and ones that don't? (Please circle as applicable).

	Never	Seldom	Sometimes	Often	Always
Customers	1	2	3	4	5
Government	1	2	3	4	5

Please state why briefly ……...
……
……

17. How would you evaluate the impact of the following consequences that your company may face in case of non-compliance with standard's requirements? (Please circle as applicable).

	Not significant	Not particularly significant	Somehow significant	Significant	Very significant
Recall of Certificate	1	2	3	4	5
Reputation Cost	1	2	3	4	5

18. How well informed do you think customers and government are about standards' implementation? (Please circle as applicable).

	Don't know	Not well informed at all	Not very well informed	Fairly well informed	Very well informed
Customers	1	2	3	4	5
Government	1	2	3	4	5

Please justify briefly your opinion……
……
……

19. To what extent customers and the government request information, from your company, regarding the implementation of the standard/s?(Please circle as applicable).

	Not at all	Very little	To some extent	To a large extent	To a very large extent
Customers	1	2	3	4	5
Government	1	2	3	4	5

20. Is the standard/s certification included in the contracts with your customers and government as contract specification? (Please circle as applicable).

	Never	Seldom	Sometimes	Often	Always
Customers	1	2	3	4	5
Government	1	2	3	4	5

21. How long are you using the certification's logo on the web-site of your company: (Please circle as applicable).

Never	1 years	2 years	3 years	4 or more years
1	2	3	4	5

22. Please state whether you use the certification's logo on: (Please circle as applicable).

	Never	Seldom	Sometimes	Often	Always
Your documents	1	2	3	4	5
Your products as signal of good product quality	1	2	3	4	5

23. Do you communicate the results of the audits to the public? (Please circle as applicable).

Never	Seldom	Sometimes	Often	Always
1	2	3	4	5

Thank you very much for your time!!

Appendix 5-4: Consent form

CONSENT FORM

I freely and voluntarily consent to be a participant in the research project on the topic of Corporate Social Responsibility (CSR) to be conducted by Mr Konstantinos Iatridis, who is a PhD Researcher in Lancashire Business School, University of Central Lancashire. The broad goal of this research study is to evaluate how CSR influences business practices using International Certifiable Management Standards as indicators of CSR. Specifically, I have been asked to give an interview, which should take no longer than 30 min to complete.

I have been told that my responses will be kept strictly confidential. I also understand that if at any time during the interview I feel unable or unwilling to continue, I am free to leave. That is, my participation in this study is completely voluntary, and I may withdraw from it at any time without negative consequences. In addition, should I not wish to answer any particular question or questions, I am free to decline. My name will not be linked with the research materials, and I will not be identified or identifiable in any report subsequently produced by the researcher.

I have been given the opportunity to ask questions regarding the interview, and my questions have been answered to my satisfaction. I have been informed that if I have any general questions about this project, I should feel free to contact Mr Iatridis at: KIatridis@uclan.ac.uk.

I have read and understand the above and consent to participate in this study. My signature is not a waiver of any legal rights. Furthermore, I understand that I will be able to keep a copy of the informed consent form for my records.

…… ……..

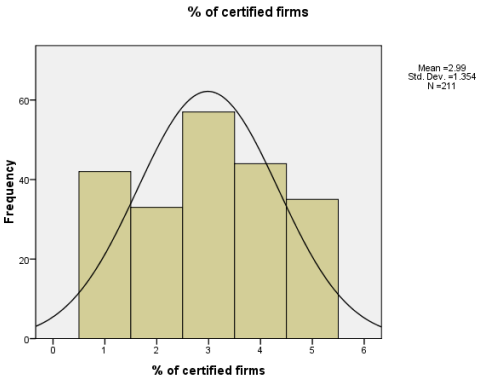
Participant's Signature Date

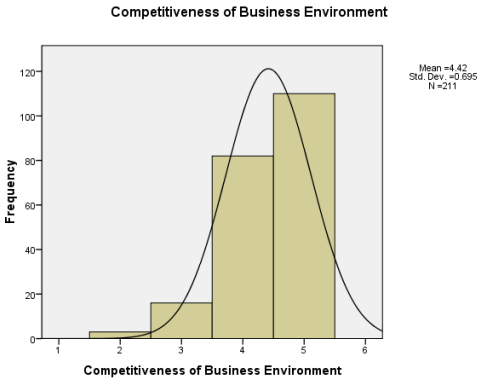
I have explained and defined in detail the research procedure in which the respondent has consented to participate. Furthermore, I will retain one copy of the informed consent form for my records.

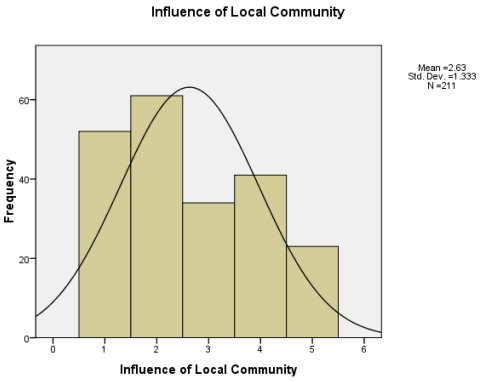
…… ……..

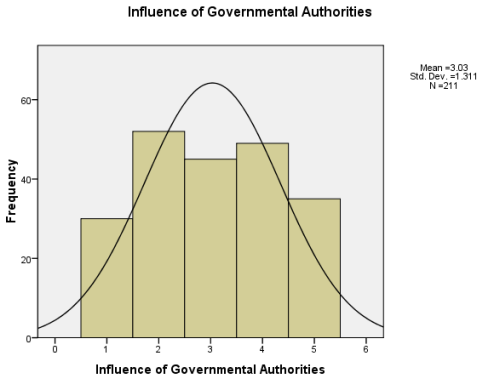
Researcher's Signature Date

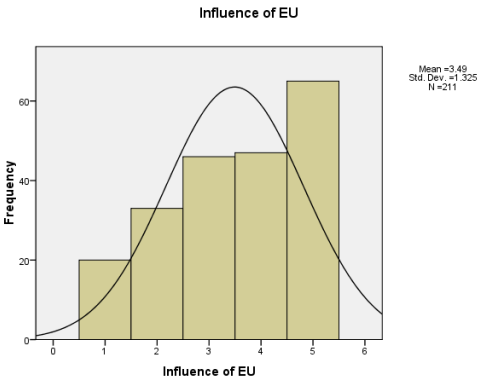
Appendix 6-1: Histograms

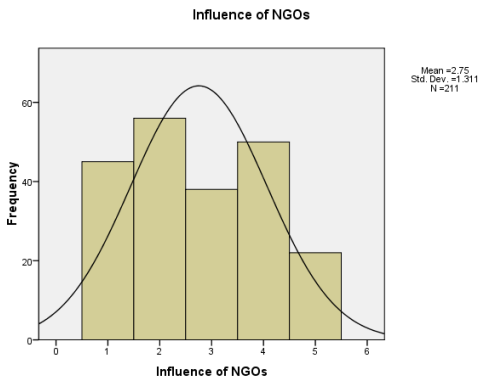


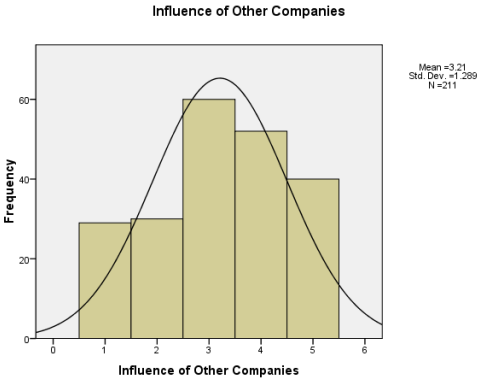


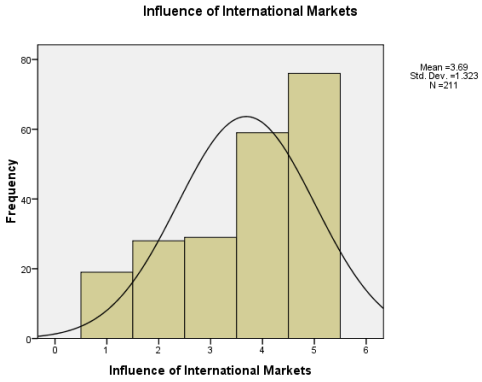


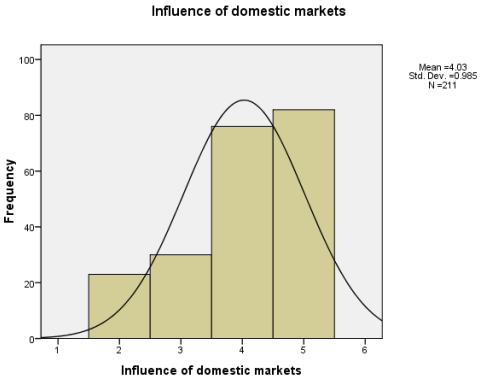


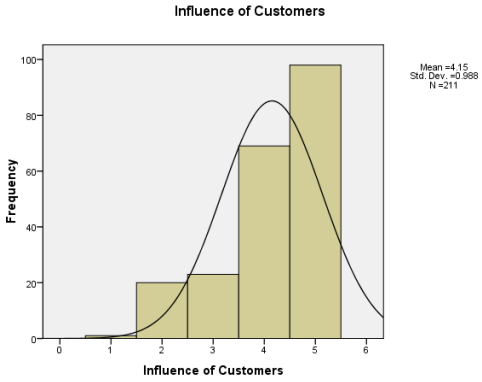


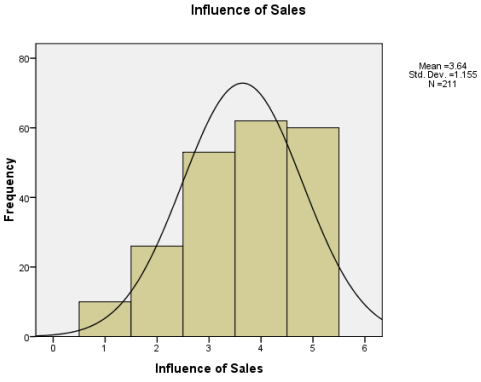


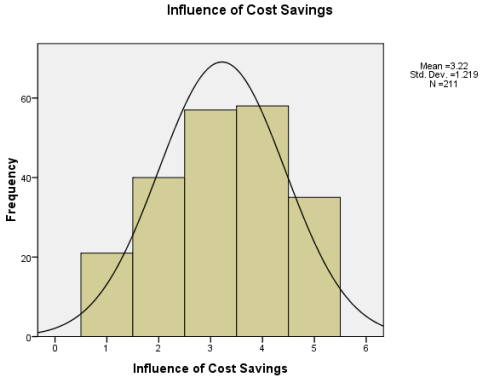

Influence of Other Companies
Mean =3.21
Std. Dev. =1.289
N =211
Frequency
Influence of Other Companies

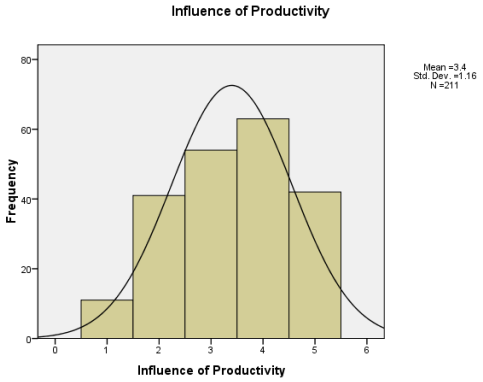

Influence of International Markets
Mean =3.69
Std. Dev. =1.323
N =211
Frequency
Influence of International Markets

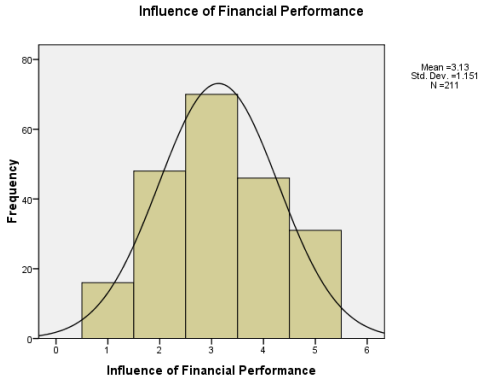

Influence of domestic markets
Mean =4.03
Std. Dev. =0.985
N =211
Frequency
Influence of domestic markets

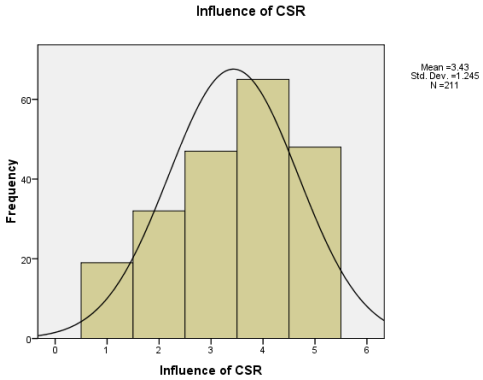

Influence of Customers
Mean =4.15
Std. Dev. =0.988
N =211
Frequency
Influence of Customers

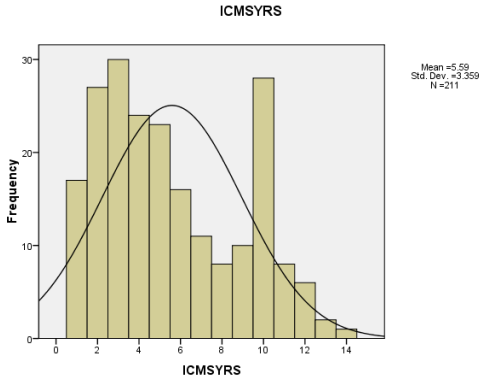

Influence of Sales
Mean =3.64
Std. Dev. =1.155
N =211
Frequency
Influence of Sales

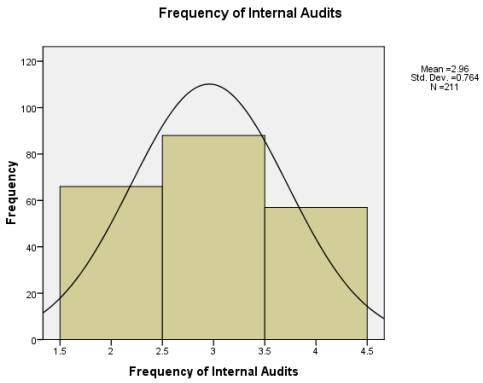

Influence of Cost Savings
Mean =3.22
Std. Dev. =1.219
N =211
Frequency
Influence of Cost Savings

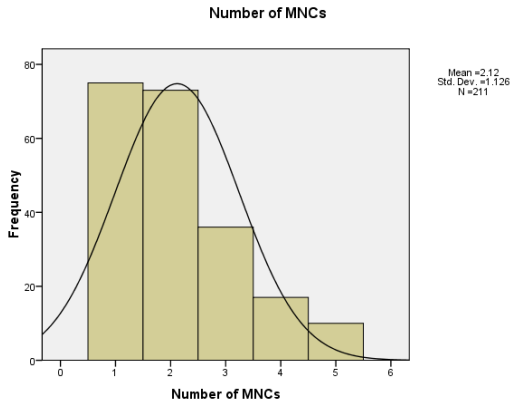

Influence of Productivity
Mean =3.4
Std. Dev. =1.16
N =211
Frequency
Influence of Productivity

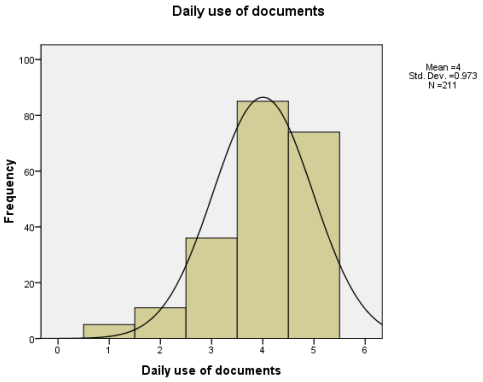

Influence of Financial Performance
Mean =3.13
Std. Dev. =1.151
N =211
Frequency
Influence of Financial Performance

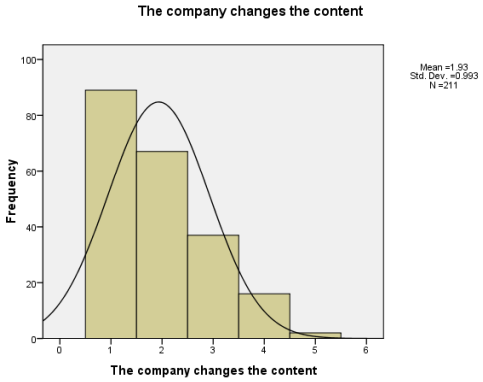

Influence of CSR
Mean =3.43
Std. Dev. =1.245
N =211
Frequency
Influence of CSR


ICMSYRS
Mean =5.59
Std. Dev. =3.359
N =211
Frequency
ICMSYRS

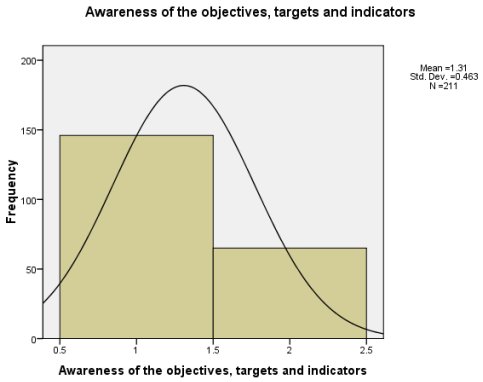

Frequency of Internal Audits
Mean =2.96
Std. Dev. =0.764
N =211
Frequency
Frequency of Internal Audits

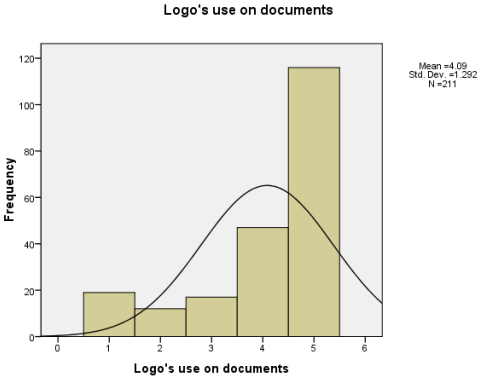

Number of MNCs
Mean =2.12
Std. Dev. =1.126
N =211
Frequency
Number of MNCs

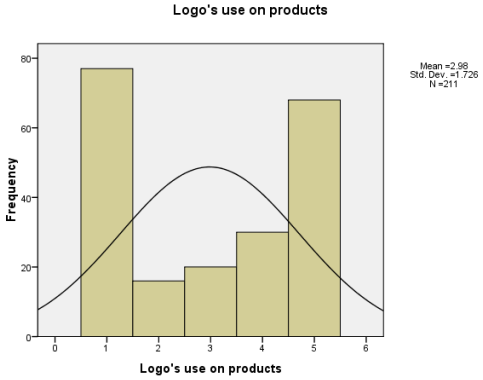

Daily use of documents
Mean =4
Std. Dev. =0.973
N =211
Frequency
Daily use of documents

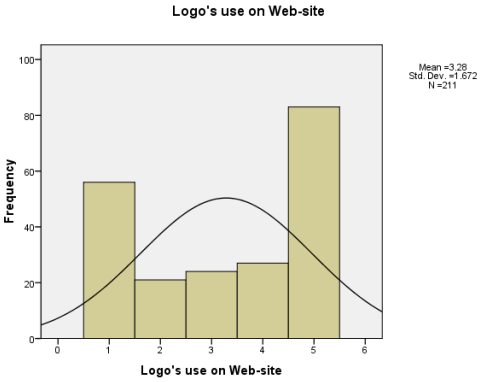

The company changes the content
Mean =1.93
Std. Dev. =0.993
N =211
Frequency
The company changes the content

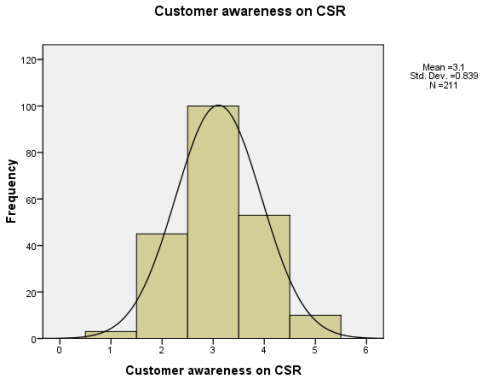

Number of persons involved in the standard's management team
Mean =3.68
Std. Dev. =3.387
N =211
Frequency
Number of persons involved in the standard's management team

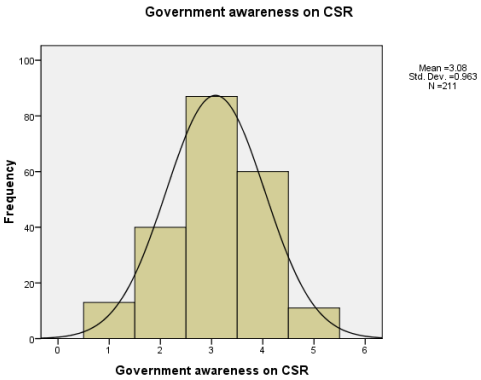

Awareness of the objectives, targets and indicators
Mean =1.31
Std. Dev. =0.463
N =211
Frequency
Awareness of the objectives, targets and indicators

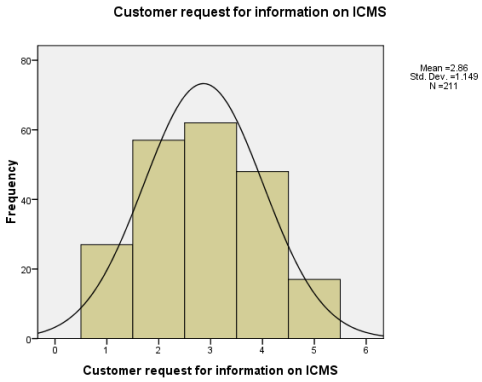

Logo's use on documents
Mean =4.09
Std. Dev. =1.292
N =211
Frequency
Logo's use on documents

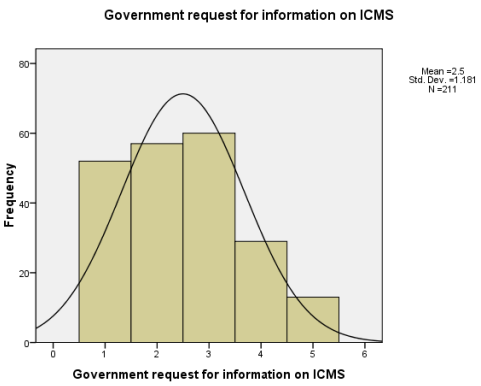

Logo's use on products
Mean =2.98
Std. Dev. =1.726
N =211
Frequency
Logo's use on products

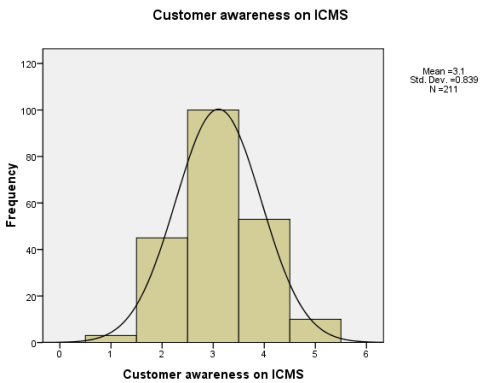

Logo's use on Web-site
Mean =3.28
Std. Dev. =1.672
N =211
Frequency
Logo's use on Web-site

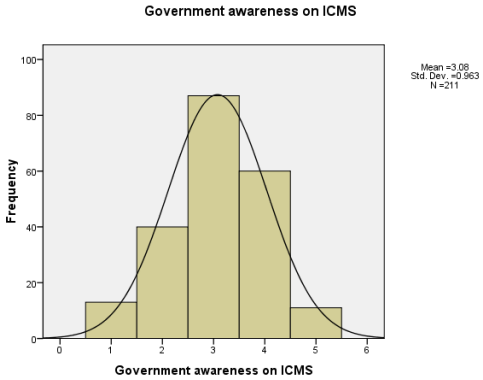

Customer awareness on CSR
Mean =3.1
Std. Dev. =0.839
N =211
Frequency
Customer awareness on CSR

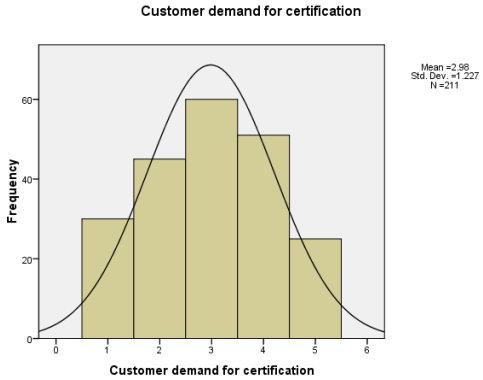

Government awareness on CSR
Mean =3.08
Std. Dev. =0.963
N =211
Frequency
Government awareness on CSR

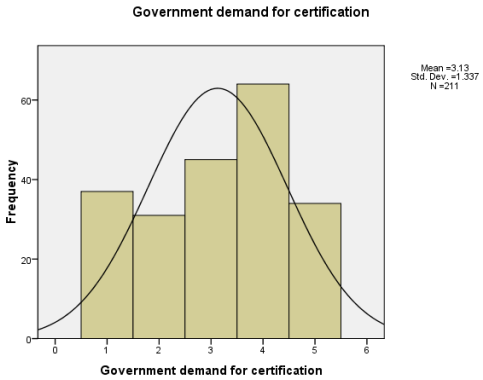

Customer request for information on ICMS
Mean =2.86
Std. Dev. =1.149
N =211
Frequency
Customer request for information on ICMS

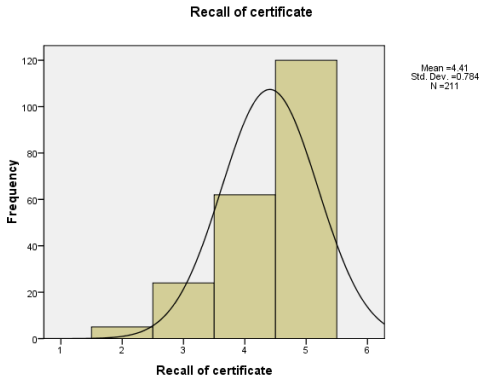

Government request for information on ICMS
Mean =2.5
Std. Dev. =1.181
N =211
Frequency
Government request for information on ICMS

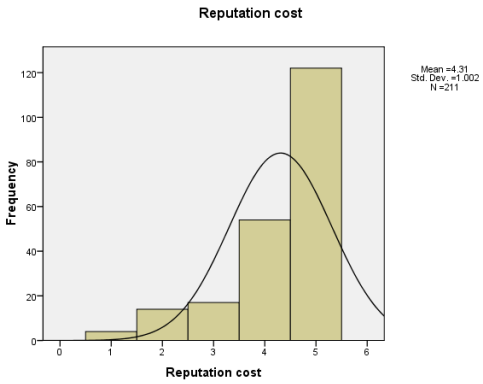

Customer awareness on ICMS
Mean =3.1
Std. Dev. =0.839
N =211
Frequency
Customer awareness on ICMS

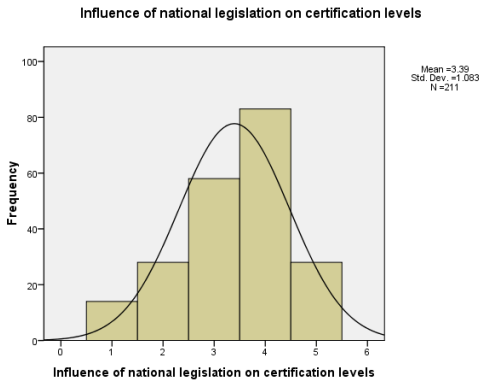

Government awareness on ICMS
Mean =3.08
Std. Dev. =0.963
N =211
Frequency
Government awareness on ICMS

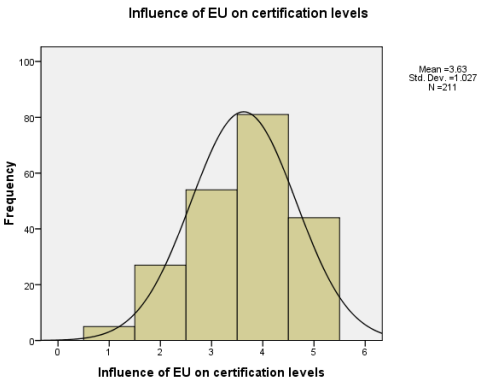

Customer demand for certification
Mean =2.98
Std. Dev. =1.227
N =211
Frequency
Customer demand for certification

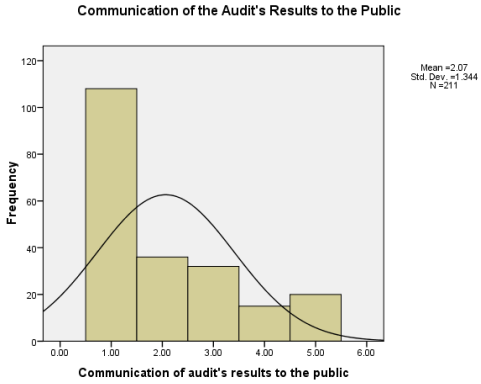

Government demand for certification
Mean =3.13
Std. Dev. =1.337
N =211
Frequency
Government demand for certification


Recall of certificate
Mean =4.41
Std. Dev. =0.784
N =211
Frequency
Recall of certificate


Reputation cost
Mean =4.31
Std. Dev. =1.002
N =211
Frequency
Reputation cost


Influence of national legislation on certification levels
Mean =3.39
Std. Dev. =1.083
N =211
Frequency
Influence of national legislation on certification levels


Influence of EU on certification levels
Mean =3.63
Std. Dev. =1.027
N =211
Frequency
Influence of EU on certification levels


Communication of the Audit's Results to the Public
Mean =2.07
Std. Dev. =1.344
N =211
Frequency
Communication of audit's results to the public

Appendix 7-1: Testing common method bias

Total Variance Explained						
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.326	19.800	19.800	7.326	19.800	19.800
2	2.868	7.752	27.552	2.868	7.752	27.552
3	2.428	6.561	34.113	2.428	6.561	34.113
4	2.208	5.969	40.082	2.208	5.969	40.082
5	1.915	5.175	45.257	1.915	5.175	45.257
6	1.752	4.734	49.992	1.752	4.734	49.992
7	1.501	4.058	54.049	1.501	4.058	54.049
8	1.455	3.931	57.980	1.455	3.931	57.980
9	1.396	3.773	61.753	1.396	3.773	61.753
10	1.175	3.175	64.929	1.175	3.175	64.929
11	1.097	2.966	67.894	1.097	2.966	67.894
12	.996	2.693	70.587			
13	.899	2.431	73.018			
14	.875	2.364	75.382			
15	.819	2.215	77.597			
16	.746	2.018	79.614			
17	.707	1.910	81.525			
18	.673	1.818	83.343			
19	.661	1.786	85.129			
20	.632	1.708	86.837			
21	.556	1.503	88.340			
22	.516	1.396	89.736			
23	.492	1.331	91.067			
24	.445	1.203	92.270			
25	.395	1.068	93.338			
26	.356	.963	94.300			
27	.350	.946	95.246			
28	.327	.883	96.128			
29	.298	.806	96.934			
30	.271	.733	97.667			

31	.211	.571	98.238			
32	.202	.547	98.785			
33	.185	.499	99.284			
34	.139	.377	99.661			
35	.125	.339	100.000			
36	.000	.000	100.000			
37	.000	.000	100.000			
Extraction Method: Principal Component Analysis.						

Appendix 7-2: Factor analysis for motives influencing firms' decision to adopt ICMS

Item	Factor Loading			Communality
	1	2	3	
Influence of greater productivity	.88			.79
Influence of cost savings	.82			.74
Influence of financial performance	.77			.68
Influence of sales' increase	.64		.43	.61
Influence of governmental authorities		.84		.72
Influence of NGOs		.76		.62
Influence of EU		.73	.30	.63
Influence of local community		.70		.57
Influence of domestic market requirements			.84	.74
Influence of customer requirements	.38		.74	.70
Pressure from other companies			.57	.39
Influence of access to international markets		.41	.42	.39
Eigenvalues	4.95	1.75	1.29	
% of variance	22.71	22.42	16.41	

Note: Loadings < .40 are omitted

Appendix 7-3: Testing the assumptions of hypothesis 1 (Diffusion of ICMS)

Table 1: Testing the assumptions of multicollinearity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	2.490	.264		9.448	.000	1.970	3.009					
	Employees	.080	.058	.095	1.379	.169	-.034	.194	.099	.095	.094	.981	1.019
	Commerce	.462	.219	.161	2.114	.036	.031	.893	.095	.145	.144	.805	1.242
	Manufacture	.378	.221	.131	1.710	.089	-.058	.813	.073	.118	.117	.797	1.255
2	(Constant)	.096	.514		.187	.852	-.916	1.109					
	Employees	.060	.054	.071	1.113	.267	-.046	.166	.099	.078	.069	.946	1.057
	Commerce	.403	.204	.140	1.976	.050	.001	.805	.095	.138	.123	.773	1.293
	Manufacture	.368	.205	.128	1.794	.074	-.037	.773	.073	.126	.112	.770	1.299
	Influence of external factors	.263	.091	.201	2.888	.004	.083	.442	.238	.200	.180	.804	1.244
	Influence of internal factors	-.126	.112	-.097	-1.124	.262	-.347	.095	.054	-.079	-.070	.528	1.893
	Influence of domestic markets	.251	.092	.186	2.726	.007	.069	.432	.264	.189	.170	.840	1.191
	Influence of CSR	-.156	.085	-.146	-1.840	.067	-.323	.011	-.035	-.129	-.115	.617	1.620
	Influence of customer awareness	.129	.096	.089	1.344	.180	-.060	.317	.212	.094	.084	.879	1.138
	Influence of government awareness	.365	.106	.239	3.447	.001	.156	.574	.302	.236	.215	.812	1.231

a. Dependent Variable: % of certified firms

Tolerance values are well above 0.1 and do not indicate any collinerarity problem. Likewise, VIF values are well below 10 implying no concern over multicollinearity.

Table 2: Testing the assumptions of linearity

Variables in the Equation

								95.0% C.I.for EXP(B)	
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1[a]	ext	2.406	1.867	1.661	1	.197	11.089	.286	430.509
	ext by LnExt	-.943	.872	1.169	1	.280	.390	.071	2.152
	CSR	.627	1.363	.212	1	.646	1.872	.129	27.083
	CSR by LnCSR	-.349	.653	.285	1	.593	.706	.196	2.536
	int	-4.959	2.012	6.077	1	.014	.007	.000	.362
	LnInt by int	2.223	.958	5.382	1	.020	9.232	1.412	60.368
	DomMark	4.789	2.794	2.939	1	.086	120.206	.503	2.871E4
	DomMark by LnDMark	-1.920	1.232	2.426	1	.119	.147	.013	1.642
	Custaw	2.233	2.771	.649	1	.420	9.328	.041	2.130E3
	Custaw by LnCustAw	-.914	1.278	.512	1	.474	.401	.033	4.904
	Govaw	6.574	3.206	4.205	1	.040	716.338	1.337	3.838E5
	Govaw by LnGovAw	-2.875	1.516	3.596	1	.058	.056	.003	1.101
	Constant	-18.453	6.989	6.971	1	.008	.000		

a. Variable(s) entered on step 1: ext, ext * Lnext , CSR, CSR * LnCSR , int, LnInt * int, DomMark, DomMark * LnDMark , Custaw, Custaw* LnCustAw , Govaw, Govaw* LnGovAw .

Only one interaction term is significant i.e. LnInt by int. However, as it was said in the text this is well above the criterion α = .05/13 = .003

Appendix 7-4: Hypothesis 1 (Diffusion of ICMS) - Hierarchical logistic regression results

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	211	100.0
	Missing Cases	0	.0
	Total	211	100.0
Unselected Cases		0	.0
Total		211	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
insignificant percentage of certified firms	0
significant percentage of certified firms	1

Categorical Variables Codings

		Frequency	Parameter coding (1)	Parameter coding (2)
Industry	Services	82	.000	.000
	Commerce	65	1.000	.000
	Manufacture	64	.000	1.000

Block 0: Beginning Block

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients: Constant
Step 0	1	266.764	.692
	2	266.723	.722
	3	266.723	.722

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 266.723

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	266.764	.692
	2	266.723	.722
	3	266.723	.722

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 266.723

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Classification Table[a,b]

Observed			Predicted: Percentage of certified firms: insignificant percentage of certified firms	Predicted: Percentage of certified firms: significant percentage of certified firms	Percentage Correct
Step 0	Percentage of certified firms	insignificant percentage of certified firms	0	69	.0
		significant percentage of certified firms	0	142	100.0
	Overall Percentage				67.3

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.722	.147	24.188	1	.000	2.058

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	Employees	1.266	1	.260
		Industry	4.856	2	.088
		Industry(1)	3.954	1	.047
		Industry(2)	.001	1	.982
	Overall Statistics		6.305	3	.098

Industry (1) i.e. commerce is significant predictor of whether there are significant or not percentages of certified firms.

Block 1: Method = Enter → *Employees and industry are entered in Block 1, the first step.*

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients			
			Constant	LnEmp	Industry(1)	Industry(2)
Step 1	1	260.543	.013	.099	.698	.256
	2	260.291	-.038	.115	.820	.274
	3	260.291	-.040	.116	.824	.274
	4	260.291	-.040	.116	.824	.274

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 266.723

d. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	6.432	3	.092
	Block	6.432	3	.092
	Model	6.432	3	.092

→ *The combination of the two variables does not predict significantly the outcome variable.*

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	260.291[a]	.030	.042

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

→ *Knowing employees and industry does not provide any significant help in predicting percentages of certified firms.*

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	8.315	8	.403

→ *The insignificant value indicates the goodness of fit of the model.*

Contingency Table for Hosmer and Lemeshow Test

		Percentage of certified firms = insignificant percentage of certified firms		Percentage of certified firms = significant percentage of certified firms		
		Observed	Expected	Observed	Expected	Total
Step 1	1	12	9.079	8	10.921	20
	2	5	8.540	15	11.460	20
	3	10	8.401	11	12.599	21
	4	6	7.777	15	13.223	21
	5	9	7.288	12	13.712	21
	6	7	6.624	14	14.376	21
	7	5	5.839	15	14.161	20
	8	3	5.483	18	15.517	21
	9	6	5.142	16	16.858	22
	10	6	4.828	18	19.172	24

Classification Table[a]

			Predicted		
			Percentage of certified firms		
	Observed		insignificant percentage of certified firms	significant percentage of certified firms	Percentage Correct
Step 1	Percentage of certified firms	insignificant percentage of certified firms	0	69	.0
		significant percentage of certified firms	0	142	100.0
	Overall Percentage				67.3

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	.116	.096	1.444	1	.230	1.123	.930	1.356
	Industry			4.913	2	.086			
	Industry(1)	.824	.372	4.906	1	.027	2.280	1.100	4.729
	Industry(2)	.274	.352	.605	1	.437	1.315	.659	2.623
	Constant	-.040	.423	.009	1	.925	.961		

a. Variable(s) entered on step 1: LnEmp, Industry.

The other seven factors are entered in the second step.

Block 2: Method = Enter

Iteration History[a,b,c,d]

Iteration	-2 Log likelihood	Coefficients									
		Constant	Employees	Industry (1)	Industry (2)	External factors	Internal factors	Market factors	CSR	Customer awareness	Government awareness
Step 1 1	236.409	-2.697	.077	.643	.256	.342	-.206	.289	-.127	.135	.372
2	234.565	-3.391	.099	.778	.314	.439	-.272	.351	-.157	.160	.484
3	234.547	-3.468	.101	.790	.320	.450	-.279	.357	-.160	.163	.497
4	234.547	-3.469	.101	.790	.320	.450	-.280	.357	-.160	.163	.497

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 260.291

d. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	25.743	6	.000
	Block	25.743	6	.000
	Model	32.175	9	.000

Adding external factors, internal factors, market factors, CSR, government awareness and customer awareness significantly improves prediction.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	234.547[a]	.141	.197

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

By adding the above mentioned factors these R^2s increased significantly.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	4.232	8	.836

Contingency Table for Hosmer and Lemeshow Test

		Percentage of certified firms = insignificant percentage of certified firms		Percentage of certified firms = significant percentage of certified firms		
		Observed	Expected	Observed	Expected	Total
Step 1	1	15	14.331	6	6.669	21
	2	12	11.148	9	9.852	21
	3	8	9.653	13	11.347	21
	4	9	8.381	12	12.619	21
	5	4	6.590	17	14.410	21
	6	6	5.418	15	15.582	21
	7	5	4.678	16	16.322	21
	8	3	3.839	18	17.161	21
	9	5	2.991	16	18.009	21
	10	2	1.971	20	20.029	22

Classification Table[a]

Observed			Predicted		
			Percentage of certified firms		
			insignificant percentage of certified firms	significant percentage of certified firms	Percentage Correct
Step 1	Percentage of certified firms	insignificant percentage of certified firms	24	45	34.8
		significant percentage of certified firms	14	128	90.1
	Overall Percentage				72.0

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	.101	.102	.972	1	.324	1.106	.905	1.352
	Industry			3.939	2	.140			
	Industry(1)	.790	.398	3.939	1	.047	2.204	1.010	4.812
	Industry(2)	.320	.386	.687	1	.407	1.377	.646	2.937
	External factors	.450	.179	6.345	1	.012	1.568	1.105	2.225
	Internal factors	-.280	.219	1.622	1	.203	.756	.492	1.163
	Market Factors	.357	.170	4.427	1	.035	1.429	1.025	1.994
	CSR	-.160	.167	.919	1	.338	.852	.614	1.182
	Customer awareness	.163	.178	.844	1	.358	1.178	.831	1.669
	Government awareness	.497	.211	5.580	1	.018	1.644	1.088	2.484
	Constant	-3.469	1.024	11.468	1	.001	.031		

a. Variable(s) entered on step 1: ext, int, DomMark, CSRR, Custaw, Govaw.

Commerce, external factors, internal factors, market factors and government awareness are significant predictors of the dependent variable.

Appendix 7-5: Hypothesis 2a (Early-Late Adopters) - MANOVA results

Between-Subjects Factors

		Value Label	N
Years of standards' implementation	1	Early adopters	47
	2	Late adopters	164

Box's Test of Equality of Covariance Matrices[a]

Box's M	11.386
F	1.101
df1	10
df2	32721.092
Sig.	.357

Since this is insignificant the assumption of no differences between the covariate matrices is not violated.

Tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups
a. Design: Intercept + Employees + Industry + ICMSYRSCat

Multivariate Tests[b]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.822	236.041[a]	4.000	204.000	.000	.822
	Wilks' Lambda	.178	236.041[a]	4.000	204.000	.000	.822
	Hotelling's Trace	4.628	236.041[a]	4.000	204.000	.000	.822
	Roy's Largest Root	4.628	236.041[a]	4.000	204.000	.000	.822
Employees	Pillai's Trace	.009	.488[a]	4.000	204.000	.744	.009
	Wilks' Lambda	.991	.488[a]	4.000	204.000	.744	.009
	Hotelling's Trace	.010	.488[a]	4.000	204.000	.744	.009
	Roy's Largest Root	.010	.488[a]	4.000	204.000	.744	.009
Industry	Pillai's Trace	.046	2.472[a]	4.000	204.000	.046	.046
	Wilks' Lambda	.954	2.472[a]	4.000	204.000	.046	.046
	Hotelling's Trace	.048	2.472[a]	4.000	204.000	.046	.046
	Roy's Largest Root	.048	2.472[a]	4.000	204.000	.046	.046
ICMSYRSCat	Pillai's Trace	.068	3.700[a]	4.000	204.000	.006	.068
	Wilks' Lambda	.932	3.700[a]	4.000	204.000	.006	.068
	Hotelling's Trace	.073	3.700[a]	4.000	204.000	.006	.068
	Roy's Largest Root	.073	3.700[a]	4.000	204.000	.006	.068

a. Exact statistic

b. Design: Intercept + Employees + Industry + ICMSYRSCat

Levene's Test of Equality of Error Variances[a]

	F	df1	df2	Sig.
Number of annual internal audits of ICMS	.473	1	209	.493
Number of MNCs	3.691	1	209	.056
The company changes the content	3.367	1	209	.068
Daily use of documents	.983	1	209	.323

There was no significance and thus the assumption of homogeneity of variances was not

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Employees + Industry + ICMSYRSCat

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	Number of annual internal audits of ICMS	1.820[a]	3	.607	1.214	.306	.017
	Number of MNCs	10.439[b]	3	3.480	2.764	.043	.039
	The company changes the content	14.532[c]	3	4.844	5.067	.002	.068
	Daily use of documents	7.990[d]	3	2.663	3.692	.013	.051
Intercept	Number of annual internal audits of ICMS	93.239	1	93.239	186.534	.000	.474
	Number of MNCs	68.155	1	68.155	54.142	.000	.207
	The company changes the content	60.451	1	60.451	63.232	.000	.234
	Daily use of documents	392.507	1	392.507	544.100	.000	.724
Employees	Number of annual internal audits of ICMS	.072	1	.072	.145	.704	.001
	Number of MNCs	.211	1	.211	.168	.682	.001
	The company changes the content	1.438	1	1.438	1.504	.221	.007
	Daily use of documents	.042	1	.042	.059	.809	.000
Industry	Number of annual internal audits of ICMS	.102	1	.102	.205	.651	.001
	Number of MNCs	5.546	1	5.546	4.406	.037	.021
	The company changes the content	2.985	1	2.985	3.122	.079	.015
	Daily use of documents	1.416	1	1.416	1.964	.163	.009
ICMSYRSCat	Number of annual internal audits of ICMS	1.403	1	1.403	2.807	.095	.013
	Number of MNCs	4.985	1	4.985	3.960	.048	.019
	The company changes the content	8.304	1	8.304	8.686	.004	.040
	Daily use of documents	5.012	1	5.012	6.947	.009	.032
Error	Number of annual internal audits of ICMS	103.469	207	.500			

	Number of MNCs	260.576	207	1.259			
	The company changes the content	197.894	207	.956			
	Daily use of documents	149.327	207	.721			
Total	Number of annual internal audits of ICMS	816.930	211				
	Number of MNCs	1235.000	211				
	The company changes the content	1013.000	211				
	Daily use of documents	3630.000	211				
Corrected Total	Number of annual internal audits of ICMS	105.289	210				
	Number of MNCs	271.014	210				
	The company changes the content	212.427	210				
	Daily use of documents	157.318	210				

a. R Squared = .017 (Adjusted R Squared = .003)

b. R Squared = .039 (Adjusted R Squared = .025)

c. R Squared = .068 (Adjusted R Squared = .055)

d. R Squared = .051 (Adjusted R Squared = .037)

Estimated Marginal Means

Years of ICMS implementation

Dependent Variable	Years of ICMS implementation	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Number of annual internal audits of ICMS	Early adopters	1.998[a]	.108	1.785	2.211
	Late adopters	1.790[a]	.056	1.680	1.901
Number of MNCs	Early adopters	1.833[a]	.171	1.495	2.171
	Late adopters	2.225[a]	.089	2.050	2.400
The company changes the content	Early adopters	1.555[a]	.149	1.260	1.849
	Late adopters	2.060[a]	.077	1.908	2.213
Daily use of documents	Early adopters	4.362[a]	.130	4.106	4.618
	Late adopters	3.969[a]	.067	3.837	4.102

a. Covariates appearing in the model are evaluated at the following values: Employees = 203.95, Industry = 1.91.

Appendix 7-6: Hypothesis 2b (Use of logo) - MANOVA results

Between-Subjects Factors

		Value Label	N
Years of ICMS implementation	1	Early adopters	47
	2	Late adopters	164

Descriptive Statistics

	Years of ICMS implementation	Mean	Std. Deviation	N
Logo use on Website	Early adopters	68.9362	58.46753	47
	Late adopters	61.9512	53.68355	164
	Total	63.5071	54.71940	211
Logo use on documents	Early adopters	3.68	1.446	47
	Late adopters	4.20	1.229	164
	Total	4.09	1.296	211
Logo use on products	Early adopters	2.87	1.740	47
	Late adopters	3.06	1.733	164
	Total	3.02	1.732	211

Box's Test of Equality of Covariance Matrices[a]

Box's M	11.319
F	1.839
df1	6
df2	42884.546
Sig.	.087

The assumption of no differences between the covariate matrices is not violated since the test is not significant.

Tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups
a. Design: Intercept + Employees + Industry + ICMSYRSCat

Multivariate Tests[b]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.621	112.033[a]	3.000	205.000	.000	.621
	Wilks' Lambda	.379	112.033[a]	3.000	205.000	.000	.621
	Hotelling's Trace	1.640	112.033[a]	3.000	205.000	.000	.621
	Roy's Largest Root	1.640	112.033[a]	3.000	205.000	.000	.621
Employees	Pillai's Trace	.100	7.564[a]	3.000	205.000	.000	.100
	Wilks' Lambda	.900	7.564[a]	3.000	205.000	.000	.100
	Hotelling's Trace	.111	7.564[a]	3.000	205.000	.000	.100
	Roy's Largest Root	.111	7.564[a]	3.000	205.000	.000	.100
Industry	Pillai's Trace	.012	.826[a]	3.000	205.000	.481	.012
	Wilks' Lambda	.988	.826[a]	3.000	205.000	.481	.012
	Hotelling's Trace	.012	.826[a]	3.000	205.000	.481	.012
	Roy's Largest Root	.012	.826[a]	3.000	205.000	.481	.012
ICMSYRSCat	Pillai's Trace	.013	.896[a]	3.000	205.000	.444	.013
	Wilks' Lambda	.987	.896[a]	3.000	205.000	.444	.013
	Hotelling's Trace	.013	.896[a]	3.000	205.000	.444	.013
	Roy's Largest Root	.013	.896[a]	3.000	205.000	.444	.013

a. Exact statistic

b. Design: Intercept + Employees + Industry + ICMSYRSCat

Levene's Test of Equality of Error Variances[a]

	F	df1	df2	Sig.
Logo use on Website	2.273	1	209	.133
Logo use on documents	.948	1	209	.331
Logo use on products	.154	1	209	.696

There was no significance and thus the assumption of homogeneity of variances was not violated.

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Employees + Industry + ICMSYRSCat

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	Logo use on Website	2521.266[a]	3	840.422	.278	.841	.004
	Logo use on documents	41.561[b]	3	13.854	9.224	.000	.118
	Logo use on products	10.569[c]	3	3.523	1.177	.319	.017
Intercept	Logo use on Website	104076.168	1	104076.168	34.400	.000	.143
	Logo use on documents	494.955	1	494.955	329.542	.000	.614
	Logo use on products	247.560	1	247.560	82.739	.000	.286
Employees	Logo use on Website	562.090	1	562.090	.186	.667	.001
	Logo use on documents	30.851	1	30.851	20.541	.000	.090
	Logo use on products	9.264	1	9.264	3.096	.080	.015
Industry	Logo use on Website	96.139	1	96.139	.032	.859	.000
	Logo use on documents	2.830	1	2.830	1.884	.171	.009
	Logo use on products	.133	1	.133	.044	.833	.000
ICMSYRSCat	Logo use on Website	1961.211	1	1961.211	.648	.422	.003
	Logo use on documents	1.509	1	1.509	1.005	.317	.005
	Logo use on products	.048	1	.048	.016	.899	.000
Error	Logo use on Website	626263.474	207	3025.427			
	Logo use on documents	310.904	207	1.502			
	Logo use on products	619.355	207	2.992			
Total	Logo use on Website	1479780.000	211				
	Logo use on documents	3874.000	211				
	Logo use on products	2553.000	211				
Corrected Total	Logo use on Website	628784.739	210				
	Logo use on documents	352.464	210				
	Logo use on products	629.924	210				

a. R Squared = .004 (Adjusted R Squared = -.010)

b. R Squared = .118 (Adjusted R Squared = .105)

c. R Squared = .017 (Adjusted R Squared = .003)

Estimated Marginal Means

Years of ICMS implementation

Dependent Variable	Years of ICMS implementation	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Logo use on Website	Early adopters	69.546[a]	8.402	52.981	86.111
	Late adopters	61.776[a]	4.354	53.192	70.361
Logo use on documents	Early adopters	3.918[a]	.187	3.549	4.287
	Late adopters	4.133[a]	.097	3.942	4.325
Logo use on products	Early adopters	2.989[a]	.264	2.468	3.510
	Late adopters	3.028[a]	.137	2.758	3.297

a. Covariates appearing in the model are evaluated at the following values: Employees = 203.95, Industry = 1.91.

Appendix 7-7: Testing the assumptions of Hypothesis 3a (MNCs-Sanctions-Regulatory Framework)

Table 1: Testing the assumptions of multicollinearity

Coefficients[a]

Model		Unstand. Coefficients		Stand. Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	2.490	.264		9.448	.000	1.970	3.009					
	Employees	.080	.058	.095	1.379	.169	-.034	.194	.099	.095	.094	.981	1.019
	Commerce	.462	.219	.161	2.114	.036	.031	.893	.095	.145	.144	.805	1.242
	Manufacture	.378	.221	.131	1.710	.089	-.058	.813	.073	.118	.117	.797	1.255
2	(Constant)	1.644	1.025		1.604	.110	-.376	3.665					
	Employees	.064	.059	.076	1.091	.277	-.052	.180	.099	.076	.074	.951	1.051
	Commerce	.461	.223	.160	2.068	.040	.021	.900	.095	.143	.141	.775	1.291
	Manufacture	.353	.221	.122	1.594	.113	-.084	.789	.073	.111	.109	.792	1.262
	Sanctions	.181	.118	.107	1.532	.127	-.052	.414	.128	.106	.105	.958	1.043
	Strictness of the regulatory framework	.027	.186	.010	.147	.883	-.339	.394	-.014	.010	.010	.949	1.054

a. Dependent Variable: % of certified firms

Tolerance values are well above 0.1 and do not indicate any collinearity problem. Likewise, VIF values are well below 10 implying no concern over multicollinearity.

Table 2: Testing the assumptions of linearity

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Sanctions	6.523	3.389	3.705	1	.054	680.379	.887	521630.136
	Sanctions by LnSanctions	-2.781	1.458	3.639	1	.056	.062	.004	1.079
	RegFrame	-21.109	15467.227	.000	1	.999	.000	.000	.
	RegFrame by LnRegFrame	8.466	6181.915	.000	1	.999	4751.297	.000	.
	Constant	27.636	27589.091	.000	1	.999	1.005E12		

a. Variable(s) entered on step 1: Sanctions, Sanctions * LnSanctions , RegFrame, RegFrame * LnRegFrame .

Both interaction terms are not significant implying no violation.

Appendix 7-8: Hypothesis 3a (MNCs-Sanctions-Regulatory Framework) – Hierarchical logistic regression results

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	211	100.0
	Missing Cases	0	.0
	Total	211	100.0
Unselected Cases		0	.0
Total		211	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
the firm does not have any MNCs	0
the firm has MNCs	1

Categorical Variables Codings

			Parameter coding	
		Frequency	(1)	(2)
Industry	Services	82	.000	.000
	Commerce	65	1.000	.000
	Manufacture	64	.000	1.000

Block 0: Beginning Block

Iteration History[a,b,c]

			Coefficients
Iteration		-2 Log likelihood	Constant
Step 0	1	274.633	.578
	2	274.619	.595
	3	274.619	.595

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 274.619

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Classification Table[a,b]

Observed			Predicted		
			Existence or not of MNCs		
			the firm does not have any MNCs	the firm has MNCs	Percentage Correct
Step 0	Existence or not of MNCs	the firm does not have any MNCs	0	75	.0
		the firm has MNCs	0	136	100.0
	Overall Percentage				64.5

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.595	.144	17.124	1	.000	1.813

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	Employees	3.903	1	.048
		Industry	6.160	2	.046
		Industry(1)	.349	1	.555
		Industry(2)	5.878	1	.015
	Overall Statistics		11.480	3	.009

Industry & Employees are significant predictors of whether or not a firm has MNCs.

Block 1: Method = Enter → *Employees and industry are entered in Block 1, the first step.*

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients			
			Constant	Employees	Industry(1)	Industry(2)
Step 1	1	263.129	1.030	-.194	.147	.850
	2	262.838	1.121	-.216	.155	.990
	3	262.837	1.123	-.216	.155	.996
	4	262.837	1.123	-.216	.155	.996

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 274.619

d. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	11.781	3	.008
	Block	11.781	3	.008
	Model	11.781	3	.008

The combination of the two variables significantly predicts whether or not a firms has MNCs.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	262.837[a]	.054	.075

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Knowing employees and industry provides little help in predicting whether or not the company has MNCs.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	6.546	8	.586

The insignificant value indicates the goodness of fit of the model.

Contingency Table for Hosmer and Lemeshow Test

		Existence or not of MNCs = the firm does not have any MNCs		Existence or not of MNCs = the firm has MNCs		
		Observed	Expected	Observed	Expected	Total
Step 1	1	10	11.999	11	9.001	21
	2	12	9.750	9	11.250	21
	3	9	9.287	13	12.713	22
	4	10	8.316	11	12.684	21
	5	4	7.265	16	12.735	20
	6	8	7.231	13	13.769	21
	7	9	6.618	12	14.382	21
	8	6	5.825	15	15.175	21
	9	4	4.399	15	14.601	19
	10	3	4.310	21	19.690	24

Classification Table[a]

			Predicted		
			Existence or not of MNCs		
	Observed		the firm does not have any MNCs	the firm has MNCs	Percentage Correct
Step 1	Existence or not of MNCs	the firm does not have any MNCs	9	66	12.0
		the firm has MNCs	10	126	92.6
	Overall Percentage				64.0

a. The cut value is .500

Variables in the Equation

								95.0% C.I.for EXP(B)	
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1[a]	Employees	-.216	.095	5.233	1	.022	.805	.669	.969
	Industry			7.324	2	.026			
	Industry(1)	.155	.344	.202	1	.653	1.167	.595	2.290
	Industry(2)	.996	.379	6.917	1	.009	2.707	1.289	5.685
	Constant	1.123	.429	6.868	1	.009	3.074		

a. Variable(s) entered on step 1: LnEmp, Industry.

Block 2: Method = Enter → *Sanctions and regulatory framework are entered in the second step.*

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients					
			Constant	Employees	Industry(1)	Industry(2)	Sanctions	Regulatory Framework
Step 1	1	262.260	1.021	-.206	.113	.831	.139	-.120
	2	261.958	1.090	-.228	.119	.969	.154	-.128
	3	261.957	1.092	-.229	.119	.975	.154	-.128
	4	261.957	1.092	-.229	.119	.975	.154	-.128

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 262.837

d. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	.880	2	.644
	Block	.880	2	.644
	Model	12.661	5	.027

→ *Adding sanctions and regulatory framework improves prediction.*

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	261.957[a]	.058	.080

→ *Adding the two variables these R^2s slightly increased.*

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	5.031	8	.754

Contingency Table for Hosmer and Lemeshow Test

		Existence or not of MNCs = the firm does not have any MNCs		Existence or not of MNCs = the firm has MNCs		
		Observed	Expected	Observed	Expected	Total
Step 1	1	10	12.293	11	8.707	21
	2	11	9.861	10	11.139	21
	3	10	9.410	12	12.590	22
	4	10	8.220	11	12.780	21
	5	7	7.988	15	14.012	22
	6	8	7.039	13	13.961	21
	7	5	6.364	16	14.636	21
	8	8	5.627	13	15.373	21
	9	3	4.700	18	16.300	21
	10	3	3.497	17	16.503	20

Classification Table[a]

			Predicted		
			Existence or not of MNCs		
	Observed		the firm does not have any MNCs	the firm has MNCs	Percentage Correct
Step 1	Existence or not of MNCs	the firm does not have any MNCs	10	65	13.3
		the firm has MNCs	10	126	92.6
	Overall Percentage				64.5

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	-.229	.096	5.635	1	.018	.796	.659	.961
	Industry			7.098	2	.029			
	Industry(1)	.119	.352	.114	1	.736	1.126	.565	2.243
	Industry(2)	.975	.380	6.594	1	.010	2.651	1.260	5.579
	Sanctions	.154	.188	.668	1	.414	1.166	.806	1.687
	RegFrame	-.128	.304	.176	1	.675	.880	.485	1.598
	Constant	1.092	1.661	.432	1	.511	2.979		

a. Variable(s) entered on step 1: Sanctions, RegFrame.

Employees, services and manufacture are significant predictors when all of these are entered together.

Appendix 7-9: Testing the assumptions of Hypothesis 3b (Logo use on Products-Sanctions-Regulatory Framework)

Table 1: Testing the assumptions of multicollinearity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	3.433	.345		9.944	.000	2.752	4.113					
	Employees	-.069	.076	-.063	-.910	.364	-.219	.080	-.050	-.063	-.063	.981	1.019
	Commerce	-.517	.286	-.138	-1.804	.073	-1.082	.048	-.138	-.124	-.124	.805	1.242
	Manufacture	.045	.289	.012	.156	.876	-.525	.615	.064	.011	.011	.797	1.255
2	(Constant)	3.852	1.349		2.856	.005	1.192	6.512					
	Employees	-.073	.077	-.067	-.944	.346	-.225	.079	-.050	-.066	-.065	.951	1.051
	Commerce	-.552	.293	-.148	-1.884	.061	-1.130	.026	-.138	-.130	-.130	.775	1.291
	Manufacture	.038	.291	.010	.130	.897	-.536	.612	.064	.009	.009	.792	1.262
	Sanctions	.056	.155	.025	.357	.721	-.251	.362	.019	.025	.025	.958	1.043
	Strictness of the regulatory framework	-.141	.245	-.041	-.575	.566	-.623	.342	-.011	-.040	-.040	.949	1.054

a. Dependent Variable: % of certified firms

Tolerance values are well above 0.1 and do not indicate any collinerarity problem. Likewise, VIF values are well below 10 implying no concern over multicollinearity.

Table 2: Testing the assumptions of linearity

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Sanctions	-.538	3.441	.024	1	.876	.584	.001	495.747
	Sanctions by LnSanctions	.172	1.475	.014	1	.907	1.188	.066	21.389
	RegFrame	.693	.812	.727	1	.394	1.999	.407	9.823
	RegFrame by LnRegFrame	-.385	.328	1.385	1	.239	.680	.358	1.292
	Constant	1.325	5.780	.053	1	.819	3.762		

a. Variable(s) entered on step 1: Sanctions, Sanctions * LnSanctions , RegFrame, RegFrame * LnRegFrame .

All terms are not significant implying no violation.

Appendix 7-10: Hypothesis 3b (Logo use on Products-Sanctions-Regulatory Framework) - Hierarchical logistic regression results

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	211	100.0
	Missing Cases	0	.0
	Total	211	100.0
Unselected Cases		0	.0
Total		211	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
Use of logo on products	0
Non-use of logo on products	1

Categorical Variables Codings

			Parameter coding	
		Frequency	(1)	(2)
Industry	Services	82	.000	.000
	Commerce	65	1.000	.000
	Manufacture	64	.000	1.000

Block 0: Beginning Block

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	276.926	.540
	2	276.917	.554
	3	276.917	.554

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 276.917

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Classification Table[a,b]

Observed			Predicted		
			Use or not of logo on products		
			the firm does not use the logo on its products	the firm uses the logo on its products	Percentage Correct
Step 0	Use or not of logo on products	the firm does not use the logo on its products	0	77	.0
		the firm uses the logo on its products	0	134	100.0
	Overall Percentage				63.5

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.554	.143	15.010	1	.000	1.740

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	Employees	.557	1	.455
		Industry	2.674	2	.263
		Industry(1)	2.674	1	.102
		Industry(2)	.537	1	.464
	Overall Statistics		3.477	3	.324

None of the variables is significant predictor.

Block 1: Method = Enter → *Employees and industry are entered in Block 1, the first step.*

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients			
			Constant	LnEmp	Industry(1)	Industry(2)
Step 1	1	273.503	.971	-.076	-.476	.036
	2	273.466	1.028	-.083	-.507	.038
	3	273.466	1.029	-.083	-.507	.038

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 276.917

d. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	3.451	3	.327
	Block	3.451	3	.327
	Model	3.451	3	.327

The combination of the two variables does not significantly predict whether or not a firm uses the logo on its products.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	273.466[a]	.016	.022

a. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Knowing employees and industry provides very little help in predicting whether or not a firm uses the logo on its products.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	17.378	8	.026

The significant value indicates poor fit of the model.

Contingency Table for Hosmer and Lemeshow Test

		Use or not of logo on products = the firm does not use the logo on its products		Use or not of logo on products = the firm uses the logo on its products		
		Observed	Expected	Observed	Expected	Total
Step 1	1	5	10.057	16	10.943	21
	2	9	8.936	11	11.064	20
	3	13	8.839	8	12.161	21
	4	11	8.147	10	12.853	21
	5	8	7.409	13	13.591	21
	6	8	7.408	14	14.592	22
	7	4	6.822	17	14.178	21
	8	8	6.894	14	15.106	22
	9	2	6.058	18	13.942	20
	10	9	6.429	13	15.571	22

Classification Table[a]

			Predicted		
			Use or not of logo on products		
	Observed		the firm does not use the logo on its products	the firm uses the logo on its products	Percentage Correct
Step 1	Use or not of logo on products	the firm does not use the logo on its products	2	75	2.6
		the firm uses the logo on its products	1	133	99.3
	Overall Percentage				64.0

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	-.083	.092	.814	1	.367	.921	.769	1.102
	Industry			2.908	2	.234			
	Industry(1)	-.507	.344	2.176	1	.140	.602	.307	1.181
	Industry(2)	.038	.358	.011	1	.915	1.039	.515	2.093
	Constant	1.029	.426	5.820	1	.016	2.798		

a. Variable(s) entered on step 1: Employees, Industry.

Block 2: Method = Enter → *Sanctions and regulatory framework are entered in the second step.*

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	1.770	2	.413
	Block	1.770	2	.413
	Model	5.221	5	.389

→ *Adding sanctions and regulatory framework does not improve prediction.*

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	271.696[a]	.024	.033

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

→ *Adding the two variables these R^2s slightly increased, but still knowing sanctions and regulation does not provide any help in predicting whether or not the company uses the logo on its products.*

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	4.613	8	.798

Contingency Table for Hosmer and Lemeshow Test

		Use or not of logo on products = the firms does not use the logo on its products		Use or not of logo on products = the firm uses the logo on its products		
		Observed	Expected	Observed	Expected	Total
Step 1	1	12	10.677	9	10.323	21
	2	7	8.954	13	11.046	20
	3	11	9.195	11	12.805	22
	4	8	8.167	13	12.833	21
	5	5	7.764	16	13.236	21
	6	9	7.391	12	13.609	21
	7	8	6.922	13	14.078	21
	8	5	6.475	16	14.525	21
	9	6	5.926	15	15.074	21
	10	6	5.527	16	16.473	22

Classification Table[a]

			Predicted		
			Use or not of logo on products		
	Observed		the firms does not use the logo on its products	the firm uses the logo on its products	Percentage Correct
Step 1	Use or not of logo on products	the firms does not use the logo on its products	8	69	10.4
		the firm uses the logo on its products	4	130	97.0
	Overall Percentage				65.4

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	-.067	.093	.519	1	.471	.935	.779	1.122
	Industry			3.662	2	.160			
	Industry(1)	-.583	.354	2.713	1	.100	.558	.279	1.117
	Industry(2)	.056	.359	.025	1	.875	1.058	.523	2.140
	Sanctions	-.161	.194	.684	1	.408	.852	.582	1.246
	Regulatory Framework	-.323	.299	1.166	1	.280	.724	.402	1.301
	Constant	3.150	1.680	3.515	1	.061	23.334		

a. Variable(s) entered on step 1: Sanctions, RegFram.

None of the variables is significant predictor when all of these are entered together.

Appendix 7-11: Testing the assumptions of Hypothesis 4 (Stakeholder awareness)

Table 1: Testing the assumptions of multicollinearity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.527	.084		6.263	.000	.361	.693					
	Employees	.057	.018	.214	3.071	.002	.020	.093	.213	.212	.212	.977	1.024
	Commerce	.065	.069	.072	.939	.349	-.071	.201	.028	.066	.065	.798	1.253
	Manufacture	.040	.070	.045	.579	.563	-.097	.178	.043	.041	.040	.792	1.263
2	(Constant)	-.081	.129		-.627	.531	-.334	.173					
	Employees	.040	.017	.153	2.378	.018	.007	.074	.213	.167	.149	.954	1.048
	Commerce	.018	.063	.020	.281	.779	-.107	.143	.028	.020	.018	.782	1.279
	Manufacture	-.013	.064	-.015	-.205	.838	-.139	.113	.043	-.015	-.013	.779	1.284
	Customer awareness	.178	.029	.399	6.088	.000	.120	.236	.439	.397	.381	.912	1.097
	Government awareness	.037	.031	.078	1.192	.235	-.024	.098	.192	.084	.075	.924	1.083

a. Dependent Variable: % of certified firms

Tolerance values are well above 0.1 and do not indicate any collinerarity problem. Likewise, VIF values are well below 10 implying no concern over multicollinearity.

Table 2: Testing the assumptions of linearity

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	CustawRvd	-112.069	16914.991	.000	1	.995	.000	.000	.
	CustawRvd by LnCustAw	58.710	8858.138	.000	1	.995	3.145E25	.000	.
	GovawRvd	-7.046	4.871	2.093	1	.148	.001	.000	12.182
	GovawRvd by LnGovAw	3.586	2.366	2.296	1	.130	36.088	.349	3728.759
	Constant	152.069	21549.996	.000	1	.994	1.103E66		

a. Variable(s) entered on step 1: CustawRvd, CustawRvd * LnCustAw , GovawRvd, GovawRvd * LnGovAw .

All interaction terms are not significant implying no violation.

Appendix 7-12: Hypothesis 4 (Stakeholder awareness) - Hierarchical logistic regression results

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	204	100.0
	Missing Cases	0	.0
	Total	204	100.0
Unselected Cases		0	.0
Total		204	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
the firm does not use the documents	0
the firm uses the documents	1

Categorical Variables Codings

			Parameter coding	
		Frequency	(1)	(2)
Industry	Services	78	.000	.000
	Commerce	64	1.000	.000
	Manufacture	62	.000	1.000

Block 0: Beginning Block

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	216.035	1.118
	2	215.283	1.257
	3	215.282	1.262
	4	215.282	1.262

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 215.282

c. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Classification Table[a,b]

Observed			Predicted: use or not of documents: the firm does not use the documents	Predicted: use or not of documents: the firm uses the documents	Percentage Correct
Step 0	use or not of documents	the firm does not use the documents	0	45	.0
		the firm uses the documents	0	159	100.0
	Overall Percentage				77.9

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	1.262	.169	55.881	1	.000	3.533

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	Employees	9.213	1	.002
		Industry	.959	2	.619
		Industry(1)	.165	1	.684
		Industry(2)	.379	1	.538
	Overall Statistics		10.102	3	.018

Employees is a significant predictor.

Block 1: Method = Enter

Employees and industry are entered in Block 1, the first step.

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients			
			Constant	LnEmp	Industry(1)	Industry(2)
Step 1	1	207.206	.110	.226	.259	.162
	2	204.639	-.186	.347	.339	.196
	3	204.586	-.248	.370	.344	.192
	4	204.586	-.249	.371	.344	.192
	5	204.586	-.249	.371	.344	.192

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 215.282

d. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	10.695	3	.013
	Block	10.695	3	.013
	Model	10.695	3	.013

The combination of the two variables significantly predicts whether or not a firm uses the system's documents on a daily basis.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	204.586[a]	.051	.078

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Knowing employees and industry provides very little help in predicting daily use of documents.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	1.723	8	.988

The insignificant value indicates goodness of fit of the model.

Contingency Table for Hosmer and Lemeshow Test

		use or not of documents = the firm does not use the documents		use or not of documents = the firm uses the documents		
		Observed	Expected	Observed	Expected	Total
Step 1	1	8	8.885	15	14.115	23
	2	8	6.545	12	13.455	20
	3	5	5.891	16	15.109	21
	4	4	4.971	16	15.029	20
	5	6	4.766	15	16.234	21
	6	4	3.992	16	16.008	20
	7	4	3.470	17	17.530	21
	8	3	2.850	17	17.150	20
	9	2	2.269	18	17.731	20
	10	1	1.362	17	16.638	18

Classification Table[a]

Observed			Predicted		
			use or not of documents		
			the firm does not use the documents	the firm uses the documents	Percentage Correct
Step 1	use or not of documents	the firm does not use the documents	0	45	.0
		the firm uses the documents	0	159	100.0
	Overall Percentage				77.9

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	.371	.127	8.505	1	.004	1.449	1.129	1.860
	Industry			.704	2	.703			
	Industry(1)	.344	.414	.688	1	.407	1.410	.626	3.177
	Industry(2)	.192	.428	.202	1	.653	1.212	.524	2.804
	Constant	-.249	.496	.253	1	.615	.779		

a. Variable(s) entered on step 1: LnEmp, Industry.

Block 2: Method = Enter → *Customer and government awareness are entered in the second step.*

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients					
			Constant	LnEmp	Industry(1)	Industry(2)	CustawRvd	GovawRvd
Step 1	1	176.332	-2.322	.161	.071	-.053	.712	.148
	2	164.105	-4.068	.271	-.054	-.227	1.146	.287
	3	162.682	-4.879	.319	-.153	-.338	1.354	.361
	4	162.650	-5.018	.326	-.173	-.359	1.391	.374
	5	162.650	-5.021	.327	-.174	-.360	1.392	.375
	6	162.650	-5.021	.327	-.174	-.360	1.392	.375

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 204.586

d. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	41.936	2	.000
	Block	41.936	2	.000
	Model	52.632	5	.000

Adding these two variables prediction significantly improves.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	162.650[a]	.227	.349

Adding the two variables these R^2s significantly increased.

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.162	8	.254

Contingency Table for Hosmer and Lemeshow Test

		use or not of documents = the firm does not use the documents		use or not of documents = the firm uses the documents		
		Observed	Expected	Observed	Expected	Total
Step 1	1	10	13.278	10	6.722	20
	2	10	9.808	10	10.192	20
	3	11	7.345	9	12.655	20
	4	7	5.308	13	14.692	20
	5	4	3.347	16	16.653	20
	6	3	2.345	17	17.655	20
	7	0	1.506	20	18.494	20
	8	0	1.057	20	18.943	20
	9	0	.681	20	19.319	20
	10	0	.325	24	23.675	24

Classification Table[a]

			Predicted		
			use or not of documents		
	Observed		the firm does not use the documents	the firm uses the documents	Percentage Correct
Step 1	use or not of documents	the firm does not use the documents	13	32	28.9
		the firm uses the documents	14	145	91.2
	Overall Percentage				77.5

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Employees	.327	.139	5.542	1	.019	1.386	1.056	1.820
	Industry			.521	2	.771			
	Industry(1)	-.174	.488	.127	1	.721	.840	.323	2.185
	Industry(2)	-.360	.499	.520	1	.471	.698	.262	1.856
	CustawRvd	1.392	.272	26.200	1	.000	4.025	2.361	6.859
	GovawRvd	.375	.244	2.351	1	.125	1.454	.901	2.348
	Constant	-5.021	1.104	20.692	1	.000	.007		

a. Variable(s) entered on step 1: CustawRvd, GovawRvd.

Number of employees and Customer awareness are significant predictors when all of these are entered together.

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